

ANNUAL INFORMATION FORM

For the Financial Year Ended December 31, 2013

March 24, 2014

Statements in this Annual Information Form may be viewed as forward-looking statements. Such statements involve risks and uncertainties that could cause actual results to differ materially from those projected. There are no assurances the Corporation can fulfill such forward-looking statements and the Corporation undertakes no obligation to update such statements. Such forward-looking statements are only predictions; actual events or results may differ materially as a result of risks facing the Corporation, some of which are beyond the Corporation's control. The forward-looking statements or information contained in this Annual Information Form are made as of the date hereof and the Corporation undertakes no obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

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INTRODUCTION

This is the Annual Information Form for New Millennium Iron Corp. dated as at March 24, 2014. Unless otherwise indicated, information in this Annual Information Form is provided as of December 31, 2013.

GLOSSARY OF TERMS

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**AIF**" means this annual information form;

"**BBA**" means BBA Inc.;

"**BRASS**" means BRASS Engineering International, LLC;

"**Common Shares**" means the common shares in the capital of the Corporation;

"**Corporation** "or "**NML**" means New Millennium Iron Corp.;

"**%DTWR**" means percent Davis Tube weight recovery and refers to the weight percent of the sample concentrated in the magnetic fraction using the Davis Tube procedure. This amount is roughly the same as the percent magnetite in the sample;

"**Davis Tube**" or "**DT**" refers to instrumentation and procedure that produces a mineral concentrate high in magnetic iron by separating that portion of the sample that is magnetic from the non-magnetic portion;

"**DSO Project**" means the property described in the DSO Technical Report and the DSO Met-Chem Technical Report, which is comprised of 512 map-staked claims in Québec (increased since the date of such reports to 525 claims) and 257 map-staked claims in 9 licenses in Newfoundland and Labrador and covering 22 deposits;

"**DSO Technical Report**" means the report entitled "A Technical Report on the Feasibility Study of the Direct Shipping Iron Ore (DSO) Project" dated April 9, 2010, and amended as of February 16, 2011, prepared by Dean Journeaux, Bish Chanda, Jean-Charles Bourassa, Moulaye Melainine, Rock Gagnon, Laurent Piette of NML, and André Boilard of Met-Chem and Robert de l'Étoile of SGS Canada and addressed to New Millennium Capital Corp;

"**DSO Met-Chem Technical Report**" means the report entitled "Technical Report - Review of the Pre-Feasibility Study of the DSO Project, New Millennium Capital Corp." dated April 15, 2009 prepared by Andre Boilard, Daniel Gagnon, Alain Dorval, Mary-Jean Buchanan of Met-Chem, Robert de l'Étoile of SGS Canada and Denis Blouin of Genivar Société en Commandite and addressed to New Millennium Capital Corp;

"**DTWR**" means Davis Tube weight recovery;

"**Feasibility Study**" means the feasibility study for the DSO Project;

"**Howells Lake and Howells River North Technical Report**" means the report entitled "NI 43-101 Amended Technical Report: Resource Estimation Howells Lake and Howells River North Taconite Properties, Labrador, Canada" dated effective April 30, 2013 and amended June 10, 2013, prepared by Maxime Dupéré of SGS Canada and addressed to New Millennium Iron Corp;

"**Indicated Mineral Resource**" is that part of a Mineral Resource for which quantity and grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes that are spaced closely enough for geological and grade continuity to be reasonably assumed;

"**Inferred Mineral Resource**" is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes;

"**JVA**" means the joint venture agreement dated November 6, 2009 among NML, the Partnership and TSG, and TSMC by way of joinder agreement dated October 13, 2010;

"**KéMag Project**" means the development of the KéMag Property in which the Corporation owns a 100% interest;

"**KéMag Property**" means the mineral licenses and all interests derived therefrom (the "KéMag Licenses") held by the Corporation, which KéMag Licenses represent 171 claims in respect of the magnetite iron ore property covering a total area of approximately 80.85km^2 (8085.2ha) situated in the municipality of Rivière Koksoak in Northern Québec, centered about 50 km to the northwest of the town of Schefferville, Québec;

"**KéMag BBA Technical Report**" means the report entitled "Technical Report on the Pre-Feasibility Study on the KéMag Iron Ore Project, Québec for New Millennium Capital Corp." dated March 2, 2009, prepared by Andre Allaire, Langis Charron, John Dinsdale of BBA, and Robert de l'Etoile of SGS Canada and addressed to New Millennium Capital Corp;

"**LabMag GP Inc.**" means the Alberta corporation that is the general partner of the Partnership whose common shares are owned by the Corporation, as to 80%, and NNK, as to 20%;

"**LabMag Project**" means the development of the LabMag Property in which NML owns an 80% interest through its ownership of limited partnership interests in the Partnership;

"**LabMag Property**" or the "**Property**" means the mineral licenses and all interests derived therefrom (the "Licenses") held by the Partnership, which Licenses represent 256 claims in respect of a magnetite iron ore property located on 64 square km located in the Howells River area of western Labrador about 220 km north of Labrador City and 30 km northwest of Schefferville, Québec;

"**LabMag Services Inc.**" means the federal corporation that provides services to the Partnership and is wholly - owned by the Corporation;

"**LabMag WGM Technical Report**" means the report entitled "A Technical Review of the Pre-Feasibility Study of the LabMag Iron Ore Project, Labrador" dated August 18, 2006, prepared by Michael W. Kociumbas, G. Ross MacFarlane, Gordon D. Watts, and Rick W. Risto of WGM, and Brad Ricks of BRASS Engineering International, LLC BRASS and addressed to LabMag Services Inc.;

"**Lac Ritchie Technical Report**" means the report entitled "Resource Estimation Lac Ritchie Taconite property, Nunavik, Québec, Canada, Technical Report" dated March 31, 2012, prepared by Michel Dagbert and Robert de l'Etoile of SGS Canada and addressed to New Millennium Iron Corp;

"**LC**" means lean chert;

"**LIM**" means Labrador Iron Mines Holdings Ltd.;

"Measured Mineral Resource" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

"**Met-Chem**" means Met-Chem Canada Inc.;

"**Mineral Reserve**" is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined;

"**Mineral Resource**" is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge;

"**Naskapi LabMag Trust**" means a trust formed pursuant to the laws of the province of Québec and having its principal place of business in Kawawachikamach, Québec, and whose beneficiary is NNK;

"**NI 43-101**" means National Instrument 43-101, Standards of Disclosure for Mineral Projects, promulgated by the Canadian Securities Administrators;

"**NNK**" means Naskapi Nation of Kawawachikamach;

"**OTCQX International**" means the top tier of the United States Over-the-Counter market;

"**Partnership**" means the LabMag Limited Partnership, an Alberta limited partnership, whose partners are LabMag GP Inc., as general partner, and NML and Naskapi LabMag Trust, as limited partners, which owns the LabMag Property, Sheps Lake Property and the Howells River North Property;

"**SGS Canada**" means SGS Canada Inc., formerly Geostat Systems International Inc.;

"**Sheps and Perault Technical Report**" means the report entitled "NI 43-101 Technical Report: Resource Estimation Sheps Lake and Perault Lake Properties, Labrador, Canada" dated March 19, 2013, prepared by Maxime Dupéré of SGS Canada and addressed to New Millennium Iron Corp;

"**Taconite Project**" means both the LabMag and KéMag Projects;

"**Taconite Project Feasibility Study**" means the feasibility study being undertaken by the Corporation and Tata Steel for the Taconite Project;

"**Tata Steel**" means Tata Steel Limited, of Jamshedpur, India;

"**TSG**" means Tata Steel Global Minerals Holdings Pte Ltd., a wholly-owned indirect subsidiary of Tata Steel;

"**TSMC**" means Tata Steel Minerals Canada Ltd., an indirect subsidiary controlled by Tata Steel;

"**TFe**" means total iron;

"**TSX**" means the Toronto Stock Exchange;

"**TSX Venture**" means the TSX Venture Exchange Inc.; and

"**WGM**" means Watts, Griffis and McOuat Limited, Consulting Geologists and Engineers.

Words importing the singular number only include the plural and vice versa and words importing any gender include all genders. All dollar amounts set forth in this AIF are in Canadian dollars, except where otherwise indicated.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this AIF may constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this AIF and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this AIF contains forward-looking statements, pertaining to the following:

- the Corporation's estimation of Mineral Reserves and Resources;
- the realization of Mineral Reserve estimates;
- the costs of production and capital expenditures;
- the timing and amount of estimated future production;
- the expected success of mining operations;
- the government regulation of mining operations;
- the success of securing or maintaining licenses, permits and authorizations;
- expectations regarding the Corporation's ability to raise capital;
- expenditures to be made by the Corporation to meet certain work commitments;
- environmental risks;

- unanticipated reclamation expenses;
- potential title disputes or claims and limitations on insurance coverage;
- the development of the Taconite Project;
- work plans to be conducted by the Corporation; and
- the production of iron ore from TSMC's DSO Project.

With respect to forward-looking statements listed above and contained in this AIF, the Corporation has made assumptions regarding, among other things:

- the legislative and regulatory environment;
- the impact of increasing competition;
- changes to the market prices of iron ore products;
- Mineral Reserve and Mineral Resource estimates;
- the success and timely completion of planned development and production projects;
- that general business and economic conditions will not change in a materially adverse manner;
- costs related to development of mine properties remain consistent with historical experiences;
- anticipated results of exploration, development and production activities; and
- the Corporation's ability to obtain additional financing on satisfactory terms.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this AIF:

- risks related to actual results of current exploration activities;
- future prices of resources;
- possible variations in ore reserves, grade or recovery rates and other risks in the mining industry;
- delays in obtaining governmental approvals or financing or in the completion of development or construction activities;
- risks related to general business, economic, competitive, political and social uncertainties including the current global recessionary economic conditions in the credit markets;
- risks related to foreign currency fluctuations;
- risks related to the Corporation's share price; changes in environmental regulation;
- changes in project parameters as plans continue to be refined; future prices of iron ore; access to skilled labour;
- dependence upon key management personnel and executives;
- timing and availability of external financing on acceptable terms;
- liabilities and risks, including environmental liabilities and risks, inherent in the mining and mineral exploration business;
- reliance on joint venture partners; and
- other factors discussed in the section entitled "Risk Factors" in this AIF.

Although management of the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. **Forward-looking statements contained herein are made as of the date of the AIF and the Corporation disclaims any obligation to update any forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.**

CORPORATE STRUCTURE

Name, Address and Incorporation

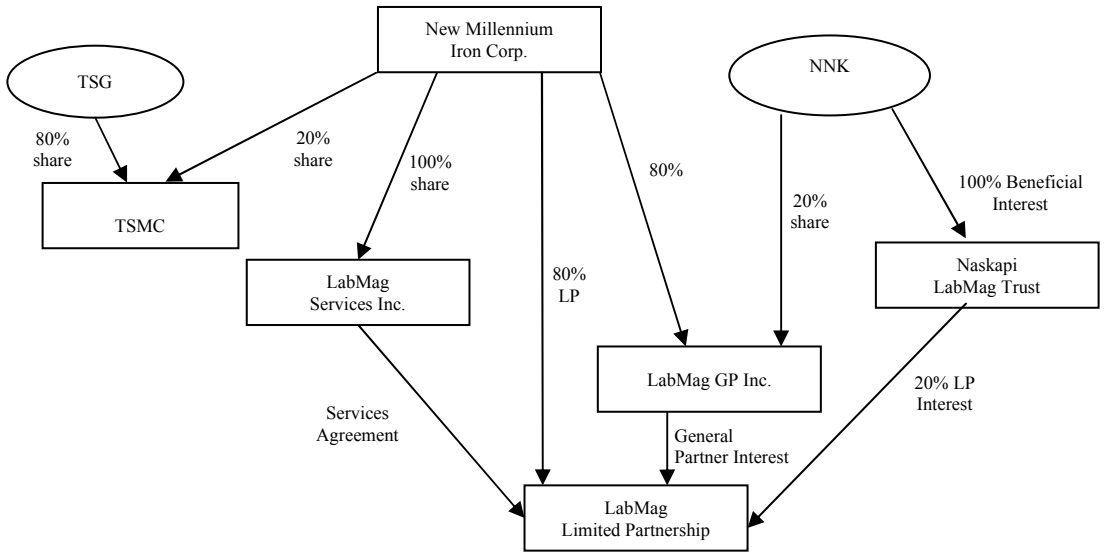
The Corporation was incorporated as "New Millennium Capital Corp." as evidenced by a Certificate of Incorporation issued pursuant to the provisions of the ABCA on August 8, 2003. On November 10, 2003, the articles of incorporation were amended to remove the "private company" restrictions. The Corporation changed its name by Certificate of Amendment to "New Millennium Iron Corp." on June 14, 2011.

The head office of the Corporation is located at 800, 734 7th Avenue S.W., Calgary, Alberta, T2P 3P8 and the registered office is located at 1000, 250 2nd Street S.W., Calgary, Alberta, T2P 0C1. The Corporation also maintains executive offices at 1303 Greene Avenue, 2nd Floor, Westmount, Québec, H3Z 2A7 and at 215 Water Street, Suite 809, Box 10, St. John's Newfoundland and Labrador, A1C 6C9 and field offices at 450 Avalon Drive, Labrador City, Newfoundland and Labrador A2V 2K3, 425 Av. Arnaud, Sept-Îles, Québec, G4R 3B3, and at 85 Atlantic, Schefferville, Québec, G0G 2T0.

The Corporation is a reporting issuer in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. The Common Shares are listed on the TSX under the trading symbol "NML" and on the OTCQX International under the trading symbol "NWLNF".

Intercorporate Relationships

The Corporation has three wholly-owned subsidiaries, LabMag Services Inc., Ferroduct Inc. and Pointe-Noire Logistics Inc. which are incorporated pursuant to the *Canada Business Corporations Act*. The Corporation also owns 80% of LabMag GP Inc., which is incorporated pursuant to the ABCA and is the general partner of the Partnership. The Corporation also owns an 80% limited partner's interest in the Partnership and 20% of the shares of TSMC. The following chart depicts the intercorporate relationships among the Corporation and its active subsidiaries as at December 31, 2013.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The following is a summary of the general development of the Corporation's business over the three most recently completed financial years.

2011

On January 4, 2011, the Corporation announced an agreement between the Corporation and TSG to extend TSG's exclusivity period regarding the Taconite Project from December 31, 2010 to February 28, 2011. To facilitate the extension, TSG agreed to pay the Corporation a facilitation fee of $600,000.

On January 5, 2011, the Corporation announced that it had received project release, subject to a number of customary terms and conditions, from the Government of Newfoundland and Labrador following the approval of the Corporation's Environmental Impact Statement for Phase 1 of the DSO Project. The release will allow completion of the permitting process required to start construction in the third quarter of 2011 and management of the Corporation expects commencement of iron ore production by the second quarter of 2012. Phase 1 of mining operations includes the Timmins 3N, Timmins 4, Timmins 7 and Fleming 7N deposits in Newfoundland and Labrador.

The Canadian Environmental Assessment Agency has also completed its review of the DSO Project and has determined that a federal level Canadian Environmental Assessment is not required. In September 2010, the Corporation also submitted an Environmental Impact Statement to the Government of Québec for Phase 2 of the DSO Project. Management of the Corporation expects approval from the Government of Québec in the fourth quarter of 2011. Phase 2 of mining operations includes the Goodwood, Sunny 1, Kivivic 3 S and Leroy deposits in Québec.

On January 31, 2011, the Corporation announced that its geophysical consultant Jean Hubert completed the final interpretation of the airborne gravity and magnetometer survey. This survey was conducted by Fugro Airborne Surveys Corp. at Schefferville, Québec between September 14 and November 11, 2010 on the Corporation's LabMag, KéMag and DSO Properties. The results of the survey indicate the presence of more than 50 strong gravity anomalies associated with low magnetic values. These anomalies are located in a north-westerly trending iron formation from Schefferville to Goodwood and further northward over a length of approximately 50 km. All these anomalies are located on the Corporation's 100% owned claims and licences in Québec and Newfoundland and Labrador. At the south end of the survey area, a group of 13 anomalies are outlined within a radius of 5 km of the proposed Timmins processing plant location.

The survey results also show a second group of 10 anomalies occurring within a radius of 5 km of the Goodwood-Kivivic, near the north end of the surveyed area, where over 80% of all currently known resources are located. Between Timmins and Goodwood over a length of 19 km, 20 anomalies are outlined over the iron formation bands. Beyond Goodwood-Kivivic, over a length of 12 km, 11 anomalies are identified. High gravity anomalies associated with low magnetism are favourable targets for locating DSO deposits.

The interpretation of the airborne high sensitivity magnetometer survey data conducted over the Millennium Iron Range in Québec and Newfoundland and Labrador covering magnetic taconite bearing formations was also completed. Several magnetic anomalies comparable in intensity to the LabMag and KéMag taconite deposits are outlined in the north and south sections of these areas. In Newfoundland and

Labrador, five anomalies, one to the north and four to the south of the LabMag Property were identified. In Québec, five anomalies to the north of the KéMag Property were outlined.

On February 28, 2011, the Corporation completed a bought deal public offering of 15,714,286 common shares at a price of $3.50 per share, including the exercise of the over-allotment for this offering of 2,357,143 common shares, for aggregate gross proceeds of the offering to the Corporation of approximately $63,250,000. In addition, TSG purchased 6,739,956 common shares under its pre-existing pre-emptive right at $3.50 per share for gross proceeds to the Corporation of $23,589,846. The net proceeds of the offering will be used to prepare a feasibility study in respect of its Taconite Project and for working capital purposes.

On February 28, 2011, the Corporation announced it had negotiated an extension with TSG in respect of TSG's exclusivity regarding the Taconite Projects from February 28, 2011 to March 7, 2011.

On March 6, 2011, the Corporation announced that it had signed a binding heads of agreement (the "**Taconite HOA**") with TSG and the Partnership to develop the Taconite Project. Under the Taconite HOA, TSG shall participate in the development of the Taconite Project Feasibility Study and in exchange for an option to own a portion of the Taconite Project it would pay NML 64% of the costs related to the study. The parties would enter into a binding joint venture agreement upon the successful completion of the Taconite Project Feasibility Study and TSG electing to develop one or both of the deposits. After formation of the joint venture, the Corporation is expected to hold a 36% equity interest in the Taconite Project, including a 20% free carry equity interest. In addition, the Corporation will have a 4% right of first refusal on future equity sales by TSG to increase its equity interest to a maximum of 40%. TSG will arrange the required equity portion of the financing (excluding the Corporation's optional equity interest) based on a maximum capital expenditure of up to CAD$4.85 billion if both deposits are developed and up to CAD$4.68 billion and up to CAD$3.76 billion respectively, if only the KéMag or LabMag deposits are developed. Arranging debt financing for the Taconite Project shall be the responsibility of TSG.

On March 11, 2011, the Corporation announced that in connection with the confidential award regarding a railway tariff to be charged to the Corporation, it issued an aggregate of 212,306 common shares at a deemed price of $0.96 per share in settlement of certain legal fees incurred in connection with the arbitration. The agreement to pay the fees by way of a share issuance was based on the Corporation receiving an arbitral award. On June 18, 2010, the arbitrator made the award in respect of the proceedings and the final amount of the fees was recently determined. The deemed price per share has been calculated as agreed between the parties based on the weighted average trading price of the common shares for the 5 day period prior to the date of the arbitrator's award.

On March 24, 2011, the Corporation announced that it had received project release, subject to a number of customary terms and conditions, from the Government of Newfoundland and Labrador for the Joan Lake area of the DSO Project. Joan Lake is part of Phase 2 of the DSO Project, the first phase of which was released from further environmental assessment by the Government of Newfoundland and Labrador on January 5, 2011. The release will allow completion of the permitting process required to start mining Phase 2 of the DSO Project, which management of the Corporation expects to begin in 2013, being the Kivivic 1, 2, 3N, 4, 5 and the Timmins 8 deposits. The Canadian Environmental Assessment Agency confirmed to the Corporation that the Joan Lake Project will not trigger a federal impact assessment.

On April 20, 2011, the Corporation announced that Robert A. Martin would be stepping down from his role as President, Chief Executive Officer and director of the Corporation effective July 1, 2011. The Corporation also announced that Dean Journeaux, currently a director and Chief Operating Officer, will become President and Chief Executive Officer, effective on July 1, 2011 and Mark Freedman, currently acting as interim Chief Financial Officer was confirmed as Chief Financial Officer of the Corporation on

April 20, 2011. Mr. Martin will remain associated with the Corporation as Chairman of the Strategic Advisory Committee of the Board of Directors, also effective July 1, 2011.

On April 27, 2011, the Corporation announced that it would proceed with the exploration of two magnetic anomalies located in the Millennium Iron Range. These anomalies were identified by the airborne magnetic survey undertaken in 2010 and are on mineral claims 100% owned by the Corporation. The Corporation's objective was to carry out significant drilling in 2011 to produce NI 43-101 compliant resources by March 31, 2012.

The Millennium Iron Range is a 210 km long magnetic taconite belt controlled by the Corporation. The airborne magnetic survey also covered the proven taconite deposits of LabMag (NL) and KéMag (QC). Based on the airborne magnetic survey, several strong magnetic anomalies comparable in intensity to the LabMag and KéMag taconite deposits are outlined in the north and south sections of these deposits. The following target areas have been selected for this year's drilling and resource evaluation program.

Lac Ritchie, QC-Q4: This iron formation is flat lying (dipping 10 to 15 degrees towards the northeast (NE) and is very similar to the KéMag deposit in its geological setting. The aeromagnetic anomaly is comparable to the KéMag deposit. The KéMag deposit and its associated magnetic anomaly extend over an area of 13.5 km² and contain 2.1 billion tonnes of Proven and Probable reserves at an average grade of 31.3% Fe, 0.3 billion tonnes of Measured and Indicated 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. The Lac Ritchie area taconite is about 11.5 km long and 2.3 km wide with an area of 26.45 km², almost twice the size of KéMag.

Perault Lake, NL-N5: This iron formation also has a strong magnetic intensity and occurs south of the LabMag deposit. It is exposed on the surface and dips between 5 to10 degrees towards the NE. The magnetic intensity of the anomaly is found to be equal to or stronger than that of the LabMag deposit. The LabMag deposit covers an area 17.9 km² and contains 3.5 billion tonnes of Proven and Probable reserves at a grade of 29.6% Fe plus 1.0 billion tonnes of Measured and Indicated 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. The Perault Lake formation is 14.0 km long and 1.0 to 1.5 km wide with an area of about 17.5 km².

On May 24, 2011, the Corporation announced that George Downing Estate Drilling Ltd. of Grenville-sur-la-Rouge, Québec ("**George Downing**") had commenced drilling selected portions of the KéMag deposit to collect representative bulk samples for pilot plant testing that would be jointly undertaken by Tata Steel. The contract was for approximately 5,500 meters of PQ size core (3.345″/85 mm) at the KéMag deposit. About 85 tonnes of materials were collected to validate the process flowsheet and to produce sufficient quantities of concentrates to be used for the design of the pelletizing equipment and by other vendors to size their respective equipment. George Downing mobilized two machines to drill PQ size holes. The work was to be completed by the end of July, 2011. The program had been designed to collect representative samples of all seven stratigraphic layers by drilling at selected locations. Full cores were crushed, screened and blended to prepare samples for the pilot plant test and equipment sizing by vendors. 15-20 tonnes of concentrates are planned to be produced and will be used to size and design the pelletizing furnace and to provide products for evaluation to potential off-takers.

On June 8, 2011, the Corporation announced that TSMC and Nation Innu Matimekush-Lac John ("**NIMLJ**") had entered into an IBA. An IBA establishes the processes and sharing of benefits that will ensure an ongoing positive relationship with affected First Nations. In return for their consent and support of the Corporation's DSO Project, the First Nations will benefit through training, employment, business opportunities and financial participation in the project. An IBA also commits the Corporation to implement the project in a manner that safeguards the environment and provides the NIMLJ with social

and cultural protection. The agreement with NIMLJ is the second one of four such IBAs that TSMC is in the process of concluding.

On June 8, 2011, the Corporation also announced an update on the progress of the DSO Project. An engineering, procurement and construction management contract was awarded by TSMC in April, 2011 to AECOM Technology Corporation, Montreal, Québec. Detailed engineering and procurement of long delivery equipment is in progress. A 192 person modular camp for the Timmins Plant and Mine site has been procured. The first shipment of modules has arrived in Sept-Îles and construction of the camp is planned to start in June 2011.

On June 14, 2011, the Corporation announced that it changed its name to "New Millennium Iron Corp." The name change was approved by the shareholders of the Corporation at the annual general and special meeting held on June 8, 2011.

On July 13, 2011, the Corporation announced that the surface lease application by TSMC had been approved by the Government of Newfoundland and Labrador. Permits for the site preparation and construction of the camp have also been issued by the Government of Newfoundland Labrador. Camp modules are being progressively shipped to the site. Erection of the camp was expected to begin before the end of July, 2011. The surface lease application covers the Timmins area, where the camp, processing plant, offices, warehouse, maintenance shops and related infrastructure are to be installed.

On July 20, 2011, the Corporation announced that it extended the current contract with George Downing to add a third drill and include drilling of the taconite exploration targets at Lac Ritchie and Perault Lake. George Downing was to move its equipment from the KéMag deposit to Lac Ritchie before the end of July, 2011. The Corporation estimated undertaking about 5,000 meters of drilling in those two targets.

On August 8, 2011, the Corporation announced that TSMC would start hydrogeological as well as exploration drilling at several DSO deposits. TSMC engaged the services of Forages Lbm Inc. of Victoriaville, Québec to undertake about 4000 meters of reverse circulation drilling. Hydrological drilling was carried out to establish ground water profiles and pattern for deposits located in both areas. The information is required to satisfy certain pre-conditions that were part of the approval of the Environmental Impact Statement ("**EIS**") for Area 3 by the Government of Newfoundland and Labrador. The collected information will also be used to support the on-going EIS review for the Area 4 by the Government of Québec as well as further hydrological information required for the operation of the mines.

On August 11, 2011, the Corporation announced that based on its ongoing evaluation of historical drill results incorporating recent airborne magnetic survey data it had identified another high priority target. The target coincides with drill hole HR179D drilled on the strike extension of the taconite formation connecting the LabMag and KéMag deposits. This zone extends for approximately 18 km from the north end of the LabMag Deposit to the south end of the KéMag Deposit. Hole HR1279D was drilled in 2006 as an exploratory hole to check the taconite extension northwest of the LabMag deposit. The hole was drilled to a depth of 105 m intersecting all economic stratigraphic units. Although the results of the testing and analysis were encouraging no additional drilling was carried out as the Corporation decided to concentrate its efforts on KéMag and LabMag. However, the airborne magnetic survey conducted in 2010 indicated the presence of groups of magnetic anomalies over the taconite extension between LabMag and KéMag deposits. Recent analysis by the Corporation demonstrates a strong connection between the drill hole results and certain anomalies that support further exploration. The Corporation conducted an initial drilling program in the fall of 2011 to outline the extent of a potential additional deposit.

The results of the tests and analysis of the HR1279D drill cores are outlined below:

Unit	Length (m)	DTWR%	Concentrate Fe%	Concentrate SiO_2%	Total Fe%
LC	15.1	30.03	69.14	3.79	30.73
JUIF	6.4	17.50	69.97	2.15	34.59
GC	3.9	15.00	70.83	1.85	22.05
URC	2.4	28.50	70.27	1.97	40.35
PGC	13.0	39.19	70.29	2.25	33.96
LRGC	35.1	34.71	70.20	2.12	32.30
Total/Average	75.9	31.89	70.02	2.46	32.19

The average grade of HR 1279D in comparison with the deposit averages of LabMag and KéMag are set out below:

Deposit	Proven & Probable (million tonnes)	DTWR%	Concentrate Fe%	Concentrate SiO_2%	Total Fe%
Taconite Project:					
LabMag	3,545	25.79	69.98	2.17	29.6
KéMag	2,141	27.00	69.10	2.70	31.3
Taconite Other:					
HR1279D*		31.89	70.02	2.46	32.19

*Note: higher Davis Tube Weight Recovery (DTWR) for this hole.

On September 1, 2011, the Corporation announced that it engaged SNC-Lavalin Environment of Montreal, Québec to undertake an environmental assessment for the Taconite Project Feasibility Study, currently being undertaken by the Corporation with Tata Steel. SNC-Lavalin Environment will manage several specialized subcontractors based in the Provinces of Newfoundland and Labrador and Québec. SNC-Lavalin Environment will be responsible for completing the environmental assessment and conducting all work necessary to table an EIS to the appropriate regulators by November, 2012. SNC-Lavalin Environment is also required to develop a baseline data collection program during 2011 and 2012. Based on its investigations, SNC-Lavalin Environment will assess the Taconite's Project's impact and identify mitigation measures. The scope of the work will also include consultations with the potentially affected First Nations and non-native communities.

On September 12, 2011, the Corporation announced that it had appointed Cathy Dornan as Vice-President, Communications, who will be based at the Corporation's office in St. John's, Newfoundland and Labrador.

On October 18, 2011, the Corporation announced that it had graduated from the TSX Venture to listing on the TSX. The Common Shares of the Corporation began trading on the TSX on October 19, 2011.

On October 25, 2011, the Corporation announced the initial drill core assay results from its 100% owned Lac Ritchie property and provided an update on its 2011 drilling program for taconite anomalies as well as the processing of KéMag bulk samples for the Taconite Project Feasibility Study. Initial assay results received to date represented 6 out of 40 holes drilled during the summer of 2011. The Corporation integrated the drill core analysis results into a geological block model for resource determination and classification by SGS Canada. Two drills were moved south to drill the Labrador taconite anomalies owned 100% by the Corporation.

The exploration drilling was completed at the Lac Ritchie property after drilling 40 holes for a total of 3,808 m. The holes were drilled on seven sections spaced 1 km apart. Three to seven holes, approximately spaced 500 m apart, were drilled on each section line. The drill core samples, half cores in average 6

meters long, are being sent on a regular basis to Midland Research Center Laboratory at Nashwauk, Minnesota, USA ("**MRC**") for analysis and testing. The core is assayed for TFe and the magnetite concentrate is produced using the Davis Tube and given as DTWR %. The magnetite concentrate is analyzed for iron and silica. Some selected samples will be assayed for other elements. Test and assay results received to date indicate that the top stratigraphic layer (LC) is the minable unit. Thickness varies between 0 to 87 m, and averages 50 m. The unit shows an average assay results as outlined below, based on the analysis received to date with DTWR cutoff above 16%.

Total samples/meters	Total Fe%	DTWR%	DT Concentrate Fe%	DT Concentrate SiO_2%
61/361	31.41	30.18	67.98	4.20

On October 31, 2011, the Corporation announced that Mr. Sandip Biswas, of Tata Steel, was appointed to the Corporation's board of directors. Mr. Biswas replaced Mr. N.K. Misra, a Tata Steel representative that had served on the Board since November 24, 2008.

On November 15, 2011, the Corporation announced that TSMC and the Innu Nation entered into an IBA. The agreement with the Innu Nation is the third one of four such IBAs that TSMC is in the process concluding.

On November 22, 2011, the Corporation announced that TSMC had awarded a general construction contract to Innu Municipal LP of Labrador City, Labrador ("**IML**"). IML will be responsible for the general construction at the Timmins area, where the processing plant, offices, warehouse, maintenance shops and related infrastructure are to be installed under a 106 meters wide x 182 meters long dome with an apex height of 42 meters.

On December 1, 2011, the Corporation announced that it engaged engineering consulting company SNC-Lavalin, of Montreal, Québec, to act as the study manager for the Taconite Project Feasibility Study, currently being undertaken by the Corporation with Tata Steel. SNC-Lavalin will manage and integrate the work of several specialized subcontractors, which are recognized as renowned experts in their respective fields. The study manager will be responsible for the preparation of a feasibility report to be used for making an investment decision as to the financing and development of the Taconite Project by Tata Steel. Pilot plant concentrating and pelletizing tests are being conducted at Studien Gesellschaft für Eisenerz-Aufbereitung in Germany. A pelletizing technology supplier will be engaged during the course of the study to design the pelletizing facility.

On December 6, 2011, the Corporation announced that General Rick Hillier was appointed to the Corporation's board of directors.

On December 8, 2011, the Corporation announced additional drill core assay results from its 100% owned Lac Ritchie property and outlined its 2012 drilling program for other 100% owned magnetic anomalies indicative of taconite. The drilling on this property was completed on October 11, 2011 and during that period 40 holes for a total of 3,800 m were drilled. Set out below are the test analysis and assay results from 15 of 40 holes drilled. The average thickness of the magnetic mineralized formation of these 15 holes is 43 meters.

Hole No.	From (m)	To (m)	Interval (m)	Total Fe%	DTWR %	Concentrate Fe%	Concentrate SiO_2%
11LR1001D	3.5	62.4	58.90	29.12	30.59	68.18	3.81
11LR1002D	10.2	92.5	82.30	31.82	33.22	67.63	4.41
11LR1003D	23.8	65.3	41.50	30.44	28.49	67.86	3.87

11LR1004D	4	69	65.00	32.75	27.41	67.91	4.59
11LR1005D	13	72.3	59.30	32.58	27.54	68.23	4.17
11LR1007D	4	61.5	57.50	30.71	31.97	68.44	3.97
11LR1008D	2.5	48.2	45.70	31.70	29.95	69.32	3.13
11LR1009D	5	53	48.00	31.70	30.69	66.79	5.50
11LR1010D	4	17.2	13.20	30.46	34.14	66.41	3.40
11LR1012D	1.7	50	48.30	29.57	29.64	67.36	4.28
11LR1013D	3.8	42	38.20	31.28	27.98	67.86	3.91
11LR1014D	3.5	57.3	53.80	29.16	32.94	65.70	6.53
11LR1016D	1.8	8.9	7.10	23.02	25.37	67.27	4.10
11LR1017D	2.00	3.10	1.10	24.19	21.00	70.53	2.42
11LR1022D	5.5	26.8	21.30	28.70	24.70	68.30	3.44

The drill core samples, half cores, on average 6 meters long, were sent on a regular basis to MRC for analysis and testing. The core is assayed for TFe and the magnetite concentrate is produced using the Davis Tube and given as DTWR %. The magnetite concentrate is analyzed for iron and silica. Some selected samples will be assayed for other elements. Based on drill core analyzed to date, the Lac Ritchie taconite currently averages 30.86% Fe with 30.05% DTWR. The Davis Tube concentrate averages 67.74% Fe and 4.35% SiO2.

2012

On January 19, 2012, the Corporation, announced further drill core assay results from its 100% owned Lac Ritchie property. The LC unit test and assay results from 32 of 40 holes drilled are set out below. The average thickness of the magnetic mineralized formation of these 32 holes is 46.2 meters.

Hole No.	Interval m	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO_2%
11LR1001D	58.9	29.12	30.59	68.18	3.81
11LR1002D	82.3	31.82	33.22	67.63	4.41
11LR1003D	41.5	30.44	28.49	67.86	3.87
11LR1004D	65.0	32.75	27.41	67.91	4.59
11LR1005D	59.3	32.58	27.54	68.23	4.17
11LR1007D	57.5	30.71	31.97	68.44	3.97
11LR1008D	45.7	31.7	29.95	69.32	3.13
11LR1009D	48.0	31.70	30.69	66.79	5.50
11LR1010D	13.2	30.46	34.14	66.41	3.40
11LR1012D	48.3	29.57	29.64	67.36	4.28
11LR1013D	38.2	31.28	27.98	67.86	3.91
11LR1014D	53.8	29.16	32.94	65.70	6.53
11LR1015D	9.9	30.89	30.00	68.82	3.98
11LR1016D	7.1	23.02	25.37	67.27	4.10
11LR1017D	1.1	24.19	21.00	70.53	2.42
11LR1019D	54.0	29.57	20.50	68.56	3.63
11LR1021D	58.5	31.08	34.40	64.07	7.72
11LR1022D	21.3	28.70	24.70	68.30	3.44
11LR1023D	63.7	30.43	31.62	67.03	5.01
11LR1024D	59.0	30.24	20.01	70.05	2.38
11LR1026D	65.6	31.47	25.29	69.53	2.67
11LR1027D	39.1	31.79	28.45	68.41	3.75
11LR1028D	25.9	28.97	34.23	64.06	8.10
11LR1029D	60.0	32.62	28.90	69.72	2.60
11LR1030D	49.3	32.21	28.09	66.88	5.52

11LR1031D	55.3	30.52	26.02	68.82	3.54
11LR1032D	31.0	30.40	27.31	68.81	2.89
11LR1034D	41.8	32.87	35.46	68.17	3.19
11LR1035D	10	32.25	30.30	68.44	3.54
11LR1036D	70.2	33.19	32.01	67.65	4.56
11LR1039D	55.9	27.19	20.17	65.67	6.05
11LR1040D	87.0	33.01	30.78	68.57	3.33

On January 26, 2012, the Corporation announced new drill core assay results from its Howells Lake and Perault Lake properties. In the fall of 2011, the Corporation completed three drill holes in the Howells Lake area and two drill holes in the Perault Lake area. The Corporation expects to start additional drilling on those properties in early March 2012. During the 2011 drilling campaign at Howells Lake area, three holes for a total of 347 m were drilled, where the Howells Lake airborne magnetic anomaly occurs. This area covers the taconite formation connecting the LabMag deposit and KéMag deposit. At Perault Lake, two holes for a total of 159 m were drilled. This area occurs south of the LabMag deposit and represents the southern extension of the taconite formation. The Perault Lake airborne magnetic survey anomaly covers a length of approximately 18 km. The core samples were sent to MRC for tests and analysis. Set out below are the test and assay results from Howells Lake and Perault Lake areas:

Hole No. Area	Stratigraphic Unit	Interval m	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO_2%
Howells Lake						
06HR1279D	LC	15.1	30.73	30.03	69.14	3.79
	JUIF	6.4	34.59	17.50	69.97	2.15
	GC	3.9	22.05	15.00	70.83	1.85
	URC	2.4	40.35	28.50	70.27	1.97
	PGC	13.0	33.96	39.19	70.29	2.25
	LRGC	35.1	32.30	34.71	70.20	2.12
	Total	75.9	32.19	31.89	70.02	2.46
11HR1282D	LC	14.0	29.98	29.02	69.58	2.98
	JUIF	7.3	35.14	21.22	69.68	2.01
	GC	1.7	12.48	6.00	70.35	2.08
	URC	3.0	35.40	27.00	70.35	1.92
	PGC	33.7	34.16	30.42	69.31	3.23
	LRC	4.8	31.24	26.50	68.99	2.14
	LRGC	17.8	29.38	34.17	70.00	2.18
	Total	82.3	31.93	29.32	69.58	2.72
11HR1281D	LC	41.8	28.74	30.30	68.52	3.54
	JUIF	5.9	32.58	33.50	68.38	3.34
	GC	2.7	20.96	11.00	70.58	1.66
	URC	3.4	32.53	28.50	70.38	1.60
	PGC	26.9	33.59	35.90	69.82	2.71
	LRC	5.1	31.92	17.00	68.24	5.18
	LRGC	17.7	29.70	32.90	70.11	1.83
	Total	103.5	30.46	31.28	69.22	2.99
11HR1280D	LC	33.0	28.09	20.50	69.00	3.50
	JUIF	6.0	34.01	14.00	70.35	2.76
	GC	4.0	24.16	17.00	69.14	1.54
	URC	2.5	37.71	37.50	70.51	2.40
	PGC	15.5	34.86	35.70	69.52	2.85

Hole No. Area	Stratigraphic Unit	Interval m	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO_2%
	LRC	2.2	27.91	22.00	68.08	3.02
	LRGC	34.8	31.55	27.89	70.01	2.34
	Total	98.0	30.83	25.46	69.55	2.82
Perault Lake						
11PL1001D	LRGC	12.1	33.00	26.28	69.37	1.88
11PL1002D	LC	30.0	28.03	24.10	70.41	1.65
	JUIF	6.8	31.39	26.50	69.67	1.84
	URC	4.2	34.71	24.50	71.41	1.14
	PGC	4.5	27.39	21.50	71.49	1.08
	LRC	6.5	33.58	26.00	71.11	1.28
	LRGC	12.0	31.84	22.50	70.96	1.46
	Total	64.0	30.06	25.11	70.16	1.63

The drill core samples, half cores, on average 6 meters long, were sent on a regular basis to MRC for analysis and testing. The core is assayed for TFe and the magnetite concentrate is produced using the Davis Tube and given as DTWR %. The magnetite concentrate is analyzed for iron and silica. Some selected samples will be assayed for other elements. Based on four hole drill core analyzed to date, the Howells Lake Taconite currently averages 31.26% Fe with 29.37% DTWR. The Davis Tube concentrate averages 69.56% Fe and 2.77% SiO2. The drill holes end within the iron formation and the layers beneath the LRGC (LIF and RS) are not considered economical. The geological interpretation for each section was made by taking the iron formation / quartzite contact point and projecting down-dip in the iron formation, which extends beneath the drill holes.

On January 30, 2012, the Corporation announced that TSMC entered into a life of mine Confidential Rail Transportation Contract and Locomotive Rental Agreement with QNS&L, for the transportation of iron ore products produced from the DSO Project owned by TSMC, from Emeril Junction, Newfoundland and Labrador, to Arnaud Junction in Sept-Îles, Québec. QNS&L is a federally regulated common carrier. Railcars will be provided by TSMC. Locomotives will be provided by QNS&L, along with certain infrastructure improvements for which TSMC will provide funding.

On February 8, 2012, the Corporation announced that TSMC expects the installation of the equipment for the DSO Project to be completed in the fall of 2012 followed by the operation start up and ore production by the end of 2012.

On February 16, 2012, the Corporation announced that it signed a contract with George Downing for its 2012 drilling program on taconite exploration targets at the Perault Lake and Howells Lake properties. Drilling is expected to start at Perault Lake in early March, 2012. Three drills are currently being mobilized.

On February 28, 2012, the Corporation announced the signing by TSMC of an IBA with the Innu Takuaikan Uashat mak Mani-Utenam ("**ITUM**"). This IBA with ITUM is the fourth and final IBA concluded by TSMC with First Nations in respect to the DSO Project.

On March 29, 2012, the Corporation announced the engagement of Outotec to provide feasibility engineering for the pelletizing plant facility for the Taconite Project Feasibility Study.

On April 2, 2012, the Corporation announced drilling results from its Lac Ritchie property. Data collected from its 40-hole (3,810 meter) 2011 drilling program resulted in estimates of 3.330 billion

tonnes of Indicated Mineral Resources and an additional 1.437 billion tonnes of Inferred Mineral Resources, as shown below.

Resource Classification	Tonnes (in billions)	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO_2%
Indicated	3.330	30.3	27.9	67.6	4.5
Inferred	1.437	30.9	27.0	67.6	4.5

The final assay results for 35 of the 40 holes drilled, which intersected the economic unit LC are given in the table below. The grade of the LC unit is the weighted average of the assays for the total length intersected in the drill hole.

Hole No.	Interval m	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO_2%
11LR1001D	58.9	29.12	30.59	68.18	3.81
11LR1002D	82.3	31.82	33.22	67.63	4.41
11LR1003D	41.5	30.44	28.49	67.86	3.87
11LR1004D	65.0	32.75	27.41	67.91	4.59
11LR1005D	59.3	32.58	27.54	68.23	4.17
11LR1007D	57.5	30.71	31.97	68.44	3.97
11LR1008D	45.7	31.7	29.95	69.32	3.13
11LR1009D	48.0	31.70	30.69	66.79	5.50
11LR1010D	13.2	30.46	34.14	66.41	3.40
11LR1012D	48.3	29.57	29.64	67.36	4.28
11LR1013D	38.2	31.28	27.98	67.86	3.91
11LR1014D	53.8	29.16	32.94	65.70	6.53
11LR1015D	9.9	30.89	30.00	68.82	3.98
11LR1016D	7.1	23.02	25.37	67.27	4.10
11LR1017D	1.1	24.19	21.00	70.53	2.42
11LR1019D	54.0	29.57	20.50	68.56	3.63
11LR1021D	58.5	31.08	34.40	64.07	7.72
11LR1022D	21.3	28.70	24.70	68.30	3.44
11LR1023D	63.7	30.43	31.62	67.03	5.01
11LR1024D	59.0	30.24	20.01	70.05	2.38
11LR1026D	65.6	31.47	25.29	69.53	2.67
11LR1027D	39.1	31.79	28.45	68.41	3.75
11LR1028D	25.9	28.97	34.23	64.06	8.10
11LR1029D	60.0	32.62	28.90	69.72	2.60
11LR1030D	49.3	32.21	28.09	66.88	5.52
11LR1031D	55.3	30.52	26.02	68.82	3.54
11LR1032D	31.0	30.40	27.31	68.81	2.89
11LR1033D	73.7	30.55	36.21	65.38	6.71
11LR1034D	41.8	32.87	35.46	68.17	3.19
11LR1035D	10.0	32.25	30.30	68.44	3.54
11LR1036D	70.2	33.19	32.01	67.65	4.56
11LR1037D	61.7	30.33	31.97	66.44	5.65
11LR1038D	57.5	29.22	32.03	66.36	6.05
11LR1039D	55.9	27.19	20.17	65.67	6.05
11LR1040D	87.0	33.01	30.78	68.57	3.33

The drill core samples, half cores, on average 6 meters long, were sent on a regular basis to MRC for analysis and testing. The core is assayed for Total Iron and the magnetite concentrate is produced using the Davis Tube and given as DTWR %. The magnetite concentrate is analyzed for iron and silica.

On May 7, 2012, the Corporation announced the results of the ground gravity survey conducted near the vicinity of the Timmins DSO concentrator plant area by TSMC. The following table shows the survey details. The survey covered 39 lines over a length of 35.4 line kilometers. The following table shows the survey details.

Location Province	Number of Lines	Length Km	Number of Stations
Québec	21	20.6	433
Newfoundland & Labrador	18	14.8	296
Total	39	35.4	729

Eleven (11) of the 13 airborne gravity anomaly areas were checked with ground gravity survey and were found to coincide with the airborne gravity targets. The intensity of the gravity anomaly (mgals values) over the deposits varies between 1.0 and 2.68. Comparable gravity values (mgals) seem to occur in many of the surveyed areas indicating the potential for discovering additional DSO deposits closer to the Timmins processing plant. The ground gravity values are higher because of the proximity of the Gravity Meter to the surface compared to the airborne instrumentation. Selected priority targets and comparison with known DSO deposits are shown in the table below.

Anomaly Area	Ground Gravity Residuals (mgals)	Airborne Gravity Residuals (mgals)	Comments
100_1	1.66	0.89	Target# 1
200_1	**1.34**	**0.68**	**Timmins 7 deposit**
200_2	1.69	0.95	Target# 2
300_2	1.58	0.82	Target# 3
400_1	1.69	0.35	Target# 4
400_5	1.72	0.14	Target# 5
500_1	1.0	0.65	Target# 6
500_1	**1.65**	**0.31**	**Timmins 4 deposit**
600_1	1.68	0.86	Target# 7
1600_2	1.55	0.82	Target# 8
1700_1	**1.2**	**0.24**	**Sawmill 1 deposit**
1900_1	**2.04**	**0.39**	**Timmins 3 deposit**
1900_2	**2.68**	**0.93**	**Fleming 7 deposit**
1900_3	1.14	0.32	Target# 9
1900_4	2.23	0.78	Target# 10

On May 31, 2012, the Corporation announced the results of the 2011 drill program conducted by TSMC. The drilling consisted of 40 exploration holes for a total of 1,991 meters.

A summary of the Mineral Resource estimate, based on the additional 2011 drilling is reported in the table below. The new estimate consists of approximately 85.1 million tonnes of Measured and Indicated Mineral Resources at an average grade of 59.2% Fe on a dry basis plus an additional 10.3 million tonnes of Inferred Mineral Resources at 58.3% Fe.

Summary of Updated Resource Estimate based on 2011 Drilling
(Using cut-off grades of Fe ≥ 50%, SiO_2 <18% and Mn<3.5%)

Resource Classification	Tonnes(millions) 2008-9 Drilling	Tonnes(millions)With 2011 Drilling	% increase	% Fe	% SiO_2	% Mn
Measured	26.5	26.5	0%	59.6	6.3	0.13
Indicated	45.7	58.6	28.1%	59.0	9.07	0.47
Total M+I	72.2	85.1	17.8%	59.2	8.21	0.37
Inferred	7.2	10.3	42.9%	58.3	9.48	0.56

Of the total 85.1 million tonnes of Measured and Indicated Resources, 21.1 million tonnes and 43.0 million tonnes are in the Proven and Probable reserve categories respectively.

Based on drill hole ore intersection, the overall grade of the three deposits, Kivivic 1C, Kivivic 2 and Kivivic 5 average 60.90%, 60.21% and 58.34% iron (Fe) with SiO2 values at 6.06%, 9.82% and 12.49% respectively. Fe contents in the Kivivic deposits are approximately 2% higher than the average for all the DSO deposits. Resource models for these deposits were completed by the Corporation. The following table provides the classified resources. All these deposits require additional drilling to upgrade and expand the resource base.

Summary of Resource Estimate based on 2011 drilling
(Using cut-off grades of Fe ≥ 50%, SiO_2 <18% and Mn<3.5%)

Deposit	Classification	K tonnes	Fe (%)	SiO2 (%)	Mn (%)
Kivivic 1C	Indicated	3,124	60.63	7.12	0.05
Kivivic 1C	Inferred	1,073	62.33	2.45	0.05
Kivivic 2	Indicated	8,598	61.39	8.46	0.26
Kivivic 5	Indicated	3,324	60.94	9.62	0.12
Kivivic 5	Inferred	2,524	60.93	9.84	0.06
Total	**Indicated**	**15,046**	**61.13**	**8.44**	**0.18**
Total	**Inferred**	**3,597**	**61.35**	**7.63**	**0.06**

In the table below, the current resource estimate for Kivivic 5 based on 2008 and 2011 drilling is compared to the previous estimate, which was based solely on 2008 drilling. The overall Fe grade is 60.94% for Indicated and 60.93% for Inferred Resources.

Summary of Kivivic 5 Resource Estimate based on 2008 and 2011 drilling
(Using cut-off grades of Fe ≥ 50%, SiO_2 <18% and Mn<3.5%)

Resource Classification	Tonnes(millions) 2008 Drilling	Tonnes(millions) 2008&11 Drilling	Increase	% Fe	% SiO_2	% Mn
Indicated	2.20	3.32	51%	60.94	9.62	0.12
Inferred	0.52	2.52	389%	60.93	9.84	0.06

The methodology used to estimate the mineral resources of the DSO deposits is 3D block modeling with Inverse Square Distance interpolation. This estimate was limited to a mineralized envelope interpreted on vertical cross-sections and later meshed into solid shapes. Different lithologies were modeled and estimated separately. Two sources of drill holes were used to estimate the mineral resources: historical drilling from the previous owners available in the public domain and drill holes from the TSMC 2011 drilling campaign. Drill holes intersecting the mineralized envelopes were composited into 3-meter

composites. Each composite was assigned a lithological unit based on the interpreted geology and corresponding 3D solid.

The classified mineral resources are the accumulation of the individual blocks inside the mineralized rock types and inside each classification zone. Only the blocks having a Fe grade above 50%, a Mn grade below 3.5% and a SiO2 grade below 18% are considered as mineralized.

On July 18, 2012, the Corporation announced the signing of an agreement with the Sept-Îles Port Authority ("**SIPA**") providing the Corporation with access to a minimum of 15 million metric tons of annual shipping capacity from the new multi-user deep water dock facility to be located in the Bay of Sept-Îles at Pointe Noire, Québec.

The facility in Phase I is designed to have a total capacity of 50 million metric tons annually and is expected to cost $220 million. It is being financed by the Port of Sept-Îles, the Government of Canada and commitments from potential end users. Construction is expected to be completed by the end of March 2014. The Corporation will invest $38.4 million for its interest, payable in two instalments over a one year period, the first of which was paid at time of signing. As a result of this investment, the Corporation will receive favourable shipping rates at the dock facility. The Corporation has a take or pay obligation based on a discounted rate applied on 50% of the reserved capacity. The Corporation is entitled under the agreement to transfer all or a portion of its annual capacity and the associated take or pay obligation to other users of the dock. The term of the contract is 20 years, with the Corporation having the option to renew for four further five year terms.

On August 8, 2012, the Corporation announced that TSMC had entered into a long-term agreement with Genesee & Wyoming Inc. ("**GWI**") and its newly formed subsidiary, KéRail Inc. ("**KéRail**"), for KéRail to provide rail transportation services to haul up to 4.2 million tonnes of product per annum to the Tshiuetin Rail Transportation ("**TSH**") interchange near Schefferville. In addition, KéRail will construct an approximately 21 km long rail link from the mine yard to the TSH interchange.

On August 10, 2012, the Corporation announced the signing of an agreement with the Canadian National Railway Co. to participate in the feasibility study of a new railway and terminal handling facility that would connect mining projects in the Labrador Trough with the deep-water port at Sept-Îles, Québec.

On August 14, 2012, the Corporation announced that TSMC signed an agreement with the SIPA providing TSMC with access to a minimum of 5 million metric tons of annual shipping capacity from the new multi-user deep water dock facility to be located in the Bay of Sept-Îles at Pointe Noire.

On September 12, 2012, the Corporation announced that TSMC had started initial mining of saleable iron ore and is stockpiling the product at its Timmins plan site for crushing and screening.

On October 3, 2012, the Corporation announced the completion of drilling at its 100% owned Perault Lake property and 80% owned Sheps Lake Property. 48 holes were drilled in Perault Lake for a total of 3890.8 m. and 22 holes in Sheps Lake for a total of 1918.1 m. The combined total area of both Sheps Lake and Perault Lake is approximately 17.25 km² with an average thickness of 60 m, where the taconite is un-altered giving excellent DT concentrate recoveries with very low concentrate silica values (less than 2.00%) and high Fe values (>70.00%). These results highlight the potential for the production of direct reduction ("**DR**") grade pellet feed from these properties.

The half drill core samples, on average 6 meters in length were sent to MRC for testing and analysis. The core is assayed for total iron. The magnetite concentrate is produced using the Davis Tube method and given as DTWR%. The magnetite concentrate is assayed for iron and silica. Some selected samples will

be analyzed for other elements. Based on the drill core analysis received to date, the Perault Lake taconite averages 30.24% Fe with 25.82% DTWR. The Davis Tube concentrate averages 70.52% Fe and 1.52% SiO_2. The Sheps Lake taconite averages 30.73% Fe with 27.14% DTWR. The Davis Tube concentrate averages 70.71% Fe and 1.45% SiO_2. Only a limited number of drill core results were received from the Howells River North (Howells Lake Area). The Howells River North averages 31.11% Fe with 29.22% DTWR. The Davis Tube concentrate averages 69.93% Fe and 2.20% SiO2.

On November 1, 2012, the Corporation announced that it appointed Rock Gagnon as Vice-President, Process and Plant Engineering.

On December 20, 2012, the Corporation announced the completion of drilling for the year 2012. Drilling was carried out at several of its properties in the Millennium Iron Range ("**MIR**"). The program started on March 2, 2012 and was completed on October 22, 2012. During this period 153 holes were drilled for a total of 17,312.6 m.

Property/Area	**Location**	**No. of holes**	**Total m**
Perault Lake	MIR	48	3,890.8
Sheps Lake	MIR	23	1,920.1
Howells River N	MIR	10	1,114.5
Howells Lake	MIR	43	6,561.7
KéMag East	MIR	24	3,315.5
Lac Keough	East of MIR	1	102.0
Lac Thérèse	East of MIR	1	102.0
Wishart Creek	East of MIR	3	306.0
Total		153	17,312.6

The table below provides the average drill core analysis and assay results received. The table includes drill core results from Howells River North and Howells Lake areas, using a DTWR cut-off of 18.00%.

Hole No.	Section	Interval m	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO2%
Howells River North						
12HR1283D	01	40.0	30.19	29.26	70.43	2.20
12HR1285D	01	64.0	32.60	30.10	70.36	2.16
12HR1286D	01	103.4	31.07	23.70	70.12	1.75
12HR1287D	09	21.8	28.09	27.40	70.44	1.97
12HR1288D	09	47.4	32.41	32.80	68.81	3.16
12HR1289D	09	109.1	30.65	32.74	69.70	2.27
12HR1302D	09	43.5	30.89	32.57	69.73	2.91
Howells Lake						
12HR1290D	13	71.7	31.41	31.85	70.33	1.97
12HR1313D	17	245.2	30.85	32.51	69.23	3.20
12HR1314D	17	181.9	31.35	32.50	69.62	2.44
12HR1316D	17	94.2	30.10	31.84	70.05	2.29
12HR1304D	17	99.0	31.11	32.60	70.63	1.74
12HR1292D	17	40.5	30.73	33.20	69.21	3.12
12HR1309C	21	160.0	29.83	25.14	69.32	3.05
12HR1309B	21	34.7	28.68	22.23	68.29	3.86
12HR1306D	21	108.5	31.89	33.38	68.59	3.71
12HR1307D	21	38.2	33.43	22.02	68.88	2.64
12HR1301D	21	75.6	31.63	31.46	70.13	2.19
12HR1293D	21	24.2	30.87	33.20	69.54	2.81
12HR1294D	21	8.3	28.55	22.50	70.28	2.36

12HR1308D	25	214.0	30.07	28.10	69.79	2.90
12HR1305D	25	110.0	29.31	29.06	69.36	3.37
12HR1311D	25	105.9	27.72	28.14	68.20	3.63
12HR1303D	25	30.0	27.41	23.40	66.37	6.56
12HR1310D	25	95.3	29.33	29.01	69.94	2.22
12HR1295D	25	28.4	31.75	29.57	70.29	2.15
12HR1296D	25	15.3	28.25	24.01	70.32	2.37

The half drill core samples, on average 6 meters in length were sent to MRC for testing and analysis. The core is assayed for total iron. The magnetite concentrate is produced using the Davis Tube method and given as DTWR%. The magnetite concentrate is assayed for iron and silica. Some selected samples will be analyzed for other elements. Based on the drill core analysis received to date, the Howells River North taconite averages 31.09% Fe with 29.56% DTWR. The Davis Tube concentrate averages 69.91% Fe and 2.27% SiO_2. The Howells Lake taconite averages 30.38% Fe with 29.89% DTWR. The Davis Tube concentrate averages 69.46% Fe and 2.89% SiO_2.

2013

On January 21, 2013, the Corporation announced that it made the necessary filings, and received the necessary approval, to conduct a normal course issuer bid ("**NCIB**") through the facilities of the TSX. As approved by the TSX, the Corporation is authorized to purchase up to 5,000,000 Common Shares. On any trading day, the Corporation will not purchase more than 46,091 Common Shares, other than through block purchase exceptions. The Corporation is authorized to make purchases during the period from January 23, 2013 to January 22, 2014, or until such earlier time as the NCIB is completed or terminated at the option of the Corporation. Any common shares the Corporation purchases under the NCIB will be purchased on the open market through the facilities of the TSX, at the prevailing market price at the time of the transaction. The Corporation has appointed Haywood Securities Inc. as its broker to conduct the NCIB transactions. All common shares acquired under the NCIB will be cancelled.

On January 20, 2013, the Corporation announced that TSMC's application to mine DSO on the Goodwood and Sunny 1 properties, in Nunavik, has been approved by the Government of Québec, pursuant to a decision of the Kativik Environmental Quality Commission.

On February 5, 2013, the Corporation announced that Cathy Bennett has joined the board of directors of the Corporation.

On February 11, 2013, the Corporation announced the resource estimation for its 80% owned Sheps Lake and 100% owned Perault Lake properties in Newfoundland and Labrador. Data collected from its 23-hole (1,920.1 meter) in Sheps Lake and 50-hole (3,890.8 meter) in Perault Lake, 2012 drilling program have resulted in NI 43-101 compliant mineral resource estimates, at a cut-off grade of 18% DTWR, of 3.58 billion tonnes of Indicated Mineral Resources and an additional 795 million tonnes of Inferred Mineral Resources as shown in the table below.

Summary of Sheps Lake and Perault Lake Properties
Mineral Resources Estimate (DTWR >= 18%)

Property	Resource Classification	Tonnes in millions	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO2%
Sheps Lake	Indicated	1,967	32.72	25.13	70.63	1.46
	Inferred	289	32.62	25.46	70.47	1.53
Perault Lake	Indicated	1,612	29.4	23.30	70.50	1.34

	Inferred	507	29.39	22.16	70.51	1.47
Total	Indicated	3,580	31.22	24.31	70.57	1.41
	Inferred	795	30.56	23.36	70.49	1.49

Mineral Resources are concentrations or occurrences of minerals in such form and quantity and of such grade or quality such that they have reasonable prospects for economic extraction. While the Corporation has historically used a cut-off of 18% DTWR to meet this test, previous studies have shown that the marginal cut-off for Davis Tube weight recovery to meet this test could be lower than 18%. SGS Canada Inc. built pit shells for the Sheps Lake and Perault Lake properties based on the economic parameters described in the Lac Ritchie NI 43-101 technical report. According to those parameters, the resulting cut-off grade was 4.7% DTWR. This cut-off grade is significantly lower than the usual 18%, and SGS Canada Inc. considers it reasonable to use a cut-off grade of 15% DTWR for the delineation of Mineral Resources.

The table below indicates the effect of a lower DTWR cut-off. At a cut-off of 15% DTWR, the Mineral Resources of Sheps Lake and Perault Lake increase from 3.580 to 4.070 billion tonnes of Indicated Resources (at an average of 23.38% DTWR) and from 795 to 1,006 million tonnes of Inferred Resources (at an average of 21.95% DTWR).

Summary of Sheps Lake and Perault Lake Properties
Mineral Resources Estimate (DTWR >= 15%)

Property	Inventory Classification	Tonnes in millions	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO2%
Sheps Lake	Indicated	2,039	32.54	24.83	70.60	1.47
	Inferred	310	32.16	24.84	70.42	1.58
Perault Lake	Indicated	2,031	28.77	21.91	70.43	1.34
	Inferred	695	28.73	20.65	70.42	1.49
Total	Indicated	4,070	30.66	23.38	70.52	1.41
	Inferred	1,006	29.79	21.95	70.42	1.52

On February 12, 2013, the Corporation announced that CN had suspended the feasibility study for the construction of its proposed rail line and terminal handling facility to serve the Québec / Labrador iron ore range (Labrador Trough).

On February 21, 2013, the Corporation announced that it had received a Termination Notice of Transporter from the CN pursuant to the Collaboration Framework Agreement made effective August 3, 2011.

On March 12, 2013, the Corporation announced that TSMC had entered into a multi-faceted framework agreement with LIM that favourably impacts the DSO Project owned and operated by TSMC. The agreement involves cooperation in transport and port infrastructure development as well as transactions for development of LIM's Howse deposit and TSMC's Timmins 4 deposit. Both companies will enjoy the benefit of cost synergies from the rationalization of various aspects of their respective iron ore operations. The companies intend to enter into definitive agreements to formalize this agreement in due course.

The multi-part cooperation agreements are summarized as follows:

- The companies agreed to cooperate to develop the rail line that will start near TSMC's Timmins Area processing plant and go through LIM's Silver Yard facilities to the TSH main line.

- The companies shall also coordinate their respective participation in developing infrastructure at the Port of Sept-Îles with the objective of establishing common access and terminal facilities to SIPA's new deep sea multi-user dock.

- The companies have agreed to enter into transactions regarding the development of LIM's Howse deposit and TSMC's Timmins 4 deposit. The Howse deposit, containing 28 million tonnes of historical resources, is four kilometers from TSMC's Timmins processing plant. TSMC will acquire a 51% interest in LIM's Howse deposit, and LIM may earn up to a 100% interest in TSMC's Timmins 4 deposit having resource of 1.7 million tonnes to LIM for consideration of $3 million recoverable from sales.

- As part of the proposed agreement, and subject to fulfillment of certain conditions precedent, LIM will receive a cash injection of $30 million. In future, TSMC has an option to infuse up to C$ 25 million in the Howse project to further increase its interest in the Howse deposit to 70%.

On March 26, 2013, the Corporation announced the completed drilling results for Howells River North and Howells Lake properties. During this program 10 holes for a total of 1,114.5 m and 43 holes for a total of 6561.7 m were drilled in the 80% NML owned Howells River North (Naskapi LabMag Trust through LabMag Limited Partnership (LLP) owns the other 20%) and in the 100% NML owned Howells Lake properties respectively. These results confirm that the taconite formation occurring in this area is a stratigraphic continuation of the LabMag deposit in Labrador that connects to the KéMag deposit in Québec. In the KéMag East area, 24 holes for a total of 3,315 m were drilled.

The area outlined for drilling based on the 2010 airborne magnetic survey is approximately 7.0 km long and 3.5 km wide. The mineralized material occurs on either side of the Howells River. On the west side of the Howells River the mineralized material occurs in a single stratigraphic sequence similar to that for LabMag and KéMag. On the east side, the sequence is repeated due to a low angle thrust fault, which pushed up a complete sequence of layers (Lean Chert to Lower Red Green Chert) and the underlying waste layers (Lower Iron Formation, Roof Formation and Quartzite) over the LabMag band. This has increased the thickness of the economic layers by 2 to 2.5 times. However, this will require additional stripping during the mining phase, and the economics of mining this more complex structure need to be evaluated.

The following table provides the average drill core analysis and assay results. The table includes drill core results from Howells River North and Howells Lake areas, using a DTWR cut-off of 18.00%.

Hole No.	Section	Interval m	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO2%
Howells River North						
12HR1283D	01	40.0	30.19	29.26	70.43	2.20
12HR1285D	01	64.0	32.60	30.10	70.36	2.16
12HR1286D	01	103.4	31.07	23.70	70.12	1.75
12HR1287D	09	21.8	28.09	27.40	70.44	1.97
12HR1288D	09	47.4	32.41	32.80	68.81	3.16
12HR1289D	09	109.1	30.65	32.74	69.70	2.27
12HR1302D	09	43.5	30.89	32.57	69.73	2.91
12HR1284D	01	3.7	28.91	26.50	68.72	4.42
12HR1327D	01	280.5	28.52	29.70	69.84	2.62

Hole No.	Section	Interval m	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO2%
Howells Lake						
12HR1290D	13	71.7	31.41	31.85	70.33	1.97
12HR1313D	17	245.2	30.85	32.51	69.23	3.20
12HR1314D	17	181.9	31.35	32.50	69.62	2.44
12HR1316D	17	94.2	30.10	31.84	70.05	2.29
12HR1304D	17	99.0	31.11	32.60	70.63	1.74
12HR1292D	17	40.5	30.73	33.20	69.21	3.12
12HR1309C	21	160.0	29.83	25.14	69.32	3.05
12HR1309B	21	34.7	28.68	22.23	68.29	3.86
12HR1306D	21	108.5	31.89	33.38	68.59	3.71
12HR1307D	21	38.2	33.43	22.02	68.88	2.64
12HR1301D	21	75.6	31.63	31.46	70.13	2.19
12HR1293D	21	24.2	30.87	33.20	69.54	2.81
12HR1294D	21	8.3	28.55	22.50	70.28	2.36
12HR1308D	25	214.0	30.07	28.10	69.79	2.90
12HR1305D	25	110	29.31	29.06	69.36	3.37
12HR1311D	25	105.9	27.72	28.14	68.20	3.63
12HR1303D	25	30.0	27.41	23.40	66.37	6.56
12HR1310D	25	95.3	29.33	29.01	69.94	2.22
12HR1295D	25	28.4	31.75	29.57	70.29	2.15
12HR1296D	25	15.3	28.25	24.01	70.32	2.37
12HR1298D	29	33.0	30.28	26.86	70.78	1.72
12HR1299D	29	97.5	30.95	30.95	69.49	2.77
12HR1300D	29	102.2	31.40	25.47	70.74	1.73
12HR1312D	29	145.1	29.88	25.79	70.45	1.71
12HR1317A	13	238.7	29.60	30.29	70.30	2.15
12HR1328D	13	242.6	30.38	29.80	69.88	2.15
12HR1329D	13	170.0	31.26	31.85	69.60	2.69
12HR1320D	9	224.8	29.92	31.57	69.75	2.45
12HR1323D	9	171.2	30.59	29.46	69.66	2.73
12HR1326D	23	36.0	31.71	30.14	69.88	2.30
12HR1324D	27	22.5	28.09	21.20	69.90	2.82
12HR1325D	27	41.0	31.76	29.23	70.02	2.43
12HR1319D	31	45.3	32.79	35.06	70.05	2.27
12HR1321D	31	103.5	31.05	29.75	69.78	2.47

The half drill core samples, on average 6 meters in length were sent to MRC for testing and analysis. The core is assayed for total iron. The magnetite concentrate is produced using the Davis Tube method and given as DTWR%. The magnetite concentrate is assayed for iron and silica. Some selected samples will be analyzed for other elements. Based on all the drill core analysis received, the Howells River North taconite averages 30.07% Fe with 29.60% DTWR. The Davis Tube concentrate averages 69.88% Fe and 2.42% SiO_2. The Howells Lake taconite averages 30.44% Fe with 29.79% DTWR. The Davis Tube concentrate averages 69.71% Fe and 2.61% SiO_2.

NML engaged SGS Canada based on the complete drill hole results to complete a mineral resource estimate in compliance with NI 43-101.

The area to the east of KéMag deposit covers an airborne survey magnetic anomaly conducted in 2010. The anomaly is approximately 13 km long along the strike of the taconite formation and 1 km wide. This

area represents a folded and faulted sequence of the iron formation separated by a thrust fault from the KéMag deposit and straddles the eastern shores of Lac Harris and Lac Gillespie. The drilling carried out in 2012 is exploratory in nature and intended to outline the extent of the taconite along strike, and whether a future potential resource is likely. Additional in-fill drilling is required to define the width, thickness, structure and the concentrate grade. Twenty four (24) holes for a total of 3,315.5 m were drilled and 19 holes intersected taconite formation. The table below shows the drill hole assay results with DTWR => 18%. Based on the assay results of the 16 holes, the KéMag East averages 29.67% Fe with 29.27% DTWR. The Davis Tube averages 67.05% Fe and 4.96% SiO2.

Hole No.	Section	Interval m	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO2%
KéMag East						
12HL1092D	12	165.0	29.67	32.50	67.90`	3.82
12HL1093D	29	133.3	28.49	32.20	66.26	5.97
12HL1094D	42	153.0	28.48	28.10	60.58	7.10
12HL1095D	46	103.8	29.92	24.30	68.60	3.72
12HL1097D	0/0	74.5	32.17	29.20	68.97	4.25
12HL1098D	-4	164.4	29.30	28.14	68.52	4.06
12HL1101D	4	28.5	26.83	23.30	66.73	5.38
12HL1103D	8	167.1	29.82	31.10	69.12	3.38
12HL1105D	16	39.0	30.66	32.70	68.25	4.33
12HL1105D	16	78.0	29.45	29.80	68.90	3.83
12HL1106D	24	109.0	31.45	30.40	68.12	4.27
12HL1108D	20	28.9	30.72	33.60	67.82	4.71
12HL1109D	36	33.0	24.50	23.10	64.25	7.92
12HL1110D	28	51.0	30.92	27.60	68.21	4.84
12HL1111D	40	60.5	31.76	26.60	64.96	8.89
12HL1113D	48	37.0	29.28	25.5	64.24	9.60

On April 5, 2013, the Corporation announced that TSMC had appointed Mr. Gino Lévesque as Senior Vice President, Projects and Logistics.

On April 10, 2013, the Corporation announced that its common shares began trading in the United States on the OTCQX International under the symbol “NWLNF”.

On May 23, 2013, the Corporation announced a resource estimate for its 80% owned Howells River North and 100% owned Howells Lake properties in Newfoundland and Labrador. Data collected from its 2011 drilling campaign (101.0 m from 1 hole) and 2012 drilling campaign (1,114.5 m from 10 holes) in Howells River North and 2006 & 2011 drilling campaigns (252.0 m from 2 holes) and 2012 drilling campaign (6,561.7 m from 43 holes) in Howells Lake, demonstrate 7.63 billion tonnes of Indicated Mineral Resources and an additional 3.31 billion tonnes of Inferred Mineral Resources, based on a 18% DTWR as shown in the following table.

Summary of Howells Lake - Howells River North Properties
Mineral Resource Estimate
(Based on a cut-off 18% DWTR)

Property	Resource Classification	Tonnes in millions	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO_2%
	Indicated	6,502	30.31	28.72	69.65	2.63
Howells Lake	Inferred	734	30.07	25.89	69.67	2.69
Howells	Indicated	1,129	30.87	29.83	69.86	2.40

River North[1]	Inferred	2,576	29.77	27.56	69.84	2.50
Total	Indicated	7,631	30.39	28.88	69.68	2.60
Total	Inferred	3,310	29.83	27.19	69.80	2.54

Mineral Resources are concentrations or occurrences of minerals in such form and quantity and of such grade or quality such that they have reasonable prospects for economic extraction. While the Corporation has historically used a cut-off of 18% DTWR to meet this test, previous studies (2012 NI 43- 101 report on the Lac Ritchie deposit, 2009 NI 43-101 report on the KéMag deposit) have shown that the marginal cut-off for Davis Tube weight recovery to meet this test could be lower than 18%. SGS Canada built a pit shell for the Howells River North - Howells Lake properties based on the economic parameters described in the Lac Ritchie NI 43-101 technical report. According to those parameters, the resulting cut-off grade is 4.7% DTWR. This cut-off grade is significantly lower than the usual 18%, and SGS Canada considers it reasonable to use a cut-off grade of 15% DTWR for the delineation of Mineral Resources.

The table below indicates the effect of a lower DTWR cut-off. At a cut-off of 15% DTWR, the Mineral Resources of Howells Lake and Howells River North increase from 7.631 to 8.115 billion tonnes of Indicated Resources (at an average of 28.16% DTWR) and from 3.310 to 3.621 billion tonnes of Inferred Resources (at an average of 26.29% DTWR).

Summary of Howells Lake - Howells River North Properties
Mineral Resource Estimate
(Based on a cut-off 15% DTWR)

Property	Resource Classification	Tonnes in millions	Fotal Fe%	DTWR%	Concentrate Fe%	Concentrate SiO_2%
Howells Lake	Indicated	6972	30.10	27.91	69.61	2.67
	Inferred	838	29.97	24.75	69.67	2.68
Howells River North[1]	Indicated	1143	30.82	29.67	69.85	2.40
	Inferred	2783	29.55	26.75	69.82	2.51
Total	Indicated	8115	30.20	28.16	69.64	2.63
Total	Inferred	3621	29.65	26.29	69.78	2.55

On July 3, 2013, the Corporation announced the resignation of Cathy Bennett as a director of the Corporation.

On July 4, 2013, the Corporation announced that TSMC had entered into a confidential agreement for the sale of TSMC's iron ore production to the Iron Ore Company of Canada ("**IOCC**"). The contract will allow TSMC to commence shipment of its products in 2013. Under the confidential sales agreement with IOCC, TSMC's production will be sold by IOCC's marketing organization for delivery to several markets, the details of which will be negotiated between the two parties.

On July 11, 2013, the Corporation announced that TSMC, had loaded its first ore train with direct shipping ore products. The train containing the products from TSMC's dry crushing and screening plant departed with 164 cars of 100 tonnes capacity each from Silver Yards, Newfoundland and Labrador, to the IOCC terminal in Sept-Îles, Québec.

On August 16, 2013, the Corporation announced that TSMC and NunatuKavut Community Council signed a cooperation agreement for the DSO Project.

On September 17, 2013, the Corporation announced that TSMC had made the first shipment of products from its DSO Project. On September 14, 2013, the vessel MV Sterling with a cargo of approximately

77,000 tonnes of iron ore sinter fines departed from the IOCC terminal facilities in Sept-Îles, Québec. Shipments through the Sept-Îles terminal are an interim step as TSMC awaits the completion of the arrangements for access to its new Pointe Noire Dock. The vessel will discharge in Europe for Tata Steel Europe's plants.

On December 12, 2013, the Corporation announced that Hemant Nerurkar, formerly Managing Director of Tata Steel recently resigned as a director of the Corporation. The Corporation also announced that Koushik Chatterjee, Group Executive Director – Finance and Corporate with Tata Steel has been appointed to the board of directors of the Corporation as successor to Mr. Nerurkar.

On December 13, 2013, the Corporation announced that Partha Sengupta, Vice-President of Raw Materials, including Global Minerals, at Tata Steel, resigned as a director of the Corporation, due to recent changes in the organizational structure of the Tata Steel Group. The Corporation also announced that Dibyendu Bose, Group Director (Investments and New Ventures) with Tata Steel has been appointed to the Corporation's board of directors as a replacement for Mr. Sengupta.

On December 19, 2013, the Corporation announced that Robert Patzelt, Q.C., will join the Corporation effective January 13, 2014 as President and Chief Executive Officer and a director of the Corporation. Dean Journeaux, the current President and Chief Executive Officer, will remain on the board of directors and will be appointed effective January 13, 2014, as Executive Vice-Chairman of the board of directors.

2014 Recent Developments

On January 20, 2014, the Corporation provided an update on 2013 operating and construction activities as well as 2014 plans for the DSO Project owned by TSMC. TSMC continued with trial production in 2013. Rail haulage of the ore from Schefferville, Québec to IOCC's shipping terminal at the Port of Sept-Îles began in July 2013 and continued until mid-November 2013. The DSO Project's first ship with 77,000 tonnes for Tata Steel Europe departed Sept-Îles, Québec on September 14, 2013 marking the commencement of sales. A second ship with 166,000 tonnes of cargo departed Sept-Îles, Québec on November 10, 2013 bound for China. Rail haulage is expected to resume in May 2014.

Construction progress to date is as follows:

- Installation of the sizing station for the processing plant is complete.
- Fabric covering of the dome that houses the plant itself is substantially complete.
- Casting of larger foundations and slabs as well as erection of the structural steel inside the dome have been substantially completed, allowing for the start of installation of mechanical equipment.
- Installation of process mechanical equipment has commenced.
- The Timmins yard rail loop and track are complete.
- Rail sections in Newfoundland and Labrador to Silver Yards are nearly complete.
- The construction of the Québec portion of the track (KéRail) is suspended until April 2014. All track materials and crushed ballast are at the site.

TSMC's objective was to complete the installation of outside ancillary facilities, such as the sizing station and focus work on the process plant in the protected environment of the covered dome. However, for cost

and productivity reasons TSMC is readjusting the construction plan during the winter period and activity is expected to accelerate around March 2014 when the weather begins to improve.

The 2014 plans for the DSO Project are outlined below:

- TSMC is planning to continue trial production by crushing and screening products in 2014, and to install a dryer to reduce product moisture as required to meet shipping regulations.

- Link to TSH Railway, including the KéRail portion, is expected to be operational by June 2014.

- Construction of the processing plant and the product load out, storage and train loading system will be a focus in summer and fall of 2014.

- TSMC is currently reviewing the cost of completion for the DSO Project. The development plan of the Howse joint venture is also being evaluated.

- TSMC plans to export its ore through the new multi-user dock in Sept-Îles in the long term. In the interim, TSMC has contracted with IOCC for train-unloading, product storage, ship loading and marketing through its established network.

On February 24, 2014, the Corporation announced the results of the 2012 drill 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 Mineral Resource estimate compared to the most recent resource estimate announced in 2012. The gravity anomaly drilled is one of the 13 strong gravity anomalies outlined by the 2010 Airborne Magnetometer and Gravity survey and the follow up ground gravity survey.

In-fill drilling was carried out in deposits Kivivic 1C, Kivivic 2 and Kivivic 5 in 2012. The objective is to fully define the structure and the ore extent and grade of all three ore bodies. During the program, 28 holes for a total of 1,387.3 meters were drilled. All the samples collected were processed at the site facility and the required amounts were sent to Accurassay Laboratory, Thunder Bay, Ontario for final chemical analysis. The following table summarizes the 2012 program.

Table 1

Area	Deposit	No. of Holes	Total Meters	Total Samples
4	Kivivic 1C	11	756.0	247
4	Kivivic 2	11	411.7	135
4	Kivivic 5	6	219.6	72
Total		28	1,387.3	454

The table below provides the overall grade of the 3 deposits based on the entire drilling done to date. Kivivic 1C, Kivivic 2 and Kivivic 5 average 59.36%, 60.28% and 60.17% Fe with SiO2 values at 7.50%, 10.25% and 10.35%, respectively. Table 2 below also provides the average grade of each of the deposits on a yearly basis.

Table 2

Deposit	Year	Meters in Ore	Fe%	SiO2%	Al2O3%	Mn%	P%	LOI%
Kivivic 1C	2011	291.99	60.90	6.06	0.551	0.04	0.031	6.67
	2012	243.83	57.51	9.23	0.755	0.04	0.062	5.34
Average			59.36	7.50	0.644	0.04	0.045	6.06

Kivivic 2	2011	534.8	60.21	9.82	0.954	0.37	0.016	2.30
	2012	286.51	60.41	11.04	0.673	0.06	0.009	1.61
Average			60.28	10.25	0.856	0.262	0.014	2.06
Kivivic 5	2008	247.0	61.48	8.49	0.280	0.091	0.014	1.72
	2011	259.2	58.34	12.49	0.981	0.43	0.022	2.56
	2012	128.02	61.36	9.61	0.382	0.031	0.005	2.03
Average			60.17	10.35	0.587	0.217	0.015	2.13

The primary objective of the drilling program was to convert Inferred and historical resources to NI 43-101 compliant Indicated and Measured 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 plus an additional 6.7 million tonnes of Inferred Mineral Resources at 56.7% Fe.

Table 3
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

Mineral resources that are not mineral reserves have not yet been demonstrated as economically viable to mine. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these inferred mineral resources will be converted to measured and indicated mineral resource categories through further drilling, or into mineral reserves once economic considerations are applied.

Resource models for these deposits were completed by NML. The table below provides the estimated resources for each deposit. All these deposits required additional drilling to upgrade and expand the resource base.

Table 4
Summary of Resource Estimate based on 2012 drilling
(Using cut-off grades of Fe =>50%, SiO2 <18% and Mn <3.5%)

Deposit	**Classification**	**K tonnes**	**Fe%**	**SiO2%**	**MnO%**
Kivivic 1C	Indicated	6,682	59.98	7.25	0.05
Kivivic 2	Indicated	13,380	61.09	9.77	0.25
Kivivic 5	Indicated	8,751	60.34	10.55	0.12
Total		28,813	60.60	9.42	0.16

The resource estimation of the Kivivic 1C, Kivivic 2 and Kivivic 5 was done using the same 3D block modeling methodology as previous estimates, where the grades in each block are estimated by interpolation of the surrounding drill hole composites. First, 3D mineralized envelopes are developed delineating potentially mineralized rock. They were created from geological interpretation made on 2D

vertical sections from the drill hole information. Next, a 3D block grid is created and covers the extent of the mineralized envelope created above. Each block is interpolated using the Inverse Distance Weighting (IDW) interpolation method. The grades for each lithology are interpolated using only the composites belonging to that lithology. The historical bulk density value of 3.0 was used to convert volumes into in-situ tonnes. With the additional 2012 drilling, there is now sufficient confidence in the resources to classify them as indicated. The classified mineral resources are the accumulation of the individual blocks inside the mineralized rock types and inside each classification zone. Only the blocks having a Fe grade above 50%, a SiO2 grade below 18% and a MnO grade below 4.5% (Mn<3.5) are considered to be mineralized for the purposes of the mineral resource estimates. NML established the estimate of additional Mineral Resources internally which was reviewed by qualified persons (as defined by National Instrument 43-101) who have experience with the DSO Project and relevant expertise.

The 2010 Airborne Magnetometer and Gravity survey outlined 50 strong gravity anomalies with coinciding weak magnetic anomalies within the properties held by TSMC in Québec and 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. Table 5 provides the details of this survey. One gravity anomaly area, approximately 300 meters northwest of 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. Table 6 gives details of the 2012 drilling with holes intersecting leached and enriched material. This area needs to be fully explored by drilling. Table 5 below shows the details of the ground gravity survey conducted in 2012. The survey covered 27 lines over a length of 34.7 line kilometers.

Table 5

Location Province	**Number of Lines**	**Length, Line km**	**Number of Stations**
Québec	23	30.6	630
Newfoundland & Labrador	4	4.1	84
Total	27	34.7	714

The ground survey results were interpreted by Jean M. Hubert, P.Eng, consulting geophysicist for TSMC. Some of the anomaly areas surveyed covers the known DSO deposits. The intensity of the gravity anomaly (mgals values) over the deposits varies between 1.05 and 1.51. Comparable gravity values (mgals) seem to occur in all the surveyed areas indicating the potential for discovering additional DSO deposits. J. M. Hubert interpreted and evaluated all the survey data and recommended follow up surface exploration work with test pitting, trenching and test drilling of selected anomalies. These selected targets show moderate to strong gravity values coinciding with moderate to weak magnetic anomalies.

Table 6

Hole No	Coordinates UTM		Total	Interval meters		Length	Average Assay %					
	Easting	Northing	Depth m	From	To	meters	Fe	SiO_2	Al_2O_3	Mn O	P	LOI
12TFN008	622009	6084602	32.89	0.00	30.48	30.48	44.51	33.58	0.75	0.04	0.01	1.73
12TFN009	622139	6084422	39.47	6.10	36.58	30.48	48.51	27.99	0.85	0.03	0.04	1.54
12TFN008A	521977	6084579	32.89	0.00	30.48	30.48	56.89	16.54	0.59	0.03	0.01	1.30
12TFN020	621737	6084684	39.47	3.05	33.53	30.48	54.18	21.20	0.23	0.03	0.01	0.92
12TFN021	621857	6084635	26.32	0.00	3.05	3.05	52.76	20.66	0.93	0.07	0.01	2.50
12TFN019	621875	6084714	39.47	3.05	36.58	33.53	55.82	17.87	0.03	0.01	0.03	1.53

The preliminary drilling results of the Timmins Plant Site anomaly indicate the presence of leached and enriched DSO type of material in that area (Table 6). Because of the on-going production, work prioritization and development of several deposits to feed the dry crushing and screening plant, no work was undertaken in 2013 to further evaluate the anomaly. This area is planned to be fully explored with additional drilling during the summer of 2014. In addition, all recommended gravity anomaly targets, will be test pitted and trenched initially by using backhoes in a systematic manner. If DSO type of material is encountered, the area will be trenched, mapped, sampled and the mineralized area will be delineated. In areas of deep overburden, test drilling will be carried out in a grid pattern to outline the leached and enriched zones. Detailed drilling will follow in potential areas outlined by initial exploration test pitting and trenching.

Significant Acquisitions

The Corporation did not complete any significant acquisitions during its most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102 - *Continuous Disclosure Obligations*.

DESCRIPTION OF THE BUSINESS

General Information

The Corporation controls the emerging Millennium Iron Range, located in the Province of Newfoundland and Labrador and in the Province of Québec, which holds among the world's largest undeveloped magnetic iron ore deposits. In the same area, TSMC has advanced the DSO Project to the production stage with the commencement of commercial sales. Tata Steel owns approximately 26.3% of the issued shares of the Corporation and is the Corporation'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 TSMC, which in turn is 80% owned by Tata Steel and 20% owned by the Corporation. The DSO project contains 64.1 million tonnes of Proven and Probable Mineral Reserves at an average grade of 58.8% Fe, 21.0 million tonnes of Measured and Indicated Mineral Resources at an average grade of 59.2% Fe, 10.3 million tonnes of Inferred Resources at an average grade of 58.3% 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, the Corporation 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 currently hosts two advanced projects: LabMag contains 3.5 billion tonnes of Proven and Probable reserves at a grade of 29.6% Fe plus 1.0 billion tonnes of Measured and Indicated 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 reserves at an average grade of 31.3% Fe, 0.3 billion tonnes of Measured and Indicated 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 now hosts other taconite deposits.

The first is the Lac Ritchie property located at the north end of the Range. The initial 2011 drilling of 40 holes in this property revealed Indicated 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 Resources of 3.580 billion tonnes at an average grade of 31.22%, and Inferred Resources of 795 million tonnes at an average grade of 30.56%.

The Howells Lake - Howells River North deposit is located between the LabMag and KéMag deposits, and evidences 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 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 Corporation'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.

Iron Ore Market and Outlook

According to the World Steel Association's statistics, world crude steel production in its 65 reporting countries was 1.607 billion metric tons (Mt) for the year 2013, which represented an increase of 3.5% over 2012 and was a new record high. The rate of growth came mainly from Asia and the Middle East, while crude steel production in all other regions was down compared to 2012, including the European Union (-1.8%) and North America (-1.9%).

Annual production for Asia was 1.081 billion Mt of crude steel in 2013, an increase of 6.0% compared to 2012. The region's share of world steel production increased slightly from 65.7% in 2012 to 67.3% in 2013. China's crude steel production in 2013 reached 779.0 Mt, an increase of 7.5% over 2012, while its share of world production increased to 48.5% in 2013 from 46.7% in 2012.

The overall reporting countries' crude steel capacity utilization rate at December 2013 was 72.4%, which was 2.2% higher than a year earlier. The average capacity utilization in 2013 was 78.1% compared to 76.2% in 2012, and so remains an issue for the industry globally.

Looking ahead, there was cautious optimism in the World Steel Association's (WSA) latest, semi-annual *Short Range Outlook* released on October 7, 2013. The WSA sees continued recovery in apparent steel use (ASU) with the developed countries returning to positive growth. At the same time, a slower rate growth is expected in China, albeit with a still significant absolute number jump in ASU of 60 million tonnes over the period from 2012 to 2014. The WSA also points to uncertainty in developing countries stemming from unresolved structural issues, political instability and cautious financial markets.

Iron ore pricing as measured by the 62% Fe Fines CFR China reference remained volatile in 2013, but averaged over US$135 per tonne for the year and did not repeat the extreme lows of 2012 as was predicted by some forecasters with more supply coming on stream. The spot price has softened during Q1 2014, however, owing to a weaker steel market in China, rising port inventories and tight credit conditions in China's steel and iron ore sectors.

Of note since early 2013 has been the growing environmental pressure on China's steel industry with production restrictions applied in the steel producing provinces of Hebei and Jiangsu near Beijing and

Shanghai, respectively. This dynamic has resulted in reduced sinter production and increased proportions of direct charge material – lump and pellets – in blast furnace burdens. Consequently, price premiums for these products have increased across the Asian markets and in Europe, where pellet usage is structurally increasing for both environmental and productivity reasons.

Going into 2014, the prevailing iron ore market question is when the iron ore supply increase will be felt, with analysts expecting pricing to weaken in H2 2014 as capacity expansions by the major producers in particular gain more traction. On the other hand, there is also the view that constraints on new supply growth outside of the major producers could result in better supported near-to-medium term pricing.

Competitive Conditions

The iron ore mineral exploration and mining business is a competitive business. The Corporation competes with numerous other companies and individuals in the search for (i) the acquisition of attractive iron ore and other mineral properties; (ii) qualified service providers and labour; and (iii) equipment and suppliers. The ability of the Corporation to acquire iron ore and other mineral properties in the future will depend not only on its ability to operate and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploration and development. *See "Risk Factors - Competition"*.

TSMC's DSO Project

The Corporation entered into the JVA with Tata Steel with respect to the DSO Project. On October 26, 2010, pursuant to the terms and conditions of the JVA, a joint venture company was incorporated as TSMC. TSMC acquired all of the DSO mining claims and related assets, carries out detailed engineering and construction of mining facilities, and is responsible for advancing the DSO Project. TSG will purchase 100% of the products meeting certain quality specifications from TSMC at benchmark world prices set for similar products for the life of the mine. TSMC commenced DSO Project operations effective December 1, 2010. On December 30, 2011, the closing of the transfer of assets into TSMC was completed which resulted in TSG owning 80% of TSMC and the Corporation owning the remaining 20%. The Corporation was also paid 80% of the DSO Project costs incurred to closing. In the third quarter of 2013, TSMC advanced the DSO Project to the production stage with the commencement of sales. The DSO Project's first shipment with 77,000 tonnes for Tata Steel Europe departed Sept-Îles, Québec on September 14, 2013, and a second shipment with 166,000 tonnes of cargo departed Sept-Îles on November 10, 2013 bound for China. Rail haulage is expected to resume in May 2014. Construction of the processing plant and the product load out, storage and train loading system will be a focus in summer and fall of 2014 with the processing plant being scheduled for completion in Q4 of 2014 with commissioning by the 2014 year-end. TSMC is currently reviewing the cost of completion for the DSO Project.

The Taconite HOA

The Corporation has entered into the Taconite HOA to develop the Taconite Project. Under the Taconite HOA, TSG shall participate in the development of the Taconite Project Feasibility Study and in exchange for an option to own a portion of the Taconite Project it will pay NML 64% of the costs related to the study. TSG and the Corporation agree to enter into a binding joint venture agreement upon the successful completion of the Taconite Project Feasibility Study and TSG electing to develop one or both of the deposits. After formation of the joint venture, the Corporation is expected to hold a 36% equity interest in the Taconite Project, including a 20% free carry equity interest. In addition, the Corporation will have a 4% right of first refusal on future equity sales by TSG to increase its equity interest to a maximum of 40%. TSG will arrange the required equity portion of the financing (excluding the Corporation's optional

equity interest) based on a maximum capital expenditure of up to CAD$4.85 billion if both deposits are developed and up to CAD$4.68 billion and up to CAD$3.76 billion respectively, if only the KéMag or LabMag deposits are developed. Arranging debt financing for the Taconite Project shall be the responsibility of TSG.

Employees

As at December 31, 2013, the Corporation and its subsidiaries had a total of 36 employees and 9 individual consultants retained on a part time basis.

Environmental Protection

The current and future operations of the Corporation, including development and mining activities, are subject to extensive federal, provincial and local laws and regulations governing environmental protection, including protection and remediation of the environment and other matters. Compliance with such laws and regulations increases the costs of and delays planning, designing, drilling and developing the Corporation's properties. See disclosure regarding environmental matters under the respective descriptions of the Corporation's mineral projects herein for further details.

DESCRIPTION OF MATERIAL PROJECTS

Howells Lake and Howells River North Property

This summary of the Howells Lake and Howells River North properties below has been extracted from the summary section of the Howells Lake and Howells River North Technical Report prepared by Maxime Dupéré of SGS Canada that was filed on SEDAR at www.sedar.com on June 10, 2013, and which is incorporated by reference herein. The Howells Lake and Howells River North Technical Report was prepared for the Corporation in accordance with NI 43-101 by a "qualified person", as defined in NI 43-101. Defined terms used in this summary shall have the meanings ascribed to such terms in the Sheps Howells Lake and Howells River North Technical Report.

The information included or incorporated by reference herein is based on assumptions, qualifications and procedures which are set out in the Howells Lake and Howells River North Technical Report. For a complete description of the assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Howells Lake and Howells River North Technical Report.

Property description and location

The Howells Lake and Howells River North properties ("**Properties**" or "**Property**" or "**Howells Properties**") area is located approximately 47 km northwest of Schefferville, Québec 247 km north of Labrador City, Newfoundland and 547 km north of Sept-Îles, Québec. The Properties are situated in unorganized territory, straddling NTS map sheets 23003 and 23:114 and centered at 67°21'W, 55°01'N. There has been no mining activity on the Properties and as such there are no mine workings, tailings impoundment areas, waste piles or other infrastructure on or near the Property

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the exploration drilling area was by truck and snowmobile. A few lakes in the vicinity of the Properties are accessible from Schefferville via a chartered fixed-wing float aircraft, which the Corporation used to support their 2011 and 2012 drilling programs along with a helicopter for drill crew

moves. The Howells Lake, and Howells River North area has a sub-Arctic climate. There is ample room available on the Properties for the establishment of mining and processing operations, waste piles and a tailings management area. Topography is flat to gently rolling, with the occasional more precipitous area. The area is well drained, has a few swampy areas and is covered by sparse northern boreal forest consisting of stunted spruce, alders and willows.

Regional geology

The Howells Lake and Howells River North properties are located in the Churchill Province, of the Labrador Trough ("**Trough**") adjacent to Archean basement gneiss. The Trough comprises a sequence of Proterozoic sedimentary rocks, including iron formation, volcanic rocks and mafic intrusions. NML's Howells Lake and Howells River North properties are located north of the Grenville Front in the Churchill Province where the Trough rocks have only been subject to greenschist or sub-greenschist grade metamorphism. The principal iron formation unit is known as the Sokoman Formation. Iron formations in this part of the Trough are taconites, which are weakly metamorphosed.

Property geology and Mineralogy

The taconite iron formation in the Howells Lake and Howells River North area is part of the Sokoman Formation occurring at the western margin of the trough. The taconite is well-exposed as a long linear belt 1.5 to 2.0 km wide for a total length of approximately 6 km in a northwest-southeast trend that constitutes the anomalous zone identified from airborne magnetic survey data. Within the Howells Lake and Howells River North properties the structure is very simple, the iron formation is generally northwest-southeast striking and dipping 5° to 12° to northeast. At the central part of the valley, Menihek Slate overlies the UIF. Within oxide iron formation units, the most notable feature in mineral composition is the changes from dominantly magnetite (LC) to dominantly hematite/magnetite (URC, JUIF), and corresponding change of the silica from chert over to jasper. These oxidation potential variations and changes in iron grade define the member lithology units. The occurrence of iron carbonate minerals, principally siderite, ferro-dolomite and ankerite are widespread but are more abundant in the upper (LC) and lower (LRGC) units. Iron silicates, minnesotaite and stilpnomelane occur in LC, GC and LRGC units. These features all appear to be related to primary deposition.

Folds, where present, are broad monoclonal flexures with low amplitudes and shallow dipping limbs. One fault with major displacement intersects the taconite formation. The fault is vertical with pronounced dextral displacement and trends in a northeast-southwest direction and parallel to the prominent joint directions. One major thrust fault on the east side of the Howells River was intersected in several drill holes. The movement along the thrust plane is considerable. The complete stratigraphic sequence is repeated on the east side of Howells River (tripled in one area).

The contacts between the various units of the Sokoman Formation are gradational. The GC contacts with JUIF and URC are very sharp. The GC unit is a good marker horizon. The unit LRC is not traced throughout the property. It tends to grade into the LRGC unit. The contact between the Menihek Formation and the Sokoman Formation is a thrust fault. The slate shows high deformation near the contact.

Exploration

During 2010 NML carried out Airborne High Resolution Magnetic Survey ("**AM**") over the Millennium Iron Range ("**MIR**") to identify additional, potential magnetic taconite deposits similar to the two deposits already proven in the MIR: LabMag in the Howells River Area and KéMag in Québec. The

survey covered the taconite belt over a length of 150 km starting south of Perault Lake, to north of Lac Ritchie in Québec.

The magnetic taconite formation of the MIR occurs as a linear strip approximately 4 km wide, starting west of Menihek Lake and extending northwest to Lac Otelnuk in Québec over a length of 210 km. The Airborne survey conducted by Fugro covers all the licences and claims west of longitude 67°W in NL and QC. Several strong magnetic anomalies were outlined by Jean Hubert, Geophysical Consultant for NML, who interpreted the survey data.

Drilling

In 2006 one hole, 06HR1279D, was drilled in this area to check the grade of the iron formation. In 2011, three (3) holes for a total of 347 m were drilled. A detailed exploration drilling program was undertaken in early June 2012 in the Howells Lake, Kivivic Lake AM anomaly area which encompasses licences 015976M, 018113M, 018379M, 015977M and 018380M. The area covered by the major part of the drilling is approximately 8 km long and 4 km wide. The program started on 1" June with 2 drills provided by the contractor Downing Estate Drilling Ltd. of Grenville-Sur-la-Rouge, QC and finished on September 27, 2012. The drilling was carried out on a grid of lines spaced 1 km apart with 4 to 6 holes spaced 500 to 600 m on each section line. Prior to drilling all the holes were spotted on the ground using handheld GPS unit. During the 2012 program 1,010 half core samples and 41 half core duplicate samples were collected and sent to MRC, Nashwauk, Minnesota, USA, for Davis Tube testing and chemical analysis. The sample lengths varied from 1 to 6m. All the units were sampled individually. The duplicate samples were sent as a check under QA/QC program. The Certificate of Analysis provided by MRC is appended to the report. Fifty three (53) crude ore samples and 89 Davis Tube magnetite concentrate samples were sent by MAC to SGS, Lakefield, Ontario for whole rock analysis and elemental analysis respectively.

QA/QC by NML and Data verification

Over the course of the 2012 drilling and sampling program, NML sent 41 duplicate samples to the MRC lab. Those samples were taken from the second half of the core. At MRC, those samples were subjected to the same Davis Tube testing as the original half core for the same intervals. Duplicate samples were done on 31 of the 56 holes. Their length varies from 2.2 to 8.5 metres with an average of 5.4 metres. Most of duplicate samples are in the LRGC (8, PGC (8) and LC unit (8) followed by the JUIF (6), LIF units (5), URC (3) and GC units (3). Since most reported resources are in the LC, PGC and LRGC units with some in the URC unit, future duplicate samples should concentrate on those units.

During the site visit conducted from August 24th to 26th, 2012, SGS Geostat completed 32 analytical checks of drill core duplicate samples taken from selected NML 2012 diamond drill holes on the Howells River North property as well as the nearby Sheps Lake and Perault Lake properties (not part of this report) as part of the independent data verification program. SGS Geostat also conducted verification of the laboratories analytical certificates and validation of the data set supplied by NML for errors and discrepancies. A small bias was observed by SGS Geostat on Howells check sample data, but the relative difference between the two labs was on the order of only 1-2%, which is not considered consequential. %Fe_Head and %Fe_C, MRC values were almost systematically higher than SGS Lakefield values while for %WtRec and %Sia, C, MRC values are almost systematically lower than SGS Lakefield values. These apparent differences between MRC and SGS are similar to observations on the Lac Ritchie and the Sheps & Perault properties owned by NML (see the corresponding SGS Geostat Technical Reports, 2012 and 2013) and may be linked to the way that quality is measured in the two labs (titration and thermo-gravimetry at MRC and XRF for SGS Lakefield). Although the standard operating procedures from MRC and SGS Lakefield are similar, some differences might have been unintentionally created from grinding

(size reduction) or from calibration of the magnetic separator (Davis Tube) on either laboratory. A detailed investigation of these differences is recommended.

Resource Estimation- General

The mineral resources estimates (MRE) reported herein are derived from a computerized resource block model. The construction of the block model was built using drill hole data, serving as a basis for 3D definition of the 3D solids. The MRE were limited to the material inside the selected 3D solids. Regular length composites were created from the validated drill hole database. Block grade interpolation was done on a regular grid. A block percentage inside each of the 3D solids was also considered in the MRE. Blocks under the topographic Overburden/Bedrock contact were considered in the MRE. Classification was done according to proximity to composites and corresponding precision/confidence level. An optimized pit shell was done to verify the validity of the WtRec cut-off grade used (although not considered) in the MRE statement.

Limits of Resource model

The resource model corresponds to a sedimentary multilayered mineral deposit. Up to 7 layers corresponding to lithological units have been interpreted and modeled by NML geologists. Starting From top to bottom: LC = lean chert, JUIF = jasper upper iron formation, GC = green chert, URC = upper red chert, PGC = pink-green cherry, LRC = lower red chert and LRGC = lower red green chert. Units below LRGC (i.e. LIF, RS, BC and QTE) have not been modeled. They are present only in a few holes and do not show any obvious mineralization. NML produced 3D solids for each unit. The bottom interpreted 3D solid of the resource model is the LRGC layer. All of the solids were verified by SGS Geostat. No major discrepancies were found.

Resource Estimation-Assay data and compositing

Most of samples are in the three units LC, PGC, and LRGC however all seven units were used in the block grade interpolation. The %Fe_Head averages about 30% to 32% in JUIF, URC, PGC, LRC and LRGC but it is lower in the LC marker horizon (28.3%) and much lower in the GC marker horizon (16.7% average). Average recovery is high in URC (31.3%) and PGC (32.5%), moderate to high in LC (24.9%), JUIF (25.6%), LRC (23.5%), and LRGC (26.5%), and expectedly low in GC (6.1%). The quality of the magnetic concentrates is about the same in all units, even in those with very low recoveries. For samples in all zones presented, the average %Fe_C is around 69%-71% and the average ‘ASK), C between 2.2% and 3.3%. Although the majority of original samples are 6 metres long, there exists both some shorter and some longer samples. Therefore, statistics might be biased by some high or low values measured on short or long intervals. The standardization of sample size is done by numerical compositing. The most natural composite length is 6 m, which is the composite length of the majority of samples. Statistics of composite data in the seven units of interest are consistent with statistics of sample data in the same unit.

Resource Estimation- Correlations and variography

Correlations between composite values are about the same in all units. There is a correlation (R=+0.7) between WtRec and %Fe_Head. However no clear correlation between %Fe_Head and %Fe_C (R=+0.3). There is no correlation between %Fe_C and the WtRec thus indicating the quality of iron concentrate has no bearing on the weight recovery. There is a very strong and expected negative correlation (R=-0.79 to -0.94) between the %Fe_C and %SiO2_C.

Resource estimation- Block interpolation

The %Fe_Head, WtRec, Fe_C and SiO, C were interpolated in blocks on a regular grid. That grid is oriented parallel to the drill sections i.e. columns are numbered along a rotated x-axis along the N56 azimuth and rows along a rotated y-axis along the N326 azimuth. The origin of the grid i.e. the center of the block in the first column (numbered from west to east) and first row (numbered from south to north) has the following UTM coordinates: 604,000 mE and 6,095,000 mN. The selected block size is 25 m along the rotated x and 50 m along the rotated y. That size is obviously tiny when compared to the drill hole grid of 500 m x 1000 m. The main reason to choose blocks with such a small size is to better reflect the geometry of litho units slowly dipping to the NE. It is also the size of blocks used in the resource modeling of the LabMag and KéMag deposits further to the south and to the north which both belong to NML - see Geostat (2005) and Geostat (2007a). Vertically, blocks are 15 m high. Although the bench heights previously used for the KéMag and LabMag Pre-Feasibility studies was 13 m, the most recent work by mining consultant Met-Chem on those projects has suggested that a bench height of 15 m would be more suitable. All together, the mineral deposit is covered by blocks in up to 263 columns, 224 rows and 41 benches from elevations z=100 to z=700 (Each block per each lithological units above the footwall of LRGC i.e. LC, JUIF, GC, URC, PGC, LRC, and LRGC). Secondly, the four quality parameters were interpolated from the Ethological unit composite data. The interpolation method used was inverse distance squared (ISD2). With sample data on a regular grid (no sample clustering in high grade), low nugget effects and long ranges, ISD2 is known to provide block estimates very similar to ordinary kriging (OK). The basic search ellipsoid is a flat 1200m x 600m x 50m tilted by 6° to the N56 (a review of interpreted litho units on sections shows an average 6° dip angle for most of the units). The 1200 m x 600 m elliptic outline on sub-horizontal planes is designed to capture composites from at least 4 neighbor holes on the 1000x500 m nominal grid. In the first interpolation pass, a minimum of 5 composites was needed (3 in GC, URC and LRC units) in a minimum of 3 drill holes (maximum number of composites from the same drill hole is 2) within the 1200 m x 600 m x 50 m ellipsoid for allowing the block to be interpolated. The maximum number of composites retained was 25 (15 in GC, URC and LRC units). In LC, 35% of the blocks are interpolated in the first pass. Blocks that did not meet the minimum requirements of the first pass were interpolated in the second pass with a 2400 m x 1200 m x 100 m ellipsoid of similar orientation and parameters except of a minimum maximum number set to 30 (20 in GC, URC and LRC units) in at least 3 drill holes within the larger ellipsoid. In LC, 52.5% of the blocks are interpolated in the second pass. The remaining un-interpolated blocks were interpolated in a third and last pass with a 4800 m x 2400 m x 200 m ellipsoid and a minimum number of composites and holes being one.

Resource Estimation- Categorization

The Howells lake and Howells River North magnetite bearing taconite formation is currently recognized by 56 vertical drill holes on the database, on a grid of 1km by 0.5 km, 4 of which were abandoned or do not have any assays. The drill hole database covers a NW-SE area with a strong magnetic anomaly recognized by the Fugro airborne survey of 2010. This area is crossed by a major fault zone easily recognizable from the survey. The area is also affected by a major thrust fault with a northwest-southeast trend which pushed a whole sequence above the west side band.

The geological continuity of the mineralized units has been demonstrated by the results from the 56 holes. In most holes with the occasional disappearance of the marker horizon of the thinner units (predominantly GC, URC, PGC and LRC), the stratigraphic sequence of (from top to bottom) LC + JUIF + GC + URC + PGC + LRC + LRGC can be recognized with similar thickness data for all intercepts in the same unit. That stratigraphic sequencing is not arbitrary since it is supported by a mineral signature particular to each unit i.e. medium Fe + med magnetite in LC, high Fe + high magnetite in JUIF, low Fe + low magnetite in

GC, high Fe + medium-high magnetite in URC, medium Fe + medium-high magnetite in PGC, high Fe + high magnetite in LRC, high Fe + medium-high magnetite in LGRC.

Given the well-documented geological interpretation of the area by the Company, the relatively low variability of the Fe_Head data, and the overall continuity of the mineralization between sections and the 56 holes on the 1000 m x 500 m grid, the qualified person classified the mineralized material recognized by those holes in the indicated category. Hence the mineral inventory made of blocks within the 500 m x250 m cells of influence of holes is classified as indicated. The remaining mineral inventory was classified in the inferred category. The average value of %Fe_Head, WtRec, Fe_C and SiO, C was interpolated for the unit fraction in each block (25m x 50m x 15m) of the resource model. Interpolation was done separately on the selected Ethological units (layers) by inverse squared distance from calculated length 6 m composites.

The geological interpretation and grade continuity (Fe_Head) allowed classifying all the blocks within the 1 x 0.5 km classification contour over all of any given hole into the inferred category. Blocks within a 500 m to 250 m contour were classified as indicated for a total of two areas.

The block Unit volumes were converted into tonnages using a calculated density for every block according to % Fe_Head. The calculated densities were derived from a linear regression formula based on % Fe_Head but restricted to each unit. The measurements made on the similar deposit (LabMag, & KéMag) which is under feasibility on the specific unit vary from an average of 3.29 t/m3 in LC, 3.43 t/m3 in the JUIF, 3.15 t/m3 in the GC, 3.53 t/m3 in URC, 3.43 t/m3 in the PGC, 3.40 t/m3 in the LRC and finally 3.33 t/m3 in LRGC. The calculated densities show a strong to moderate correlation with the %Fe of head but are not derived directly from the Howells Properties deposits.

Resource Estimation- Final estimates

SGS Geostat considers that mineral resources (MRE) defined at Howells are meeting the requirement of a reasonable prospect for economic extraction. Traditionally, the cut-off used by NML to report MRE in the taconite deposits of the Labrador Trough is a minimum 18% weight recovery of the magnetic concentrate from Davis Tube test on material ground to 325 mesh (see WGM (2006), Geostat (2007a+b) and BBA (2009)). According to BBA (2009) the unit cost and concentrate values used in the PFS of KéMag suggest a lower marginal cut-off (such that the concentrate value pays for the processing cost to produce that concentrate). In that study, a pit optimization is run with a C$4.03/t ROM total processing + G&A cost and a concentrate value of C$49.92/t CC (unit mining cost is CS] .75/t ROM) hence a marginal weight recovery cut-off of : 4.03/49.92 = 8%. For Howells, NML is currently proposing the following tentative parameters: concentrate value = $68.41/t CC, crushing and concentration = 511.45/t CC, concentrate handling (pipeline + filtration + port/loading) + G&A = S3.21 It CC, mining cost (ore and waste) = S2.50/t ROM and mining cost (overburden) = $1 .70/t OVBD. Given that the crushing and concentration cost is given for an average weight recovery of 28% (above the traditional COG of 18%), it translates into a crushing + concentration cost of 11.45*0.28 = S3.21 A ROM hence a marginal cutoff of: 3.21/ 68.41 = 4.69%.

SGS Geostat has run a Whittle optimized pit shell based on the mineral inventory. The optimized pit shell includes most of the mineral inventory and 89% of all blocks with an estimated weight recovery above 15% recovery cut-off. As a result, the proposed MRE for Howells are made of all the blocks of the mineral inventory above 15% minimum recovery cut-off (not restrained by any pit shell). As expected from the statistics of sample data in each unit, there are no resources above 15% recovery in the GC. The 0 tonnage in the following tables for the indicated GC unit in the following tables corresponds to a tonnage less than 500,000 tonnes and is therefore described as 0. The 0 tonnage in the indicated and inferred LRC Units in correspond absence of material above COG. Further work is required to potentially

upgrade these mineral resources to mineral reserves, and it has not yet been demonstrated that these mineral resources have economic viability.

Estimated resources of the Howells Lake and Howells River North Properties
Dated April 30, 2013

Estimated Resources Howells Lake								
COG	Category	Volume	Tonnage	Density	Fe_Head	WtRec	Fe_C	Si02_C
WtRec(%)		(Mm^3)	(Mt)	(tim^3)	%	%	%	%
15	Indicated	2,081	6,972	3.35	30.10	27.91	69.61	2.67
15	Inferred	251	838	3.34	29.97	24.75	69.67	2.68

Estimated Resources Howells River North								
COG	Category	Volume	Tonnage	Density	Fe_Head	WtRec	Fe_C	Si02_C
WtRec(%)		(Mm^3)	(Mt)	(tim^3)	%	%	%	%
15	Indicated	339	1,143	3.37	30.82	29.67	69.85	2.40
15	Inferred	836	2,783	3.33	29.55	26.75	69.82	2.51

Estimated Resources Howells Lake & Howells River North								
COG	Category	Volume	Tonnage	Density	Fe_Head	WtRec	Fe_C	Si02_C
WtRec(%)		(Mm^3)	(Mt)	(tim^3)	%	%	%	%
15	Indicated	2,420	8,115	3.35	30.20	28.16	69.64	2.63
15	Inferred	1,087	3,621	3.33	29.65	26.29	69.78	2.55

Conclusions and Recommendations

NML holds the 11,300 ha Howells Lake and Howells River North properties about 47 km to the northwest of Schefferville in Labrador and along the so-called Millennium Iron Range (MIR) that comprises their LabMag and KéMag deposits to the southeast and extends to the Lac Otelnuk deposit of Adriana Resources to the northwest. On these properties, NML has drilled a 9 km stretch of the MIR corresponding to a strong magnetic anomaly recognized by a 2010 airborne survey by Fugro. 56 vertical holes totaling 8,060.8 m have been drilled on 9 SW-NE sections 2 km apart, mostly having at least 5 holes per section; and on 2 SW-NE intermediate sections 1km apart and with a spacing of about 0.5 km between one or two holes on the same section (average of 2 drill holes per section). The logging and magnetic scanning of BQ and NQ drill cores has allowed establishing the stratigraphic sequence of the Sokoman and Ruth iron formations. The main unit is the top Lean Chert (LC) followed from top to bottom by the Jasper Upper Iron Formation OUIF), the Green Chert (GC) marker horizon, the Upper Red Chert (URC) unit, the Pinky Green Chert (PGC) unit, the Lower Red Chert (LRC) unit and finally the Lower Red Green Chert (LRGC) unit for a total average thickness of about 70 m. The thickness of individual units does not vary much from hole to hole but is lost during several sections. However, the geological continuity over kilometric distances is well-demonstrated. The unit package dips gently by 6° to the northeast on all sections.

The geological continuity of the mineralized units has been demonstrated by the results from the 56 holes. In most holes with the occasional disappearance of the marker horizon of the thinner units (predominantly GC, URC, PGC and LRC), the stratigraphic sequence of (from top to bottom) LC + JUIF + GC + URC + PGC + LRC + LRGC can be recognized with similar thickness data for all intercepts in the same unit. That stratigraphic sequencing is not arbitrary since it is supported by a mineral signature particular to each unit i.e. medium Fe + med magnetite in LC, high Fe + high magnetite in JUIF, low Fe + low magnetite in GC, high Fe + medium-high magnetite in URC, medium Fe + medium-high magnetite in PGC, high Fe + high magnetite in LRC, high Fe + medium-high magnetite in LGRC. Additionally, the presence of the thrust fault is well-defined from the drill hole geological information.

Check samples were sent to the SGS Lakefield laboratory for preparation and Davis Tube testing with a protocol similar to that of the MRC. Results from SGS Lakefield related to the four variables (Fe_Head, WtRec, Fe_C and SiO, C) were compared to MRC data. A bias was observed by SGS Geostat from test results on all of the four variables. The %Fe_Head MRC values were almost systematically higher than SGS Lakefield values while for the %WtRec MRC values were almost systematically lower than SGS Lakefield values. The % Fe_C MRC values were almost systematically higher than SGS Lakefield values. The %Si0,C MRC values were almost systematically lower than SGS Lakefield values. These apparent differences between MRC and SGS Lakefield for all four variables are somewhat similar to observations on the Lac Ritchie and the Sheps & Perault properties owned by NML (see NML Technical Report, 2012 and 2013) and may be linked to the way that quality is measured in the two labs (titration and thermo-gravimetry at MRC and XRF for SGS Lakefield). Although the standard operating procedures from MRC and SGS Lakefield are similar, some differences might have been unintentionally created from grinding (size reduction) or from calibration of the magnetic separator (Davis Tube) on either laboratory. A detailed investigation of these differences is recommended.

Previously, on other similar deposits owned by NML (LabMag and KéMag) as well as Adriana's Lac Otelnuk, the MRE were a result of all blocks having a combined interpolated weight recovery (all units combined) above the traditional cut-off of 18% weight recovery. Given the most recent figures for concentrate values and unit processing costs, the 18% minimum weight recovery was reduced to 15%. A Whittle optimized pit shell based on those figures as well as a 50° maximum slope includes most of the indicated and inferred blocks of the mineral inventory above the 15% weight recovery cut-off, thus demonstrating their reasonable prospect of economic extraction. Hence the final estimated resources which appear in the next table are made of all the blocks above the 15% weight recovery cut-off and not restricted to any optimised shell.

SGS Geostat offers the following recommendations for further evaluation of Howells Lake and Howells River North:

- Measured densities are currently restricted to the LabMag and KéMag properties based on the feasibility in 2012. SGS Canada recommends carrying density measurements on the Howells Lake and Howells River North properties with standard water immersion of core fragments and pycnometer on pulps. If a higher confidence relationship can be made with more density measurements on individual samples in each unit, it could replace the ones used in the resource model to (1) better combine estimates of different litho unit fractions in the same block (2) have tonnage and, to some extent, weight recovery estimates above cutoff that would reflect a slight expected increase of density with the weight recovery cut-off since we have a mild positive correlation of weight recovery and %Fe_Head. We suggest submitting 250 pulps rejects (45 LC, 45 LRGC and at least 30 for the other units using a large range of %Fe_Head in each unit) to pycnometer measurement. These results would be used to build density regression formulas according to %Fe_Head in each unit. Affecting and updating each of the current resource blocks. The estimated and conceptual cost of this operation is about CAD$15,000.

- An economic analysis (PEA or PFS) should be conducted with the current MRE. This study would help determine with higher confidence the economic factors such as product value and unit mining/processing costs and lead to more robust affirmation that a realistic cut-off of 15% minimum weight recovery is adequate to report resources. The estimated and conceptual cost of the economic study is ranging from CADS150,000 to CAD$275,000.

- Although the current data demonstrates sufficient geological and grade continuity for classification of all the material recognized by holes on the 11(rn x 0.5km grid in the indicated category, we recommend additional drilling before starting a preliminary feasibility study (PFS)

with the current MRE. That program would have a magnitude similar to the 2012 drilling program of 25 additional NQ holes totaling about 2,500 m. The Half of them (10) would be drilled on the first 3 (2 km spaced) sections to the SE where only a few DDH are present. The drilling campaign should focus also on the drilling (10) of the present intermediate 500 m sections following the same spacing between holes. The aim is the better understanding of the geological model as well as the classification upgrade. The remaining meterage (5 DDH, 500 m) would be on the lateral limits of the fault present in the middle of the model for a better understanding its displacement. With 50% more data, geological discontinuities (barren dikes, faults, etc.) may show up and the spatial distribution may change significantly. Also, with a 500m x 500m drilling grid, the indicated resources would have a drilling density similar to indicated resources of Lac Otelnuk, LabMag and KéMag deposits, all in a similar geological environment. Moreover, the additional and validated data could allow reclassification to the SW from inferred to indicated resources. The estimated and conceptual cost for this additional drilling is about CAD$850,000.

- SGS Canada recommends a detailed investigation of the differences between SGS and MRC check sampling results. At this stage the author is unable to estimate any costs for this study.

Sheps and Perault Property

This summary of the Sheps Lake and Perault Lake properties below has been extracted from the summary section of the Sheps and Perault Technical Report prepared by Maxime Dupéré of SGS Canada that was filed on SEDAR at www.sedar.com on March 20, 2013, and which is incorporated by reference herein. The Sheps and Perault Technical Report was prepared for the Corporation in accordance with NI 43-101 by a "qualified person", as defined in NI 43-101. Defined terms used in this summary shall have the meanings ascribed to such terms in the Sheps and Perault Technical Report.

The information included or incorporated by reference herein is based on assumptions, qualifications and procedures which are set out in the Sheps and Perault Technical Report. For a complete description of the assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Sheps and Perault Technical Report.

Property description and location

The Sheps Lake and Perault Lake properties are located approximately 20 km and 17 km southwest of Schefferville, QC. The properties are situated in unorganized territory. The properties consist of a total of 17 contiguous mineral rights licences totalling 506 claims and 25 km². The claims have not been marked out on the ground or legally surveyed, nor is there any requirement to do so. NML holds 100% of the Perault property. NML holds 80% of interests and Naskapi Nation of Kawawachikamach (NNK) 20% of the Sheps property.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to exploration drilling area was by truck and snowmobile. A few lakes around the properties are accessible from Schefferville via chartered fixed-wing float aircraft and such aircraft was used to support NML's 2011 and 2012 drilling programs along with a helicopter for drill and crew moves. The Sheps Lake & Perault Lake area has a sub-Arctic climate. There is ample room available on the Sheps Lake & Perault Lake properties for the establishment of mining and processing operations, waste piles and a tailings management area. Topography is flat to gently rolling, with the occasional more precipitous area. The area is well drained, has a few swampy areas and is covered by sparse northern boreal forest consisting of stunted spruce, alders and willows.

Regional geology

The Sheps and Perault properties are located in the Churchill Province, of the Trough adjacent to Archean basement gneiss. The Trough comprises a sequence of Proterozoic sedimentary rocks, including iron formation, volcanic rocks and mafic intrusions. NML's Sheps Lake & Perault Lake properties are located north of the Grenville Front in the Churchill Province where the Trough rocks have been only subject to greenschist or sub-greenschist grade metamorphism. The principal iron formation unit is known as the Sokoman Formation. Iron formations in this part of the Trough are taconites, which are weakly metamorphosed.

Property geology and Mineralogy

The taconite iron formation in the Sheps Lake & Perault Lake area is part of the Sokoman Formation occurring at the western margin of the trough. The taconite is well exposed as a long linear belt 1.5 to 2.0 km wide for a total length of approximately 6 km in a northwest-southeast trend which constitutes the AM anomalous zone.

Within the Sheps Lake and Perault Lake properties the structure is very simple, the iron formation is generally northwest-southeast striking and dipping 5° to 10° to northeast. Within oxide iron formation units, the most notable feature in mineral composition is the rather abrupt changes from dominantly magnetite (LC) to dominantly hematite (URC, JSP), and corresponding change of the silica from chert over to jasper. These oxidation potential variations and changes in iron grade define the member lithology units. The occurrence of iron carbonate minerals, principally siderite, ferro-dolomite and ankerite are widespread but are more abundant in the upper (LC) and lower (LRGC) units. Iron silicates, minnesotite and stilpnomelane occur in LC, GC and LRGC units. These features all appear to be related to primary deposition.

Exploration

During 2010, NML carried out AM over the MIR to identify additional, potential magnetic taconite deposits similar to the proven LabMag deposit in the Howells River Area and the KéMag deposit in Québec. The survey covered the taconite belt over a length of 150 km starting south of Perault Lake, to north of Lac Ritchie in Québec.

The magnetic taconite formation of the MIR occurs as a linear strip approximately 4 km wide, starting west of Menihek Lake and extending northwest to Lac Otelnuk in Québec over a length of 210 km. The Airborne survey conducted by Fugro covers all the licences and claims west of longitude 67° W in NL and QC. Several strong magnetic anomalies were outlined by Jean Hubert, Geophysical Consultant for NML, who interpreted the survey data.

Drilling

Based on the presence of strong magnetic anomalies identified in 2010, a detailed exploration drilling program was undertaken in the Sheps Lake and Perault Lake AM anomalies area during the spring of 2011 and 2012.

Drilling at Sheps

The NML drilling program started on October 21, 2011 and two holes were drilled in the Sheps Lake area totalling 158 m. The next year, the drilling program started on April 20 with 3 drills and concluded

on May 30, 2012. During that period 23 holes were drilled in the Sheps Lake area totaling 1,920.1 metres in length. The drilling was carried out on a grid of lines spaced 1 km apart with 3 to 4 holes spaced 300 to 500 m on each section line.

Drilling at Perault

In the Perault Lake AM anomaly area, the drilling program started on March 2, 2012 and concluded on June 10, 2012. During that period 48 holes were drilled totaling 3,890.8 metres. The area covered by drilling is approximately 18 km long and 1 to 2 km wide and encompasses licences 013782M and 011277M. The program started with one drill and was subsequently joined by 2 additional drills provided by the contractor Downing Estate Drilling Ltd. It was decided to drill initially on lines spaced 2 km apart starting from section line 130 in the south with 2 holes spaced 300 to 400m apart on each line. This pattern was followed until the drills reached section line 200. Between sections 200 and 310, drilling was carried out on lines spaced 1 kilometre apart 3 to 4 holes spaced 200 to 300 metres along section lines. Samples and core duplicates for the 2011 and 2012 program totalled 967 samples.

QA/QC by NML and Data verification

Over the course of the 2011-2012 drilling and sampling program, NML has sent 49 duplicate samples to the MRC. Those samples are actually the second half of the core. At MRC, those samples were subjected to the same Davis Tube testing as the original half core for the same intervals. Duplicate samples are from 47 of the 73 holes. Multiple samples in the same hole are in holes 12PL1018D (2). Their length varies from 1.9 to 9 metres with an average of 5.4 metres. Most of duplicate samples are in the LRGC unit (15) followed by the LC (9), the JUIF, the PGC and the URC units (5 in each), the LRC unit (4), the GC unit (1) and the LIF units (3 in each).

During the site visit conducted from August 24th to 26th, 2012 , SGS Canada completed 32 analytical checks of drill core duplicate samples taken from selected NML 2012 diamond drill holes on the Sheps Lake and Perault Lake properties as well as the nearby Howells River North property (not part of this report) as part of the independent data verification program. SGS Canada also conducted verification of the laboratories analytical certificates and validation of the data set supplied by NML for errors and discrepancies. Only a total of 10 mineralized core duplicated were collected from the Sheps Lake (5 samples) and Perault Lake (5 samples) area.

Resource Estimation- General

The resources reported here are derived from a computerized resource block model. The construction of that model starts with drill hole data, which serve as the basis for the definition of 3D mineralized envelopes with resources limited to the material inside those envelopes. The next step is the selection of drill hole data within the mineralized envelopes in the form of fixed length composites and then the interpolation of the grade of blocks on a regular grid and filling the mineralized envelopes from the grade of composites in the same envelopes. All the interpolated blocks below the overburden/bedrock contact surface make up the mineral inventory and they are classified according to proximity to composites and corresponding precision/confidence level. An optimized pit shell was done to verify the validity of the weight recovery (Wt Rec.) cut-off grade used and however it was not used to restrain the mineral resources and its estimate.

Limits of Resource model

Within top and lateral limits described in the previous section, the proposed Sheps-Perault resource model looks like a multilayered cake with layers corresponding to lithological units identified by NML

geologists. Up to 7 layers have been modeled i.e. from top to bottom: LC = lean chert, JUIF = jasper upper iron formation, GC = green chert, URC = upper red chert, PGC = pink-green cherty, LRC = lower red chert and LRGC = lower red green chert. Units below LRGC (i.e. LIF, RS, BC and QTE) have not been modeled since they just appear in just a few holes and they do not show any obvious mineralization. Thus the bottom of the resource model is the interpreted footwall surface of the LRGC layer. The modeling of contact surfaces between retained layers is based on the interpreted line contacts by NML geologists on drill sections. Those lines are discretized at every 50 m and TIN faces connect points on lines of the same nature on two adjacent sections. At both south and north extremities, lines on the last drill section are extruded horizontally along the N323 azimuth. Finally modeled contact surfaces between layers are chopped by the modeled overburden-bedrock contact surface.

Resource Estimation- Assay data and compositing

Most of samples are in the three units LC, PGC, and LRGC however all seven units are utilized in the block grade interpolation. The %Fe of head averages about 30% in JUIF, URC, LRGC, and PGC (28.5%) but it is lower in the LC marker horizon (25%) and much lower in the GC marker horizon (18% average) and higher in the LRC unit (average 34%). Average recovery is high in LRC (29%) and JUIF (26%), moderate in LRGC (22.4%), URC (22.3%), PGC (21.4%) and LC (18.3%) and expectedly low in GC (3.9%). The quality of the magnetic concentrate is about the same in all units, even in those with very low recoveries. For samples in all zones presented, the average %Fe keeps around 69%-71% and the average $\%SiO_2$ between 1.3% and 2%. Although the majority of original samples are 6 metres long, there exists both some shorter and some longer samples. Therefore, statistics might be biased by some high or low values measured on short or long intervals. The standardization of sample size is done by numerical compositing. The most natural composite length is 6 m, which is the composite length of the majority of samples. Statistics of composite data in the seven units of interest are consistent with statistics of sample data in the same unit.

Resource Estimation- Correlations and variography

Correlations between composite values are about the same in all units. There is no useable correlation (R=+0.4) between recovery and %Fe of head nor between %Fe of head and %Fe of concentrate (R=+0.2). There no correlation between %Fe of concentrate and the %weight recovery thus indicating the quality of iron concentrate has no bearing on the weight recovery. The really strong (and expected) correlation is the negative one (R=-0.747 to -0.231) between the %Fe and the %SiO2 of concentrate, except for the URC unit (R=0.287) however there is a limited range of high and low values.

Resource estimation- Block interpolation

The four quality parameters analyzed in the previous section are interpolated in blocks on a regular grid. That grid is oriented parallel to the drill sections i.e. columns are numbered along a rotated x axis along the N53 azimuth and rows along a rotated y axis along the N323 azimuth. The origin of the grid i.e. the center of the block in the first column (numbered from west to east) and first row (numbered from south to north) has the following UTM coordinates: 635,300 mE and 6,050,650 mN. The selected block size is 25 m along the rotated x and 50m along the rotated y. That size is obviously tiny when compared to the drill hole grid of 500x1000 m. The main reason to choose blocks with such a small size is to better reflect the geometry of litho units slowly dipping to the NE. It is also the size of blocks used in the resource modeling of the LabMag and KéMag deposits further to the south which both belong to NML. Vertically, blocks are 15m high. Although the bench heights previously used for the KéMag and LabMag Pre-Feasibility studies was 13 m, the most recent work by mining consultant Met-Chem on those projects has suggested that a bench height of 15 m would be more suitable. In a first pass, the volumetric fraction is calculated in blocks of each of the seven litho units above the footwall of LRGC i.e. LC, JUIF, GC, URC,

PGC, LRC, and LRGC. Then the four quality parameters of block fractions in these units are interpolated from composite data in the same unit. Interpolation is done by inverse distance squared (ISD2). The basic search ellipsoid is a flat 1200m x 600m x 50m tilted 10° to the N53° (a review of interpreted litho units on sections shows this 10° dip angle for most on them). The 1200m x 600m elliptic outline on sub-horizontal planes is designed to capture composites from at least 4 neighbor holes on the 1000m x 500m nominal grid. For example, In the first interpolation run, the minimum number of composites was set to 5 (3 in LRC, URC and the thin GC unit) in a minimum of 3 drill holes (maximum number of composites from the same drill hole is 2) within the 1200m x 600m x 50m search ellipsoid for allowing the block interpolation in that run. The maximum number of composites retained is 25 (15 in LRC, URC and the thin GC unit). 2 consecutively larger search ellipsoids (3 for GC) were used afterwards and are described in the Resource estimates section.

Resource Estimation- Categorization

The Sheps-Perault magnetite bearing taconite formations are currently recognized by 73 vertical drill holes on a grid of 1km by 0.5 km, 3 of which were abandoned and do not contain any assay values. Those holes cover a NW-SE area with a strong magnetic anomaly recognized by the Fugro airborne survey of 2010. This area is bounded to the NW and SE by two major fault zones easily recognizable from the survey. Aside from those two bounding fault zones, the map of the magnetic anomaly does not show any major discontinuity.

The geological continuity of the mineralized units has been demonstrated by the results from the 70 holes. In most holes, with the occasional disappearance of the thinner units (predominantly GC, URC, PGC and LRC), the stratigraphic sequence of (from top to bottom) LC + JUIF + GC + URC + PGC + LRC + LRGC can be recognized with similar thickness data for all intercepts in the same unit. That stratigraphic sequencing is not arbitrary since it is supported by a mineral signature particular to each unit i.e. medium Fe + med magnetite in LC, high Fe + high magnetite in JUIF, low Fe + low magnetite in GC, high Fe + medium-high magnetite in URC, medium Fe + medium-high magnetite in PGC, high Fe + high magnetite in LRC, high Fe + medium-high magnetite in LGRC.

Given the well-documented geological interpretation of the area by NML and; the relative low variability of the Fe_Head data, as well as the overall continuity of the mineralization between sections and the 70 holes on the 1000m x 500m grid, SGS has elected to classify the mineralized material recognized by those holes in the indicated category. Hence the mineral inventory made of blocks within the 1000m x 500m cells of influence of holes is classified as indicated. The balance of the mineral inventory is classified in the inferred category.

Resource Estimation- Final estimates

Resources are that part of the mineral inventory with a reasonable prospect of economic extraction which means both a cut-off grade and an optimized pit shell i.e. blocks with estimated values above a cut-off and within the limits of an optimized pit shell. Traditionally, the cut-off used to report resources in the taconite deposits of the Labrador Trough is a minimum 18% weight recovery of the magnetic concentrate from Davis Tube test on material ground to 325 mesh. According to BBA (2009) the unit cost and concentrate values used in the PFS of KéMag suggest a lower marginal cut-off. In that study, a pit optimization is run with a C$4.03/t ROM total processing + G&A cost and a concentrate value of C$49.92/t CC (unit mining cost is C$1.75/t ROM) hence a marginal weight recovery cut-off of : 4.03/49.92 = 8%. A Whittle optimized pit shell based on the mineral inventory described in previous sections (both indicated and inferred blocks), the above NML cost and value parameters and maximum pit slope angles of 50°. The optimized pit shell includes most of the mineral inventory and all the blocks with an estimated weight recovery above 15% recovery cut-off. As a result, the proposed resources for Sheps-

Perault are made of all the blocks of the mineral inventory above 15% minimum recovery cut-off (not restrained by any pit shell). These mineral resources are listed below by unit, total and total after merging unit fractions in blocks. As expected from the statistics of sample data in each unit, there are no resources above 15% recovery in the GC. Further work is required to potentially upgrade these mineral resources to mineral reserves, and it has not yet been demonstrated that these mineral resources have economic viability.

Estimated Resources Sheps & Perault								
COG	Category	Volume	Tonnage	Density	Fe_Head	WtRec	Fe_C	SiO2_C
WtRec(%)		(Mm^3)	(Mt)	(t/m^3)	%	%	%	%
15	Indicated	1,208	4,070	3.37	30.66	23.38	70.52	1.41
15	Inferred	301	1,006	3.34	29.79	21.95	70.42	1.52

Estimated Resources Sheps								
COG	Category	Volume	Tonnage	Density	Fe_Head	WtRec	Fe_C	SiO2_C
WtRec(%)		(Mm^3)	(Mt)	(t/m^3)	%	%	%	%
15	Indicated	596	2,039	3.42	32.54	24.83	70.60	1.47
15	Inferred	91	310	3.41	32.16	24.84	70.42	1.58

Estimated Resources Perault								
COG	Category	Volume	Tonnage	Density	Fe_Head	WtRec	Fe_C	SiO2_C
WtRec(%)		(Mm^3)	(Mt)	(t/m^3)	%	%	%	%
15	Indicated	613	2,031	3.32	28.77	21.91	70.43	1.34
15	Inferred	210	695	3.31	28.73	20.65	70.42	1.49

Estimated resources of the Sheps Lake & Perault Lake Properties

Conclusion and Recommendation

NML holds the 12,597 ha Sheps Lake and Perault Lake properties about 130 km to the northwest of Schefferville in Labrador (NL) close to the northern Québec (QC) provincial boundary and along the so-called Millennium Iron Range (MIR) that comprises their LabMag and KéMag deposits to the southeast and extends to the Lac Otelnuk deposit of Adriana Resources to the northwest. On these properties, NML has drilled a 35 km stretch of the MIR corresponding to a strong magnetic anomaly recognized by a 2010 airborne survey by Fugro and bounded at its southeast and northwest extremities by interpreted vertical fault zones. 73 vertical holes totaling 5,970 m have been drilled on 8 SW-NE sections 2 km apart, mostly having one hole per section; and on 19 SW-NE sections 1 km apart and with a spacing of about 0.5 km between holes on the same section (average of 3 per section). The main unit is the top Lean Chert (LC) followed from top to bottom by the Jasper Upper Iron Formation (JUIF), the Green Chert (GC) marker horizon, the Upper Red Chert (URC) unit, the Pinky Green Cert (PGC) unit, the Lower Red Green Chert (LRGC) unit and finally the Lower Red Green Chert (LRGC) unit for a total average thickness of about 70 m. The thickness of individual units does not vary much from hole to hole but is lost during several sections. However, the geological continuity over kilometric distances is well demonstrated. The unit package dips gently by 10° to the northeast on all sections.

A statistical analysis of sample returns by lithological units shows that each unit has a specific geochemical + mineralogical signature i.e. medium Fe + med magnetite in LC, high Fe + high magnetite in JUIF, low Fe + low magnetite in GC, high Fe + medium-high magnetite in URC, medium Fe + medium-high magnetite in PGC, high Fe + high magnetite in LRC, high Fe + medium-high magnetite in

LGRC. Despite the long spacing between holes, the grade continuity is demonstrated by the low variability of the % Fe Head data as well as the geological information and interpretations from NML. There is however, an observed variability in the recovery data that can be explained by the difference between the Sheps (higher recovery) and the Perault (Lower recovery) property areas. Additional drilling and/or geological data gathering and interpretation would be necessary in order to ascertain this difference. The SGS independent QP collected 10 independent check samples during his site visit that were then sent to SGS Lakefield. Compared to the MRC data, the SGS Lakefield data for %Fe of concentrate appears to be significantly more (by about 96% Fe) and for % SiO_2 significantly less (by about 80% SiO_2). This discrepancy might be linked to the way these elements have been analyzed (titration or wet chemistry at MRC and XRF at Lakefield). Although the standard operating procedures from MRC and SGS-Lakefield are similar, some differences might have been unintentionally created from grinding (size reduction) or from calibration of the magnetic separator (Davis Tube). A detailed investigation of these differences is recommended. SGS considers that the number of samples checked (10) is relatively small and conclusions should be interpreted accordingly. SGS recommends increasing the number of check samples in future verifications when more holes are available.

Unit volumes in blocks are converted into tonnages using a calculated density for every block according to %Fe of Head. The calculated densities are derived from a linear regression formula based on % Fe of Head but restricted to each unit. The measurements made on the similar deposit, which is under feasibility, vary per unit with an average of 3.29 t/m^3 in LC, 3.43 t/m^3 in the JUIF, 3.15 t/m^3 in the GC, 3.53 t/m^3 in URC, 3.43 t/m^3 in the PGC, 3.40 t/m^3 in the LRC and finally 3.33 t/m^3 in LRGC.

The calculated densities show a strong to moderate correlation with the % Fe of head but are not derived directly from the Sheps and Perault main deposits area. Estimated resources are made of blocks with a combined interpolated weight recovery of all units in the block above the traditional cut-off of 18% weight recovery. Blocks above that cut-off are limited to the LC and URC units. That traditional cut-off is the one used to report resources of NML's LabMag and KéMag deposits to the southwest as well as Adriana's Lac Otelniuk deposit to the northeast. Given the most recent figures for concentrate values and unit processing costs, the 18% minimum weight recovery was reduced to 15%. A Whittle optimized pit shell based on those figures as well as a 50° maximum slope includes most of the indicated and inferred blocks of the mineral inventory above the 15% weight recovery cut-off, thus demonstrating their reasonable prospect of economic extraction.

SGS Canada offers the following recommendations for further evaluation of the Sheps Lake and Perault Lake properties:

Measured densities are currently restricted to the LabMag and KéMag properties based on the feasibility in 2012. SGS recommends carrying density measurements on the Sheps and Perault properties with standard water immersion of core fragments and pycnometer on pulps. If a higher-confidence relationship can be made with more density measurements on individual samples in each unit, it could replace the ones used in the resource model to (1) better combine estimates of different litho unit fractions in the same block (2) have tonnage and to some extent weight recovery estimates above cut-off that would reflect a slight expected increase of density with the weight recovery cut-off since we have a mild positive correlation of weight recovery and %Fe of head. Practically, we suggest submitting about 250 pulps rejects (45 for LC, 45 for LRGC and at least 30 for the other units using a large range of %Fe of head in each unit) to a pycnometer measurement. Those results would then be used to build regression models of density with %Fe of head in each unit and then to review the current resource block model with block densities derived from those regression models. The estimated and conceptual cost of this operation is about around C$15,000.

An economic analysis (PEA or PFS) should be conducted with the currently estimated indicated and inferred resources. This study would help determine with higher confidence the economic factors such as product value and unit mining/processing costs and lead to more robust affirmation that a realistic cut-off of 15% minimum weight recovery is adequate to report resources. The estimated and conceptual cost of the economic study is ranging from C$150,000 to C$275,000.

Although the current drill hole data demonstrate a sufficient continuity of both geology and grade for a classification of all the material recognized by holes on the 1x0.5 km grid in the indicated category, we recommend another drilling program before starting a preliminary feasibility study (PFS) with the currently estimated indicated resources. That program would have a magnitude similar to the 2011 drilling program i.e. with about 35 NQ holes totaling about 3,500 m. The majority of the new holes (about 20) would be drilled on the 5 (2 km spaced) sections to the NW where only one DDH is present on average as well as the intermediate sections between them. To the SE, The drilling campaign should focus also on the drilling (about 5) of the intermediate 500 m sections with the same spacing of 500 m between holes on the same section depending on the grade and continuity. The balance of about 10 holes would be on the SE sections where no drilling was done. The purpose of that additional drilling is not to put the estimated resources in the measured category but to validate the apparent geological and grade continuity of the first 40 holes. With about 100% more data, geological discontinuities (barren dikes, faults, etc.) may show up and the spatial distribution may change significantly. Also with a 500m x 500 m drilling grid, the indicated resources would have a drilling density similar to indicated resources of Lac Otelnuk, LabMag and KéMag deposits to the north, all of which are in a similar geological environment.

Check samples were sent to the SGS Lakefield lab for preparation and Davis Tube testing with the same standard operation procedure ("SOP") to that of the MRC lab. The Four variables were reported and compared. According to a series of tests, a bias was observed on all of the four variables. These apparent differences between MRC and SGS Lakefield for the quality of concentrate and Fe Head are somewhat similar to observations on NML's Lac Ritchie property (NML Technical Report, 2012) and may be linked to the way that quality is measured at the labs (titration and thermo-gravimetry at MRC and XRF for SGS Lakefield). Although the MRC and SGS-Lakefield SOPs are similar, some differences might have been unintentionally created from grinding (size reduction) or from calibration of the magnetic separator (Davis Tube). A detailed investigation of these differences is recommended. At this stage the author of the Sheps and Perault Technical Report is unable to estimate any costs for this study.

Update

There have been no changes in the resource or reserve estimates for the Sheps Lake and Perault Lake properties since the date of the Sheps and Perault Technical Report.

Lac Ritchie Property

This summary of the Lac Ritchie property below has been extracted from the summary section of the Lac Ritchie Technical Report prepared by Michel Dagbert and Robert de l'Etoile of SGS Canada that was filed on SEDAR at www.sedar.com on May 7, 2012, and which is incorporated by reference herein. The Lac Ritchie Technical Report was prepared for the Corporation in accordance with NI 43-101 by "qualified persons", as defined in NI 43-101. Defined terms used in this summary shall have the meanings ascribed to such terms in the Lac Ritchie Technical Report.

The information included or incorporated by reference herein is based on assumptions, qualifications and procedures which are set out in the Lac Ritchie Technical Report. For a complete description of the assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Lac Ritchie Technical Report.

Property description and location

The Lac Ritchie Property is located in Nunavik, approximately 134 km northwest of Schefferville, QC, 320 km north of Labrador City, NL and 620 km north of Sept-Îles, QC. The Property is situated in un-surveyed and unorganized territory. There has been no mining activity on the Property or in the surrounding area. The Property consists of a total of 263 contiguous mineral claims comprising 12,753.74ha or 127.54km².

Accessibility, Climate, Local Resources, Infrastructure and Physiography

There is no road access to the Lac Ritchie Property. A few lakes on the west and south part of the Property are accessible from Schefferville via chartered fixed-wing float aircraft and such aircraft was used to support NML's 2011 drilling programs along with a helicopter for drill and crew moves. The Property area has a sub-Arctic climate. The Property has no inhabitants. The nearest Hydro-Québec transmission lines are in Schefferville, where local needs are served by a power plant located nearby in Labrador. There is a more than adequate supply of water available for exploration and mining purposes, however, there is no harvestable timber on the Property.

There is ample room available on the Property for the establishment of mining and processing operations, waste piles and a tailings management area. Topography is flat to gently rolling, with the occasional more precipitous area. High ridges occupy the west side of the Property that are several km long, and northwest-southeast trending. The ridge rises from an elevation of 380 m in the northeast to 450 m over a distance of 1.5 to 2 km. The Property is well drained, has a few swampy areas and is covered by sparse northern boreal forest consisting of stunted spruce, alders and willows.

Regional geology

The Property is situated in the Churchill Province, of the Labrador Trough ("Trough") adjacent to Archean basement gneiss. The Trough comprises a sequence of Proterozoic sedimentary rocks, including iron formation, volcanic rocks and mafic intrusions. NML's Lac Ritchie Property is located north of the Grenville Front in the Churchill Province where the Trough rocks have been only subject to greenschist or sub-greenschist grade metamorphism. The principal iron formation unit is known as the Sokoman Formation. Iron formations in this part of the Trough are taconites, which are weakly metamorphosed.

Property geology

Within the Lac Ritchie Property the structure is very simple, the iron formation is generally northwest-southeast striking and dipping 5^0 to 10^0 to northeast. Folds where present are monoclinic to gently inclined and rolling. Within oxide iron formation units, the most notable feature in mineral composition is the rather abrupt changes from dominantly magnetite (LC) to dominantly hematite (URC, JSP), and corresponding change of the silica from chert over to jasper. These oxidation potential variations and changes in iron grade define the member lithology units i.e. from top to bottom : LC = lean chert, GC = green chert, URC = upper red chert, LRGC = lower red green chert and JSP = jaspilite.

Exploration

During the years 2007 and 2010, NML staked several blocks of claims northwest of the KéMag deposit to cover the taconite formation extending to Adriana's Lac Otelnuk Property. Reconnaissance mapping and outcrop sampling were carried out by NML geologists during the summers of 2008 and 2010. A total of 49 surface grab samples were collected in 2008 and 2010. This stretch of area was covered by a 2010 airborne magnetic surveys by Fugro Airborne Surveys. The aeromagnetic data was reviewed and

interpreted by Jean M. Hubert, consulting geophysicist for NML. He identified several strong magnetic anomalies along the iron formation bands outlined in the geological map. One anomalous trend coincides with the iron formation occurring in the Lac Ritchie area.

Drilling

Based on the presence of strong magnetic anomalies and the surface sampling results of 2008 and 2010, a drilling program was undertaken by NML on the Lac Ritchie Property during the summer of 2011. A total of 40 holes (BQ and NQ) were drilled on eight lines spaced 1 km apart with 3 to 7 holes on each line spaced 500m apart for a total of 3810m. The entire iron-rich section of the drill core was sampled leaving no gaps. Sample lengths were based on geological criteria and sample lengths averaged approximately 5.7 m; minimum 0.7 m, maximum 9.9 m. These sample intervals are similar to what was done at KéMag and LabMag deposits. Samples and field duplicates for the 2011 program totalled 620 samples.

Sampling and analysis

All the split core samples were sent to the MRC in Nashwauk, Minnesota for chemical and Davis Tube (DT) analysis. A total of 620 samples were submitted, including 30 duplicate samples. The following test work and sample analyses were completed for all samples by MRC : head assay for total iron (%FeH), determination of magnetic weight recovery (%WRec) on -325 mesh concentrate and determination of total iron (%FeC) and silica (%SiO2C) in concentrate.

The security measures to protect the sample integrity are adequate.

Data verification

Over the course of the 2011 drilling and sampling program, NML sent 30 duplicate samples to MRC. Those samples are actually the second half of the core. At MRC, those samples were subjected to the same Davis Tube testing as the original half core for the same intervals. As a general rule, the duplicated values reproduce the original data reasonably well. Sign tests and tests of paired data do not show any significant bias for any of the four parameters.

NML also sent 246 pulp duplicates from MRC Davis Tube magnetic concentrate for check assaying of the %Fe and %SiO2 of that concentrate at the SGS Lakefield lab. Correlation plots show that the MRC %Fe and %SiO2 of the Davis Tube concentrate are well reproduced by SGS with a rather reduced scatter of points along the first diagonal. However a more detailed analysis reveals a slight bias between the two labs, particularly for %SiO2 (on average 3.8% higher at SGS than at MRC), which might be linked to the different assaying method being used i.e. titration for %Fe and thermo-gravimetry for %SiO2 at MRC and XRF for both elements at SGS.

During his site visit of October 2011, Mr. Robert de l'Etoile collected 16 drill hole samples corresponding to NML original samples. Check samples were sent to the SGS Lakefield lab for preparation and Davis Tube testing with a protocol similar to that of MRC. Correlation of check with original samples is fine for %Fe of head and %Weight recovery but only passable for %Fe and %SiO2 of concentrate with a slight bias similar to what was observed with the 246 MRC pulp duplicates at SGS.

Core fragments from each check sample have been tested for density by the conventional water immersion method. The density of ground material has also been measured at SGS Lakefield by pycnometer. Values correlate reasonably well. Also the density seems strongly related to the %Fe of head of samples.

It is SGS' opinion that the data used in this study is adequate and reasonable to support the estimation of mineral resources as presented in the Lac Ritchie Technical Report.

Metallurgical testing

Apart from the Davis Tube testing, there has been no mineral processing or metallurgical test work performed on the Lac Ritchie material. However, based on extensive test work on the structurally and mineralogically similar KéMag deposit, with a conventional HPGR + Ball Mill circuit, a processing plant would be expected to produce a concentrate at 2300 Blaine with approximately 1% higher silica than the Davis Tube values. The silica in the magnetic concentrate would thus be approximately 5.5% silica unless a silica cut-off is used to reduce the silica in the feed. The expected weight recovery from the plant would be approximately the same as the Davis Tube weight recovery, if not slightly higher (an increase of 0 to 0.5%). To further reduce the product silica, a flotation circuit could be used. In this case, it is expected that the plant could reach 3.0 – 3.5% silica with a loss in weight recovery of 1.5%. Specific test work on the Lac Ritchie material would be performed at more advanced stages of development.

Resource Estimation - General

Estimated resources for the Lac Ritchie Property are derived from a computerized resource block model. The construction of that model starts with drill hole data, which serve as the basis for the definition of 3D mineralized envelopes with resources limited to the material inside those envelopes. The next step is the selection of drill hole data within the mineralized envelopes in the form of fixed length composites and then the interpolation of the grade of blocks on a regular grid and filling the mineralized envelopes from the grade of composites in the same envelopes. All the interpolated blocks below the overburden/bedrock contact surface make up the mineral inventory and they are classified according to proximity to composites and corresponding precision/confidence level. The part of the mineral inventory within limits of an optimized pit shell and above some economic cut-off constitutes the mineral resource.

Limits of resource model

The extent of the resource block model is limited by a contour drawn 1km away along N324 and 0.5km away along N54 around drill holes. The top of the model is the inferred overburden – bedrock contact surface derived from a supplied topo surface on a grid of 50x100m and an interpolated overburden thickness which varies from 1.5m to 7.2m in the drill holes. The bottom of the model is the inferred footwall of the jaspilite unit. The extension surface of the resource model is 33.6km2. Within those top and lateral limits, the resource model looks like a multilayered cake with layers corresponding to seven lithological units identified by NML geologists. The modeling of contact surfaces between those layers is based on the interpreted line contacts by NML geologists on drill sections. As expected, LC is the layer with most material (about 1.4Gm3) followed by LRGC and JSP.

Resource Estimation – Assay data and compositing

Most of the 588 available drill hole samples are in the five units LC, GC, URC, LRGC or JSP and the block grade interpolation is limited to block fraction in those 5 units only. The %Fe of head averages about 30% in LC, URC and LRGC but it is much lower in the GC marker horizon (14% average) and higher in the JSP unit (average 35%). As expected, average recovery is high in LC (29%), low in URC (19%) and almost nil in the other units (6% in LRGC, 5% in GC and 1% in JSP). The quality of the magnetic concentrate is about the same in all units, even in those with very low recoveries. For samples in LC and URC, the average %Fe keeps around 68% and the average %SiO2 between 4% and 4.5%. Although the majority of original samples are 6m long, there exists both some shorter and some longer samples. Therefore, statistics might be biased by some high or low values measured on short or long

intervals. The standardization of sample size is done by numerical compositing. The most natural composite length is obviously the 6m of a majority of samples. Statistics of the 570 composite data in the five units of interest are consistent with statistics of sample data in the same unit.

Resource estimation - Correlations and variography

Correlations between composite values are about the same in all units. There is no useable correlation (R=+0.40) between recovery and %Fe of head nor between %Fe of head and %Fe of concentrate (R=+0.39). There is a slight negative correlation between %Fe of concentrate and the recovery thus indicating a tendency to have more concentrate of lower quality in the magnetic separation process. The really strong (and expected) correlation is the negative one (R=-0.94) between the %Fe and the %SiO2 of concentrate. Down-hole (vertical) variograms of composite values in the LC unit show low nugget effects and a vertical range of about 50m for all four variables except the %Fe of head with almost random variation along holes in that unit. The spatial continuity along sub-horizontal directions i.e. comparing data in different holes is best derived in 2D from full intercepts rather than in 3D from 6m composites. All four variables show some spatial continuity with a range somewhere around 1.5- 2.0 km.

Resource estimation – Block interpolation

The four quality parameters are interpolated in blocks on a regular grid. That grid is oriented parallel to the drill sections i.e. columns are numbered along a rotated x axis along the N54 azimuth and rows along a rotated y axis along the N324 azimuth. The selected block size is 25m along the rotated x and 50m along the rotated y. That size is obviously small when compared to the drill hole grid of 500x1000m. The main reason to choose blocks with such a small size is to better reflect the geometry of litho units slowly dipping to the NE. Vertically, blocks are 15m high. All together, the mineralized material is covered by blocks in up to 240 columns, 240 rows and 28 benches from elevations z=55 to z=475. In a first pass, the volumetric fraction is calculated in blocks of each of the seven litho units above the footwall of jaspilite i.e. MS, DOL, LC, GC, URC, LGRC and JSP. Then the four quality parameters of block fractions in LC, GC, URC, LGRC and JSP units are interpolated from composite data in the same unit. Interpolation is done by inverse distance squared (ISD2). The basic search ellipsoid is a flat 1200x600x50m tilted by 4o to the N54 with a minimum of 5 composites from the same unit in a minimum of 3 holes. That size is progressively increased till all blocks within model limits can be interpolated. As expected from the regular grid of composites, average block values are close to average composite values in the same unit. As expected too, the range of block values is slightly narrower than the range of composite data.

Resource Estimation - Densities

Quality estimates for unit fractions in the same blocks can be merged together for a total fraction of LC+GC+URC+LGRC+JSP and a single set of quality estimates of that fraction in the block. In that operation, quality estimates of each unit fraction are weighted by the volumetric unit fraction but also fixed densities assigned to material in each unit. Those fixed densities are simply mean values of measured densities from composite samples of any given unit by the MRC lab . They are: 3.47t/m3 in LC, 3.35 t/m3 in both GC and URC, 3.43 t/m3 in LRGC and 3.72 t/m3 in JSP. All together, we have 195,568 blocks 50x25x15m with a fraction in the five mineralized units LC+GC+URC+LRGC+JSP.

Resource estimation - Categorization

The Lac Ritchie magnetite bearing taconite formations are currently recognized by 40 vertical drill holes on a grid of 1km by 0.5km. Those holes cover a NW-SE area with a strong magnetic anomaly recognized by the Fugro airborne survey of 2010. This area is bounded to the NW and SE by two major fault zones

easily recognizable from the survey. Aside from those two bounding fault zones, the map of the magnetic anomaly does not show any major discontinuity.

The geological continuity of the mineralized units is demonstrated by the results from the 40 holes. In all of them and except for the occasional disappearance of the thin GC marker horizon, the stratigraphic sequence of (from top to bottom) LC+GC+URC+LRGC+JSP can be recognized with similar thickness data for all intercepts in the same unit. That stratigraphic sequencing is not arbitrary since it is supported by a mineral signature particular to each unit i.e. medium Fe + high magnetite in LC, low Fe + low magnetite in GC, medium Fe + medium magnetite in URC, medium Fe + low magnetite in LGRC and high Fe + low magnetite in JSP.

Despite the long spacing between holes, the grade continuity is demonstrated in two manners. First, there is the low variability of recovery and %Fe of head data in the two magnetite bearing units i.e. the LC and the URC with coefficients of variation of composite values around 30% or less. This low variability is a sign of a fairly homogeneous magnetite bearing mineralization in those two units over kilometric distances. Second, the variograms of intercept values in LC shows some spatial correlation between adjacent holes on the same section (500m spacing) and even on adjacent sections (1000 spacing) with apparent ranges around 1.5-2km.

Given the demonstrated geological and grade continuity of the mineralization between the 40 holes on the 1000x500m grid, we can classify the mineralized material recognized by those holes in the indicated category. Hence the mineral inventory made of blocks within the 1000x500m cells of influence of holes is classified as indicated. It excludes the material in the cell of influence of the isolated hole 11LR1006D on section 1 to the SE. The balance of the mineral inventory is classified in the inferred category.

A second drilling campaign is warranted in order to provide a higher confidence of the geological and grade continuity that allowed classifying the material in the indicated category and upgrade some of the resources to the measured category.

Resource estimation – Final estimates

Resources are that part of the mineral inventory with a reasonable prospect of economic extraction which means both a cut-off grade and an optimized pit shell i.e. blocks with estimated values above a cut-off and within the limits of an optimized pit shell. Traditionally, the cut-off used to report resources in the taconite deposits of the Labrador Trough is a minimum 18% weight recovery of the magnetic concentrate from Davis Tube test on material ground to 325 mesh. Marginal weight recovery cut-offs derived from current product value and unit processing costs appear much lower from 5% to 8%. A Whittle optimized pit shell based on those parameters as well as a maximum slope of 500 includes most of the mineral inventory and all the blocks with an estimated weight recovery above the traditional 18% recovery cut-off. As a result, the proposed resources for Lac Ritchie are made of all the blocks of the mineral inventory above the traditional 18% minimum recovery cut-off. They are listed by unit, total and total after merging unit fractions in blocks in the next table. As expected from the statistics of sample data in each unit, there are no resources above 18% recovery in the GC, LRGC and JSP units, only in the LC and URC units.

Unit	Dens	Cut-Off	Cat	Vol	Tonnage	%FeH	%Wrec	%FeC	%SiO2
	(t/m3)	(%Wrec)		(Mm3)					
LC	3.47	18	IND	892	3096	30.8	29.1	67.4	4.6
LC	3.47	18	INF	388	1347	31.3	27.8	67.5	4.6
GC	3.35	18	IND	0	0	0.0	0.0	0.0	0.0
GC	3.35	18	INF	0	0	0.0	0.0	0.0	0.0
URC	3.35	18	IND	67	225	29.3	21.0	67.8	4.6

URC	3.35	18	INF	26	88	30.3	24.0	67.1	5.1
LRGC	3.43	18	IND	0	0	0.0	0.0	0.0	0.0
LRGC	3.43	18	INF	0	0	0.0	0.0	0.0	0.0
JSP	3.72	18	IND	0	0	0.0	0.0	0.0	0.0
JSP	3.72	18	INF	0	0	0.0	0.0	0.0	0.0
Total	3.46	18	IND	959	3320	30.6	28.5	67.4	4.6
Total	3.46	18	INF	415	1435	31.2	27.5	67.5	4.6
Final	**3.46**	**18**	**IND**	**962**	**3330**	**30.3**	**27.9**	**67.6**	**4.5**
Final	**3.46**	**18**	**INF**	**415**	**1437**	**30.9**	**27.0**	**67.6**	**4.5**

Estimated resources by unit and total

Total = sum of unit resources. Final = cut-off applied to weight recovery of LC+GC+URC+LRGC+JSP in each block.

Conclusions and recommendations

SGS offers the following recommendations for further evaluation of the Lac Ritchie property:

• measured densities are currently restricted to 12 values from MRC for composite samples in the same litho unit. Measured densities by both standard water immersion of core fragments and pycnometer on pulps for the 16 SGS check samples (all in the LC unit) suggest that (1) pycnometer results match immersion data (2) density shows a strong correlation with the %Fe of head. If a higher-confidence relationship can be made with more density measurements on individual samples in each unit, it could be used in the resource model to (1) better combine estimates of different litho unit fractions in the same block (2) have tonnage and to some extent weight recovery estimates above cut-off that would reflect a slight expected increase of density with the weight recovery cut-off since we have a mild positive correlation of weight recovery and %Fe of head. Practically, we suggest submitting about 150 pulp rejects (60 from LC, 30 from URC and 20 each from GC, LRGC and JSP with a large range of %Fe of head in each unit) to a pycnometer measurement. Those results would then be used to build regression models of density with %Fe of head in each unit and then to review the current resource block model with block densities derived from those regression models. The estimated cost of this operation is about C$5,000.

• a preliminary economic analysis (PEA) should be conducted with the currently estimated indicated and inferred resources. That PEA would help determine higher-confidence economic factors such as product value and unit mining/processing costs and lead to more realistic cut-offs than the traditional 18% minimum weight recovery to report resources. For that PEA, some of the data (metallurgical testing, rock mechanics.) and experience gained in the preparation of the on-going feasibility study of LabMag and KéMag could be used. The estimated cost of that PEA is about C$150,000.

• although the current drill hole data demonstrate a geological and grade continuity sufficient for a classification of all the material recognized by holes on the 1x0.5km grid in the indicated category, we recommend another drilling program before starting a preliminary feasibility study (PFS) with the currently estimated indicated resources. That program would have a magnitude similar to the 2011 drilling program i.e. with about 45 NQ holes totaling about 4500m. The majority of the new holes (about 35) would be drilled on the 7 intermediate sections at 500m from existing ones (5 to 19) with the same spacing of 500m between holes on the same section. The balance of about 10 holes would be on the SE sections 1 to 4 with a minimum of 2 holes (ideally 3) separated by 500m on each section. The purpose of that additional drilling is not to put the estimated resources in the measured category but to validate the apparent geological and grade continuity of the first 40 holes. With about 100% more data, geological discontinuities (barren dikes, faults) may show up and variograms may change significantly. Also with a

500x500m drilling grid the Indicated resources would have a drilling density similar to Indicated resources of LabMag and KéMag deposits to the south as well as the Lac Otelnuk to the north, all in a similar geological environment. Moreover, some of the new holes would allow to re-classify the material around the southern sections 1 to 4 from Inferred to Indicated. The budget for this additional drilling program is similar to the budget of the 2011 drilling program i.e. likely around C$1,500,000.

Update

There have been no changes in the resource or reserve estimates for the Lac Ritchie property since the date of the Lac Ritchie Technical Report.

DSO Project

This summary of the DSO Project below has been extracted from the summary section of the DSO Technical Report prepared by Dean Journeaux, Bish Chanda, Jean-Charles Bourassa, Moulaye Melainine, Rock Gagnon, Laurent Piette of NML, André Boilard of Met-Chem and Robert de l'Étoile of SGS Canada that was filed on SEDAR at www.sedar.com on February 22, 2011, and which is incorporated by reference herein. The DSO Technical Report was prepared for the Corporation in accordance with NI 43-101 by "qualified persons", as defined in NI 43-101. Defined terms used in this summary shall have the meanings ascribed to such terms in the DSO Technical Report.

The information included or incorporated by reference herein is based on assumptions, qualifications and procedures which are set out in the DSO Technical Report. For a complete description of the assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the DSO Technical Report.

Introduction

The DSO Project is a brownfield development located in Canada's historic iron ore producing region of Northern Québec and Labrador. The IOCC mined and shipped products from various DSO deposits from 1954 to 1982. Having the basic infrastructure in place, the Project provides an opportunity to rapidly build a mining operation and start shipping products in late 2011 to Corus, the European steelmaking unit of the Tata Group, the world's sixth largest steel producer,

A Joint Venture Agreement ("JVA") exists between NML and Tata Steel Global Minerals Holdings Pte. Ltd. ("Tata") of Singapore, also a member of the Tata Group, and it is planned that the DSO Project will be developed and operated in accordance with the terms of the JVA.

This Feasibility Study (the "Study") was completed on February 25, 2010, after twelve months of intensive work that included ore drilling, metallurgical testing, process development, in-depth facility design, capital and operating cost estimates and associated financial analyses. The engineering for the Study was completed in accordance with acceptable standards.

The Study was submitted for review and approval by the Board of Directors of NML on February 18, 2010. Having been approved by the Board, it is now being recommended to Tata in accordance with the terms of the JVA.

Study Results

The results of the Study are summarized in Table 3.1

Table 3.1: Summary of Study Results

Estimated Initial Capital Cost	Can$ 335.1 million
Estimated Sustaining Capital	Can$ 124.5 million
Estimated Average Operating Cost	Can$ 32.50 per tonne of product
Project IRR	
Pre-Tax	29.1%
Post-Tax	22.3%

The estimated cost of equipment leasing and sustaining capital is estimated to be Can$124.5 million over the life of the project.

Geology

The DSO deposits were derived from the iron-bearing sediments of the Sokoman Formation and Ruth Formation. The ores, comprising blue and red hematite with goethite and limonite, were formed by the leaching of the gangue minerals such as chert, silicates and carbonates. Of the 22 different deposits that constitute the Project, ten selected deposits were drilled in 2008 and 2009. Drilling yielded 64.1 million tonnes of proven and probable reserves. There are 11.75 million tonnes of inferred resources remaining. In addition, about 40 million tonnes of historical resources (non-NI 43-101 compliant) will be drilled to expand the resource base.

Table 3.2: Summary of 43-101 Compliant Resources

Classification	**Tonnage**	**Fe (%)**	**Mn (%)**	**SiO2 (%)**
Measured	22,404,000	59.79	0.13	6.03
Indicated	44,694,000	58.43	0.56	9.27
M+I	**67,098,000**	58.89	0.69	8.66
Inferred	7,187,000	56.76	0.78	10.14

Mining

The Study is based on mining ten deposits and blending the ore to provide consistent feed to the process plant. The current schedule provides a ten-year mine life. The mining and processing operations will be carried out on a year round basis instead of the seven-month period envisioned in the PFS. The new schedule will maximize the utilization of capital assets and optimize operating costs.

The location of the various deposits and the approximate limits of Areas 3 and 4 are shown in Figure 3.1. Mining will start in Area 3, where IOCC was mining at the time it closed its operations. Some of the pits are partially mined or stripped and therefore can be restarted without the expense of stripping.

Mining of Area 4 deposits will start during the second year of full production in order to achieve the required blend for the plant feed. A 35 km long haul road will be built so that trucks can bring the ore directly from the pits near the Goodwood Site in Area 4 to the facilities at the Timmins Site in Area 3. Being a “greenfield” site, only essential servicing facilities such as a diesel generator will be built or installed at the Goodwood Site in Area 4.

The mining method selected for the DSO Project is conventional open-pit mining with a front-end loader/truck operation. The rock will be drilled, blasted and loaded into haul trucks that will deliver ROM ore to the primary mineral sizer, located at the Timmins Site. From each pit, waste will be hauled to an out-of-pit waste dump to be located nearby. Overburden removal and ore and waste mining operations

will take place 24 hours per day, 365 days per year but, for loader and truck calculation purposes, it was assumed that inclement weather will shut down operations for an average of five days per year.

Table 3.3: Summary of Mineral Reserves

Classification	Tonnage	Fe (%)	Mn (%)	SiO2 (%)
Proven	21,099	59.87	0.130	5.89
Probable	43,011	58.38	0.559	9.26
P+P	**64,110**	**58.87**	**0.418**	**8.15**

Metallurgical Testing

An extensive testing program began in 2008 with the objective of developing an optimum process flowsheet that would achieve the required product grades at acceptable recovery rates. The tests were performed on bulk surface samples from 10 selected deposits which were collected from excavated trenches. The deposits were chosen on the basis of the mine plan to ensure the representativeness of the collected samples of all three ore types; Blue, Yellow and Red.

A detailed test program was designed to evaluate the chemical, physical and metallurgical characteristics of each ore type from different deposits so that a blending program could be developed to ensure consistent feed quality to the plant. Furthermore, the test results were used to select and design appropriate process equipment to upgrade the ore to the required specifications.

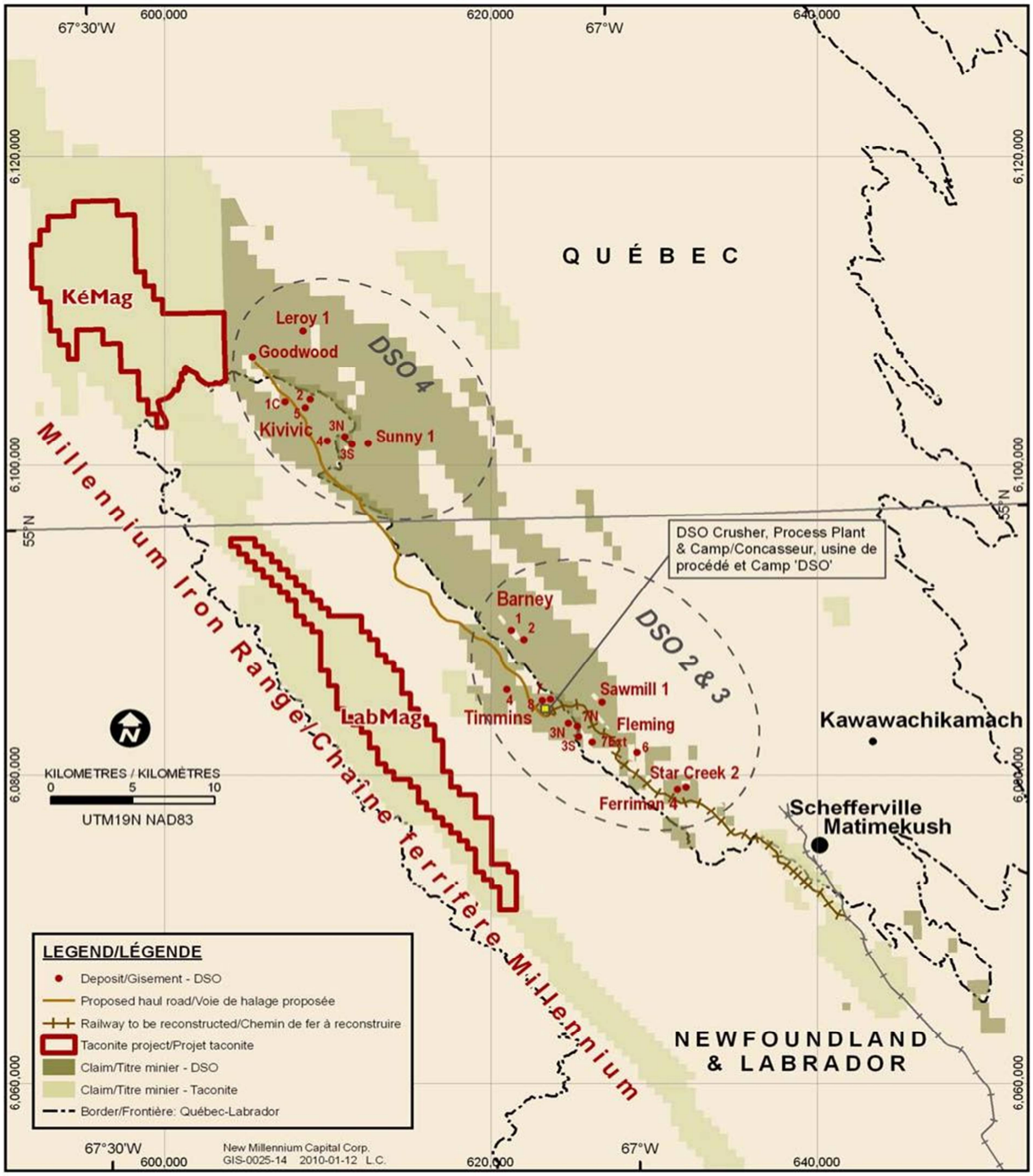
The tests were conducted in different independent laboratories in North America, Europe, South Africa and India as well as in facilities operated by equipment/technology suppliers experienced in the processing of DSO-type ores.

In summary, the results of the latest pilot plant program on an Area 4 composite were as shown in Table 3.4

Table 3.4: Results of Pilot Plant Tests on Area 4 Composite

	Sinter Fines	Super Fines
Recovery %	63.0	19.0
% Fe	65.9	65.6
% SiO_2	2.90	2.71
% Al_2O_3	0.35	0.33

Figure 3.1: Location of DSO Deposits, Claims and Principal Infrastructure

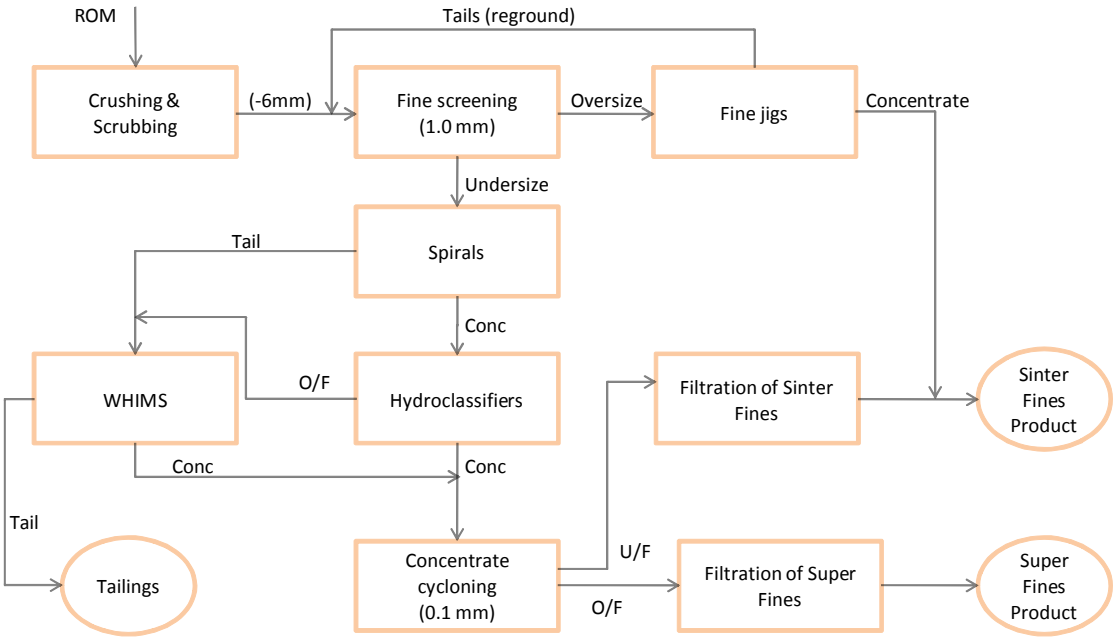


Mineral Processing

The run-of-mine ore processing consists of crushing and wet screening to reduce the ore to - 6 mm size. Gravity separation methods, employing jigs, spirals and hydro-classifiers, are utilized to upgrade coarse fractions. Materials below 0.1 mm are separated by wet high intensity magnetic separators ("WHIMS").

A block diagram representing the selected flowsheet is presented as Figure 3.2. It covers the reception of Run-of-Mine ore at the Primary Sizing station to the loading of Super Fines and Sinter Fines products into railcars for transportation to storage and ship loading facilities at Pointe-Noire.

Figure 3.2: Block Diagram of Process Flowsheet



The plant will process 5.0 million natural tonnes per year ("mtpy") to produce 4.0 million dry tonnes of sinter fines and super fines. About 80% of the production will be the higher-valued sinter fines. Various tests performed on representative bulk samples at laboratories and facilities operated by experienced technology providers demonstrated the processing ability to meet product quality requirements.

Tailings from the process plant will be pumped to the nearby mined-out Timmins #2 pit and the reclaimed water will be pumped back to be used as process water. Hydro power will be available during summer months from Menihek power station, in an amount yet to be determined. An electricity transmission line will be re-established from the Hydro-Québec ("HQ") Schefferville substation to feed the Timmins Site installations. Since sufficient hydro power will not be available during the winter months, diesel generating sets will be used to supply all the required power at the Timmins Site.

Processing Plant Site

The Timmins Plant, where the crusher, processing plant, offices, laboratories, maintenance and service facilities etc. will be located, is near the mined-out Timmins #1 pit and next to the Railway Loop at the end of a 28 km long rail link that is to be rebuilt on an old rail bed from the main line at Mile Post ("MP") 353 on the TSH main line.

Except for the primary sizing station and product loadout facilities, all other facilities will be housed under a 106 m wide x 170 m long x 35 m high air-supported dome. In addition to providing adequate protection from the weather, the dome will be more economical than having separate buildings for individual facilities. The overall layout of the Timmins site is shown on Figure 3.3

Figure 3.3: Timmins Site Overall Layout



Transportation

Products will be filtered and dried in winter to a low enough moisture content to prevent freezing in ore cars during shipping to the port. Dried products will be stored in silos at the Timmins Site. A 240-car train will be loaded every 48 hours for dispatching to the port.

A 28 km long rail link from the main line will be re-established from Mile Post ("**MP**") 353 to the Timmins Site near the mined-out Timmins #1 pit on the existing rail bed, which is in excellent condition. Of this rail link, NML expects another mining company to build eight kilometers from MP 353 to the QC/ NL border.

From the Timmins Site, products will be hauled in 100-tonne gondola railcars to the Terminal in Pointe-Noire, Sept-Îles, where a car dumper will be installed and the products will be stockpiled. It is assumed that the existing dock, owned by the Sept-Îles Port Authority, will be used to load vessels using existing ship loading equipment owned by Wabush Mines ("**WM**").

Negotiations are being carried out with three rail carriers, each of which is designated as a common carrier, regarding the tariff to haul the ore to the port.

Similar negotiations are in progress with WM regarding the use of the ore handling and ship loading equipment.

To date, the rail and port tariff agreements have not been concluded. For the Feasibility Study NML has used its best judgment to determine the expected cost of rail tariffs, based on an extensive study, by Charles River Associates, of publicly available rail tariffs in North America. In addition NML has commissioned a study to calculate the cost of the Québec North Shore and Labrador ("**QNS&L**") rail service in anticipation of further negotiations and other action with the rail carriers.

Environment

NML submitted an Environmental Impact Statements ("**EIS**") for Area 3 to the Government of Newfoundland and Labrador ("**GNL**") at the end of 2009. Based on knowledge of the GNL's procedures, an approval is expected by May, 2010.

The deposits in Area 4 are located both in Québec and in Newfoundland and Labrador, and therefore Project Notices have been submitted to the respective Governments. These deposits will be mined starting in the second year of full production for blending with the ores from Area 3. The preparation of an EIS for Area 4 is in progress and will be submitted in April, 2010. It is expected that Area 4 construction permits will be received in advance of the planned construction dates.

First Nations

Four First Nations will be affected by the project. Two of the four First Nations, the Naskapi Nation of Kawawachikamach ("**NNK**") and the Nation Innu Matimekush Lac John ("**NIMLJ**") live in the immediate vicinity of the project. Since 2005, NML has provided employment to both of these First Nations during the summer drilling season and has maintained a close relationship with the communities. NML has held meetings with members of the communities and Band Councils to explain the long term benefits of the project. All Nations have been provided with details of financial and other benefits offered by NML. Impacts and Benefits Agreement ("**IBA**") negotiations are in progress with the affected Nations, but NML has yet to conclude any such agreements. NML has estimated the cost impact of IBAs based on

the recent agreement reached between Consolidated Thompson Iron Mines Ltd. and Innu Takuaikan Uashat mak Mani Utenam ("**ITUM**") of Sept-Îles, and used this information as the basis for the Study. The conclusion of IBAs is desirable, but not mandatory for the project to proceed.

Personnel Fly-in/Fly-out Concept

A camp to house some 200 persons, initially to be used by construction and later for operational personnel will be built near the dome. Operations personnel will be hired on the basis of four consecutive weeks of work followed by a one week rest and recreation period, when they will be returned to their home bases on a Fly-in/Fly-out basis.

Project Execution Plan

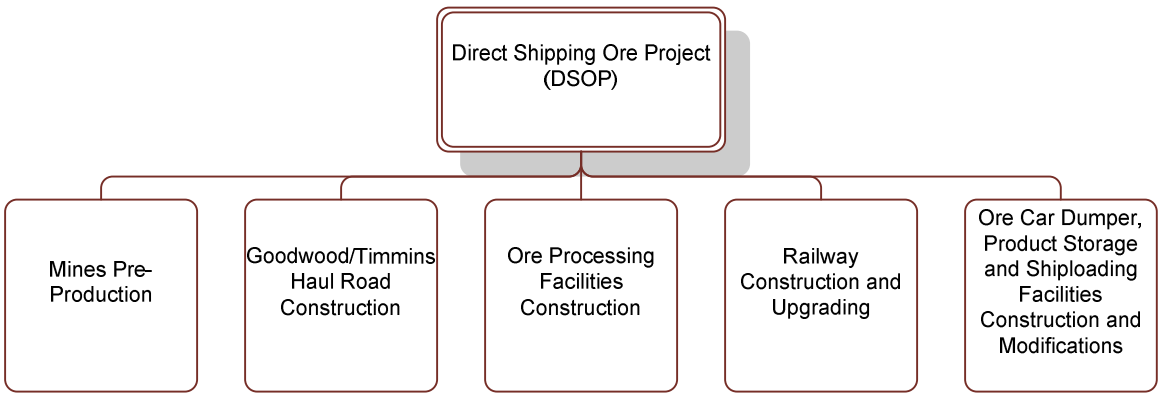
Project Management and Organization

To carry out the DSO Project, NML intends to adopt an Engineering, Procurement and Construction Management ("**EPCM**") approach. However, unlike the traditional approach to such a project, the EPCM team will be an Integrated Project Team ("**IPT**"), comprised of personnel from New Millennium, EPCM firms, consultants and subcontractors.

The purpose of this project organization is to quickly and efficiently bring the project to production, while engaging the skills and expertise of different EPCM contractors and subcontractors on the project.

The project consists of the development of mines, processing facilities and supporting infrastructure, some of which will be geographically located at some distance from the others. The nature of the construction work at the different locations will also vary. The overall project comprises the elements shown in Figure 3.4.

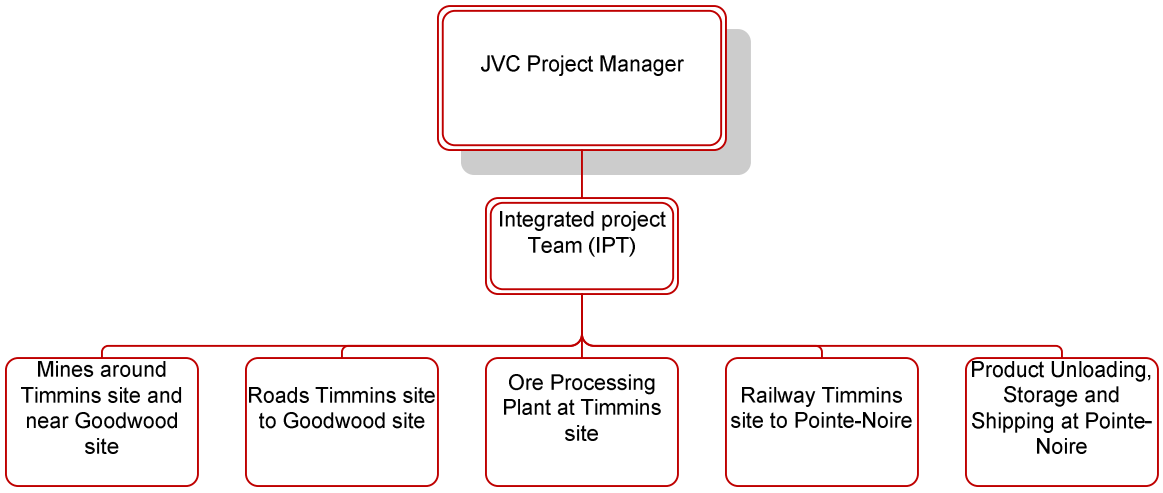
Figure 3.4: Overall DSO Project



It is therefore planned to engage contractors or consultants that are specialized in a specific area or process, and for them to provide the expertise and resources required to cover particular elements of the project as identified in Figure 3.4. The overall management and coordination of the DSO Project will be under the control of the IPT Project Manager, who will represent the owners of the project

The contracting structure would thus be as set out in Figure 3.5.

Figure 3.5: Contracting Structure for IPT Approach



With this project structure, the IPT will be responsible for the scope and execution of the overall project, with the specific specialized personnel and consultants reporting through counterparts in the IPT to the IPT Project Manager.

The Integrated Project Team

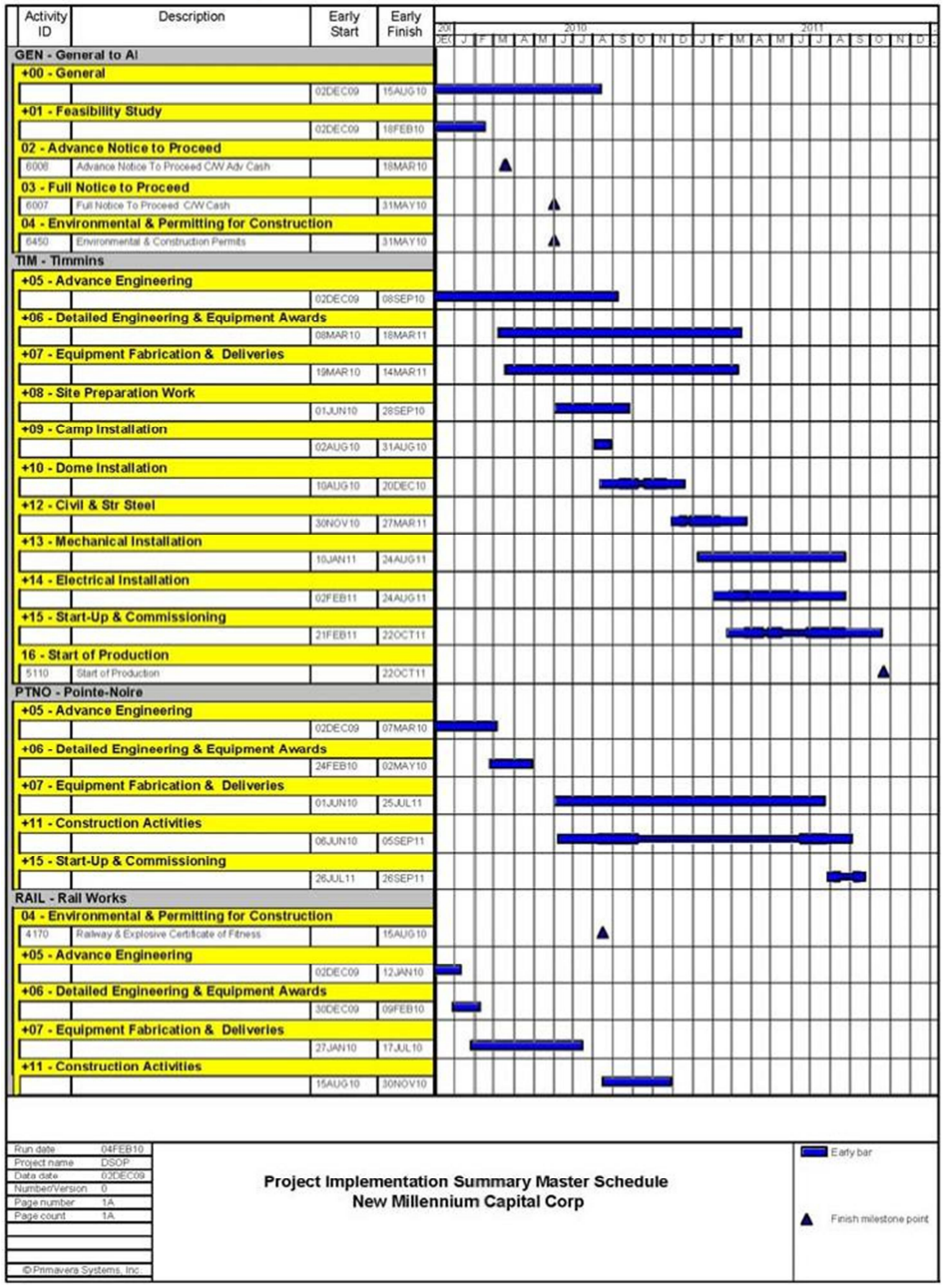
NML will establish a team, consisting of its employees or individual consultants who have been involved in the development of the DSO Project thus far, supplemented by newly-hired or contracted persons who have experience of the successful realization of projects of a similar nature.

Schedule

As soon as the required funds are received from Tata, NML will start detailed engineering, site camp mobilization and procurement of long-delivery equipment. NML considers it possible that it will receive a Full Notice to Proceed, issued by Tata, at the beginning of May, 2010. Based on the above, production is expected to start in mid-October, 2011.

A Summary Master Schedule is presented as Figure 3.6.

Figure 3.6: Summary Master Schedule



Update

The information regarding the DSO Project has been updated since the date of the DSO Technical Report, as set forth below. Additional exploration work has since been completed across the DSO areas increasing the Measured and Indicated resources from 67.1 mt to 85.1 mt. The increase in tonnage was gained though both acquisition of additional clams on the Goodwood property, and further drilling of known DSO deposits. The addition of the Measured and Indicated Resources has not changed the proven and probable reserves.

On July 8, 2010, the Corporation announced the results of the successful acquisition of a mineral claim which increases the Corporation's ownership to 100% of the Goodwood property and total estimated Mineral Resources for its DSO Project by approximately 5 million tonnes of iron ore. Based on extensive drilling undertaken in 2008, SGS Canada has increased the Mineral Resource estimate for Goodwood by 5.12 million tonnes (Measured + Indicated) over the estimate based on 2008 drilling . Acquisition of the additional claims increased the total Measured and Indicated resources from 67.1 mt to 72.2 mt. Table 3.5

Table 3.5 Summary of Updated Resource Estimate based on New Goodwood Claim

Resource Classification	Tonnes(millions) 2008-9 Drilling	Tonnes(millions) With New Claim	%Fe	%SiO_2	%Mn
Measured	22.4	26.5	59.6	6.3	0.13
Indicated	44.7	45.7	58.4	9.2	0.54
Total M+I	67.1	72.2	58.8	8.1	0.39
Inferred	7.2	7.2	56.8	10.1	0.78

In the summer of 2011, a drill program in DSO Area 4 was conducted by Tata Steel Minerals Canada LTD, (TSMC). Three deposits were drilled in Area 4: Kivivic 1C, Kivivic 2, and Kivivic 5. The drilling consisted of 40 exploration holes for a total of 1,991 meters resulting in a 28% increase in the inferred resource estimate compared to the current resources estimate . Table 3.5 shows the previous ore estimate based on 2008-09 drilling. The new resource estimate is shown in Table 3.6, consists of approximately 85.1 million tonnes of Measured and Indicated Mineral Resources at an average grade of 59.2% Fe on a dry basis plus an additional 10.3 million tonnes of Inferred Mineral Resources at 58.3% Fe.

Table 3.6 Summary of Updated Resource Estimate based on 2011 Drilling

Resource Classification	Tonnes(millions) 2008-9 Drilling	Tonnes(millions) With 2011 Drilling	%Fe	%SiO_2	%Mn
Measured	26.5	26.5	59.6	6.3	0.13
Indicated	45.7	58.6	59.0	9.07	0.47
Total M+I	72.2	85.1	59.2	8.21	0.37
Inferred	7.2	10.3	58.3	9.48	0.56

On January 30, 2013, it was announced that TSMC's application to mine direct shipping ore on the Goodwood and Sunny 1 (Project 2A) properties in Nunavik had been approved by the Government of Québec pursuant to a decision of the Kativik Environmental Quality Commission. The Certificate of Authorization dated January 11, 2013 stipulates that TSMC must start work within three years from the date of release. This marked completion of the Certificates of Authorization for the first ten years of mining for the DSO Project in Québec. TSMC has already obtained the environmental releases and permits for its properties in Newfoundland and Labrador.

In September 2013, TSMC advanced the DSO Project to the production stage with the commencement of sales. The DSO Project's first shipment with 77,000 tonnes for Tata Steel Europe departed Sept-Îles, Québec on September 14, 2013, and a second shipment with 166,000 tonnes of cargo departed Sept-Îles on November 10, 2013 bound for China. Rail haulage is expected to resume in May 2014. Construction of the processing plant and the product load out, storage and train loading system will be a focus in summer and fall of 2014 with the processing plan being scheduled for completion in Q4 of 2014

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On August 18, 2013, it was announced that TSMC and the NunatuKavut Community Council had signed a Cooperation Agreement for the DSO Project. This agreement covers environmental protection, employment, business opportunities and financial benefits.

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. These agreements formalized an earlier framework agreement in principle between TSMC and LIM signed on March 12, 2013. 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 in 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.

With the earlier framework now formalized, TSMC is proceeding with the related activities that are expected to lead to improvements in operating efficiencies for the DSO Project. TSMC now stands to achieve substantial savings by taking advantage of synergies made possible through co-operation with LIM. The acquisition of up to 70% of the Howse deposit will result in a net addition of resources located only about four kilometers from the year-round TSMC processing plant site in the Timmins area.

The DSO Project development activities can be summarized as follows:

- TSMC and LIM have agreed to form an unincorporated joint venture (the "**Joint Venture**") pursuant to which Howse Minerals Limited ("**HML**"), a wholly owned subsidiary of TSMC, has acquired an initial 51% participating interest in the 39 staked mineral claims that together comprise the Howse Deposit (the "**Howse Property**") for a total cash consideration of $30 million. NML expects to be requested to provide a pro rata contribution of up to C$6 million for this payment, of which $4.7 million has been contributed to date as loans to TSMC and HML. TSMC is the initial operator of the Joint Venture (the "**Operator**").
- LIM began a C$5 million exploration program on the Howse Property in 2013. The exploration program comprises drilling a targeted 70 holes of reverse circulation and diamond drilling with up to 10,000 meters of drilling. The objective of the drilling program is to convert the historical resources to National Instrument 43-101 compliant mineral resources by spring 2014 and to collect metallurgical, geotechnical, hydrogeological, and hydrology information to advance Howse towards production. A feasibility study is expected to be completed by the fall of 2014 with a target for commencement of mine development in 2015 and commercial production in 2016.

- In order to increase its interest in the Joint Venture to 70%, TSMC is required to invest an additional C$23.5 million in expenditures to the Joint Venture. Once TSMC has contributed this amount, TSMC and LIM will be required to contribute their respective pro-rata share of additional required contributions. Considerable savings are expected to be achieved in the TSMC mining plan due to the accessibility of the Howse deposit to the TSMC processing plant.
- After TSMC has earned its 70% participating interest in the Howse Property, each Party shall be obligated to contribute funds in response to any cash call by the Operator that is approved by the management committee established pursuant to the Agreement to oversee the activities of the Joint Venture and the Operator (the "**Management Committee**") in proportion to their respective participating interests in the Property. To the extent that a Party does not fund as required by a cash call, its participating interest will be reduced accordingly. If a Party's interest becomes less than 10%, such Party shall be deemed to have withdrawn from the Joint Venture and shall be deemed to have transferred its entire participating interest to the other Party.
- The Management Committee established pursuant to the Agreement will consist of between two and four members, with one to two members appointed by each of LIM and TSMC. The chairman of the Management Committee shall be appointed by the party having the greater participating interest. Certain decisions shall require the approval of 85% or more of the participating interests.
- If the Howse Property is not in commercial production by June 1, 2017, LIM shall have the right, subject to certain stated conditions, to require TSMC to sell to LIM such portion of TSMC's participating interest such that each of the Parties would own a 50% participating interest, and LIM shall replace TSMC as the Operator.
- The Operator shall commence a feasibility study as directed by the Management Committee, which will set forth a plan for the optimization by the Operator of the costs and logistics in connection with the mining, processing and transportation of iron ore product from the Howse Property.
- The parties will negotiate in good faith an agreement for the beneficiation of the iron ore produced by the Joint Venture at TSMC's plant located at the Timmins Area and such agreement would be on mutually agreed terms on an arm's length basis.
- The construction of a rail link between TSMC's Timmins Area processing plant to LIM's Silver Yard is well underway to establish access to the TSH main line. Considerable savings are expected to be realized due to utilization of certain existing rail infrastructure and more direct access to Silver Yard that the agreements permit. The final surface rights and construction permits required by the parties from the Government of Newfoundland and Labrador have been received to permit construction of the last portion of the rail link to Silver Yard.

On February 24, 2014, the Corporation announced the results of the 2012 drill 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 Mineral Resource estimate compared to the most recent resource estimate announced in 2012. The gravity anomaly drilled is one of the 13 strong gravity anomalies outlined by the 2010 Airborne Magnetometer and Gravity survey and the follow up ground gravity survey.

In-fill drilling was carried out in deposits Kivivic 1C, Kivivic 2 and Kivivic 5 in 2012. The objective is to fully define the structure and the ore extent and grade of all three ore bodies. During the program, 28 holes for a total of 1,387.3 meters were drilled. All the samples collected were processed at the site facility and the required amounts were sent to Accurassay Laboratory, Thunder Bay, Ontario for final chemical analysis. The following table summarizes the 2012 program.

Table 1

Area	Deposit	No. of Holes	Total Meters	Total Samples
4	Kivivic 1C	11	756.0	247
4	Kivivic 2	11	411.7	135
4	Kivivic 5	6	219.6	72
Total		28	1,387.3	454

The table below provides the overall grade of the 3 deposits based on the entire drilling done to date. Kivivic 1C, Kivivic 2 and Kivivic 5 average 59.36%, 60.28% and 60.17% Fe with SiO2 values at 7.50%, 10.25% and 10.35%, respectively. Table 2 below also provides the average grade of each of the deposits on a yearly basis.

Table 2

Deposit	Year	Meters in Ore	Fe%	SiO2%	Al2O3%	Mn%	P%	LOI%
Kivivic 1C	2011	291.99	60.90	6.06	0.551	0.04	0.031	6.67
	2012	243.83	57.51	9.23	0.755	0.04	0.062	5.34
Average			59.36	7.50	0.644	0.04	0.045	6.06
Kivivic 2	2011	534.8	60.21	9.82	0.954	0.37	0.016	2.30
	2012	286.51	60.41	11.04	0.673	0.06	0.009	1.61
Average			60.28	10.25	0.856	0.262	0.014	2.06
Kivivic 5	2008	247.0	61.48	8.49	0.280	0.091	0.014	1.72
	2011	259.2	58.34	12.49	0.981	0.43	0.022	2.56
	2012	128.02	61.36	9.61	0.382	0.031	0.005	2.03
Average			60.17	10.35	0.587	0.217	0.015	2.13

The primary objective of the drilling program was to convert Inferred and historical resources to NI 43-101 compliant Indicated and Measured 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 plus an additional 6.7 million tonnes of Inferred Mineral Resources at 56.7% Fe.

Table 3
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

Resource models for these deposits were completed by NML. The table below provides the estimated resources for each deposit. All these deposits required additional drilling to upgrade and expand the resource base.

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Table 4
Summary of Resource Estimate based on 2012 drilling
(Using cut-off grades of Fe =>50%, SiO2 <18% and Mn <3.5%)

Deposit	Classification	K tonnes	Fe%	SiO2%	MnO%
Kivivic 1C	Indicated	6,682	59.98	7.25	0.05
Kivivic 2	Indicated	13,380	61.09	9.77	0.25
Kivivic 5	Indicated	8,751	60.34	10.55	0.12
Total		28,813	60.60	9.42	0.16

The resource estimation of the Kivivic 1C, Kivivic 2 and Kivivic 5 was done using the same 3D block modeling methodology as previous estimates, where the grades in each block are estimated by interpolation of the surrounding drill hole composites. First, 3D mineralized envelopes are developed delineating potentially mineralized rock. They were created from geological interpretation made on 2D vertical sections from the drill hole information. Next, a 3D block grid is created and covers the extent of the mineralized envelope created above. Each block is interpolated using the Inverse Distance Weighting (IDW) interpolation method. The grades for each lithology are interpolated using only the composites belonging to that lithology. The historical bulk density value of 3.0 was used to convert volumes into in-situ tonnes. With the additional 2012 drilling, there is now sufficient confidence in the resources to classify them as indicated. The classified mineral resources are the accumulation of the individual blocks inside the mineralized rock types and inside each classification zone. Only the blocks having a Fe grade above 50%, a SiO2 grade below 18% and a MnO grade below 4.5% (Mn<3.5) are considered to be mineralized for the purposes of the mineral resource estimates. NML established the estimate of additional Mineral Resources internally which was reviewed by qualified persons (as defined by National Instrument 43-101) who have experience with the DSO Project and relevant expertise.

The 2010 Airborne Magnetometer and Gravity survey outlined 50 strong gravity anomalies with coinciding weak magnetic anomalies within the properties held by TSMC in Québec and 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. Table 5 provides the details of this survey. One gravity anomaly area, approximately 300 meters northwest of 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. Table 6 gives details of the 2012 drilling with holes intersecting leached and enriched material. This area needs to be fully explored by drilling. Table 5 below shows the details of the ground gravity survey conducted in 2012. The survey covered 27 lines over a length of 34.7 line kilometers.

Table 5

Location Province	Number of Lines	Length, Line km	Number of Stations
Québec	23	**30.6**	630
Newfoundland & Labrador	4	**4.1**	84
Total	27	**34.7**	714

The ground survey results were interpreted by Jean M. Hubert, P.Eng, consulting geophysicist for TSMC. Some of the anomaly areas surveyed covers the known DSO deposits. The intensity of the gravity anomaly (mgals values) over the deposits varies between 1.05 and 1.51. Comparable gravity values (mgals) seem to occur in all the surveyed areas indicating the potential for discovering additional DSO deposits. J. M. Hubert interpreted and evaluated all the survey data and recommended follow up surface

exploration work with test pitting, trenching and test drilling of selected anomalies. These selected targets show moderate to strong gravity values coinciding with moderate to weak magnetic anomalies.

Table 6

Hole No	Coordinates UTM		Total	Interval meters		Length	Average Assay %					
	Easting	Northing	Depth m	From	To	meters	Fe	SiO_2	Al_2O_3	Mn O	P	LOI
12TFN008	622009	6084602	32.89	0.00	30.48	30.48	44.51	33.58	0.75	0.04	0.01	1.73
12TFN009	622139	6084422	39.47	6.10	36.58	30.48	48.51	27.99	0.85	0.03	0.04	1.54
12TFN008A	521977	6084579	32.89	0.00	30.48	30.48	56.89	16.54	0.59	0.03	0.01	1.30
12TFN020	621737	6084684	39.47	3.05	33.53	30.48	54.18	21.20	0.23	0.03	0.01	0.92
12TFN021	621857	6084635	26.32	0.00	3.05	3.05	52.76	20.66	0.93	0.07	0.01	2.50
12TFN019	621875	6084714	39.47	3.05	36.58	33.53	55.82	17.87	0.03	0.01	0.03	1.53

The preliminary drilling results of the Timmins Plant Site anomaly indicate the presence of leached and enriched DSO type of material in that area (Table 6). Because of the on-going production, work prioritization and development of several deposits to feed the dry crushing and screening plant, no work was undertaken in 2013 to further evaluate the anomaly. This area is planned to be fully explored with additional drilling during the summer of 2014. In addition, all recommended gravity anomaly targets, will be test pitted and trenched initially by using backhoes in a systematic manner. If DSO type of material is encountered, the area will be trenched, mapped, sampled and the mineralized area will be delineated. In areas of deep overburden, test drilling will be carried out in a grid pattern to outline the leached and enriched zones. Detailed drilling will follow in potential areas outlined by initial exploration test pitting and trenching.

Construction progress entering the 2013/2014 winter period was as follows:

- Installation of the sizing station for the processing plant was completed.
- Fabric covering of the dome that houses the plant itself was substantially completed.
- Casting of larger foundations and slabs as well as erection of the structural steel inside the dome were substantially completed, allowing for the start of installation of mechanical equipment.
- Installation of process mechanical equipment commenced.
- The Timmins yard rail loop and track were completed.
- Rail sections in Newfoundland and Labrador to Silver Yards were nearly complete.
- The construction of the Québec portion of the track (KéRail) was suspended for the winter period until April 2014. All track materials and crushed ballast were at the site.

TSMC's objective was to complete the installation of outside ancillary facilities, such as the sizing station and focus work on the process plant in the protected environment of the covered dome. However, for cost and productivity reasons TSMC readjusted the construction plan for the winter period with the aim of accelerating activity around March 2014 with improvement in the weather. TSMC is planning to continue trial production by crushing and screening products in 2014, and to install a dryer to reduce product moisture as required to meet shipping regulations.

- The link to TSH Railway, including the KéRail portion, is expected to be operational by June 2014.
- Construction of the processing plant and the product load out, storage and train loading system will be a focus in summer and fall of 2014.
- The processing plant is scheduled to be completed in Q1 2015.

- TSMC is currently reviewing the cost of completion for the DSO Project. The development plan of the Howse joint venture is also being evaluated.

During the feasibility study (as of February 2011), the gross capital outlay for the DSO Project, including leasing and financing, was estimated at US$428.5 million or (C$475 million at that time) for 4 mt per year of products. As part of its on-going budgeting process, in October 2012, TSMC's estimated its cost to complete the DSO Project to produce 4.2 mt per year of Sinter Fines and Super Fines was about C$560 million, including estimated requirements for working capital and escalation, but excluding estimated requirements for equipment leasing and mine closure rehabilitation. The cost increases can be largely attributed to the following major factors: Changes to the DSO Project's scope, including the selection of a steel fabricated dome structure; unexpected soil conditions at the beneficiation plant construction site; increased EPCM cost and increased cost of construction. Cost escalation expected to complete the Project has now been included for inputs such as equipment, fuel and construction costs. NML will be required to contribute 20% of the equity portion relating to the initial capital costs in excess of C$300 million, or approximately C$16 million, based on expected financing of the DSO Project with 30% equity and 70% debt. TSMC is currently reviewing the cost of completion for the DSO Project.

KéMag Project

The Corporation has entered into the Taconite HOA to develop the Taconite Project which includes the KéMag Project. Under the Taconite HOA, TSG shall participate in the development of the Taconite Project Feasibility Study and contribute 64% of the costs related to the study. TSG and the Corporation agree to enter into a binding joint venture agreement upon the successful completion of the Taconite Project Feasibility Study and TSG electing to develop one or both of the deposits.

On April 1, 2011, the Corporation and TSG started a Taconite Project Feasibility Study which covers the KéMag Project and the LabMag Project. Management of the Corporation expects that the Taconite Project Feasibility Study will be finalized in 2013.

This summary of the KéMag Project below has been extracted from the summary section of the KéMag BBA Technical Report prepared by Andre Allaire, Langis Charron, John Dinsdale of BBA, and Robert de l'Étoile of SGS Canada that was filed on SEDAR at www.sedar.com on March 3, 2009, and which is incorporated by reference herein. The KéMag BBA Technical Report was prepared for the Corporation in accordance with NI 43-101 by "qualified persons", as defined in NI 43-101. Defined terms used in this summary shall have the meanings ascribed to such terms in the KéMag BBA Technical Report.

The information included or incorporated by reference herein is based on assumptions, qualifications and procedures which are set out in the KéMag BBA Technical Report. For a complete description of the assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the KéMag BBA Technical Report.

General

NML holds a 100% interest in certain mineral claims ("**the Property**") that contain the KéMag magnetite-rich taconite iron ore deposit at Lake Harris, Nunavik, approximately 50 km north of Schefferville in the Province of Québec, Canada. The KéMag Deposit is located 18 km north of the LabMag Deposit at Howells River owned by the LabMag Limited Partnership; which is held 80% by NML. The KéMag Property covers a total area of approximately 81 km^2 and comprises 171 map-staked claims. As far as BBA is aware, no royalties for the Property are pending and NML has completed no property agreements concerning the Property.

The KéMag Deposit was explored by the IOCC from 1949 until 1971 using aeromagnetic surveys, geological mapping and test drilling. NML staked claims covering the taconite deposit in 2004 and carried out reconnaissance mapping and sampling in 2005. From June through October 2006, NML carried out a limited diamond drilling campaign on the deposit, to which it then gave the name KéMag Deposit. On the basis of this drilling, Geostat Systems International Inc. ("**Geostat**") completed a Technical Report compliant with the requirements of Canadian National Instrument 43-101, which was filed with the Ontario Security Commission in March, 2007. At this time the estimated Resources were used to prepare a Preliminary Assessment Study ("**PAS**"). Subsequently, following further drilling in 2007 and 2008 and updated mineral resources estimates and technical report by Geostat, NML mandated BBA Inc. ("**BBA**") to complete a Pre-feasibility Study ("**PFS**") for the KéMag Iron Ore Project. This report was issued in January 2009.

This Technical Report covers the technical, commercial and financial aspects of the Project to develop the KéMag Deposit and to construct and operate associated processing facilities to support annual production of 21.2 million tonnes of concentrate, with downstream processing to result in 15 million tonnes of pellets and 7 million tonnes of concentrate for sale.

This scenario requires the establishment of the following facilities:

- A mine at Lake Harris with an average output of some 76 Mtpy of iron ore;
- A 21.2 Mtpy concentrator at the Lake Harris site;
- A 750 km-long slurry pipeline to transport 21.2 Mtpy of concentrate from the concentrator to the pellet plant located in Pointe-Noire;
- Facilities at Pointe-Noire, Sept-Îles, Québec, on the north shore of the Gulf of St. Lawrence, including:
    - A 15 Mtpy pellet plant;
    - A flotation plant for the production of 5 Mtpy of low-silica DR pellets;
    - A filtration plant for dewatering 7 Mtpy of concentrate for export;
    - A stockyard to accommodate 1.5 million tonnes of concentrate and 3.1 million tonnes of pellets;
    - A jetty and ship loading facility, with annual capacity of 15 Mt pellets and 7 Mt concentrate, designed to permit the loading of Laker-size ships and vessels up to 360,000 DWT at the same time.

History

Exploration in the area was conducted by IOCC in 1950. The initial work included an airborne magnetic survey and geological mapping. IOCC completed further surveys in 1958-1960 to assess potential for direct shipping iron ores. This program included the drilling of a series of short holes mostly collared over frozen lakes. Several of these drill holes intersected taconite-type iron formation, but no residually enriched direct shipping iron deposits were located and holes intersecting taconite were not assayed.

IOCC renewed exploration in the area in the early 1970s with more airborne magnetic surveying. This work was designed to identify the best taconite potential. IOCC acquired an exploration permit covering the area in 1972 but conducted no further work.

In 2004, NML staked its first claims in the area and in 2005 conducted its initial reconnaissance mapping and sampling program.

Geology

The Property is located on the extreme western margin of the Labrador Trough ("**Trough**") adjacent to Archean basement gneisses. The Property, for the most part, is overlain by deep overburden which is boggy and strewn with basement gneissic boulders. Recent drilling by NML has shown that units of the Knob Lake Group, including the Sokoman Formation, which is the major iron formation host in the Trough, underlie a major part, if not all, of the Property and comprise a north-northwest striking sequence of rocks that dips shallowly to the northeast at about 5 to 7 degrees. All of the 29 NML 2006 drill holes intersected sections of the Sokoman Formation.

The Sokoman Formation in the area has undergone only slight, very low grade metamorphism and shows very few effects of structural deformation. Furthermore, it has been subject to minimal post-depositional leaching or weathering. No intrusive into the Knob Lake Group have been recognized on the Property.

Deposit Type and Mineralization

The KéMag Deposit is iron formation of the Lake Superior-type. Lake Superior-type iron formation consists of banded sedimentary rocks composed principally of bands of iron oxides, magnetite and hematite within quartz (chert)-rich rock with variable amounts of silicate, carbonate and sulphide lithofacies. Such iron formations have been the principal sources of iron throughout the world.

The KéMag iron formation consists mostly of recrystallized chert and jasper with bands (beds) and disseminations of magnetite. Some martite, a type of hematite pseudomorphic after magnetite, may also occur. Hematite is also present in the KéMag Deposit, but it is not economic because it will not be recovered by the proposed magnetic beneficiation process. Other gangue minerals are present and these are mostly iron silicates and carbonates.

The portion of the Property that has been explored by diamond drilling has a strike length of 9.5 km, oriented northwest-southeast, and iron formation is present along this entire length and continues beyond the Property boundary.

NML Exploration and Drilling

In the summer of 2005, NML undertook a preliminary mapping and outcrop sampling program was undertaken in the Lake Harris area, using a fly-in, fly-out camp. The mapping revealed the boggy nature of the area with few outcrops. A few scattered outcrops of iron formation were mapped and sampled near the south end of the Property.

NML's 2006 drilling program was initiated to check airborne anomalies outlined by IOCC during the 1950s and in 1971. The 2006 program consisted of 29 holes aggregating 3,633.6 m. The majority of this meterage (2,224.7 m) was in the iron formation. All of the drill holes were drilled vertically and ranged in length from 59 m to 186 m.

Originally the drilling was to be on a grid pattern 1,000 m by 500 m. However, due to boggy conditions, it was not possible to adhere to the planned pattern. A number of drill holes could also not be completed to their target depth.

In the 2007 drilling program, 45 holes were drilled to depths of between 30 m and 189.4 m for a total of 4883.6 m. 720 drill core samples were sent to the MRC for analysis and testing. No major changes in the stratigraphy or the mineralogical characteristics of the economic strata were identified.

Drilling continued in March and April 2008 to confirm the eastern extension of the deposit under Lake Harris and Lac de la Frontière and the swampy grounds to the south. Fifteen (15) holes were drilled for a total of 2216 m and 291 samples were collected for testing and analysis. The results of this last campaign confirmed that the ore body extends under Lac de la Frontière and that the stratigraphy, mineralogy and structure were similar to other parts of the deposit.

Data Corroboration

BBA Senior Metallurgist John Dinsdale visited the site and inspected the drill cores in storage at Schefferville in November, 2008. IOCC's abandoned mines in the area, the electrical substation, the northern terminal of the Tshiuetin Railway and other infrastructure and facilities in the town of Schefferville were also visited.

BBA was not required to complete any validation drill core sampling because independent validation was already completed by Geostat during their Mineral Resource estimate.

Adjacent Properties

NML holds an 80% interest in the LabMag iron ore deposit located in Newfoundland and Labrador, approximately 18 km south of the KéMag Deposit. A positive PFS was completed for this deposit in 2006.

Both NML and Labrador Iron Mines Ltd are carrying out development work for processing and shipping of Direct Shipping Ore from deposits in the Schefferville area that were previously mined by IOCC.

The current iron ore mining areas at Wabush, Labrador City and Mount-Wright are within 250 km of the KéMag Property.

Bedford Resource Partners (Bedford) staked 99 claims in north central Québec, 160 km north of Schefferville in the spring of 2005. The claims cover the Lac Otelnuk iron ore deposit, comprised of meta-taconite.

Other iron ore projects are under investigation by Adriana Resources and Champion Minerals.

Metco Resources Inc. announced in 2004 a planned exploration program for gold and polymetallic massive sulphides on Lac La Touche and Lac Gauthier properties some 50 km east-northeast of Schefferville.

Virginia Gold Mines Inc. is exploring for gold, uranium, nickel and platinum group metals on properties 275 km northwest of Schefferville.

Metallurgical Testing

Liberation tests, including Davis tube and grindability testing, were performed by MRC on fourteen diamond drill core samples from the NML 2007 and 2008 drilling campaigns. Samples were then tested according to standard MRC procedures to provide indicators of the liberation and grindability characteristics of the samples tested. Test results showed that the average deposit properties are amenable for processing and that a grind of 86.2% -325 mesh (45 μm) would produce a concentrate with the targeted 3% SiO2 content.

A 3.9 tonne sample of the KéMag ore was sent to SGA Germany for small scale pilot plant testing. The test work showed that a final concentrate for a blast furnace feedstock with about 3.0% SiO2 and a total weight recovery of roughly 26% is achievable by regrinding, screening and wet low intensity magnetic separation at Blaine values of about 2300. Further test work showed that a final concentrate analyzing 1.6% SiO2 could be obtained following a reverse flotation stage. Results from this test program are only indicative since the small size of the head sample meant that equilibrium operating conditions were not always achieved.

Based on the results of the metallurgical testing, a projected weight recovery of 28% was used in the financial evaluation. Test work for the similar LabMag Deposit demonstrated that good quality pellets could be produced to meet the required market specifications. Concentrate produced during the SGA test run with KéMag ore will be used for confirmatory pelletizing tests.

Mineral Processing

The flowsheet for the KéMag concentrator is based on the bench and pilot scale metallurgical tests for the adjacent LabMag Deposit and confirmatory testwork with material from the KéMag deposit. The concentrator is designed to process an average of 76 million tonnes per year ("**Mtpy**") of ore to produce 21.2 Mtpy of concentrates at a grade averaging 69.1% Fe over the 25 year operation. Iron concentration is based on wet magnetic separation, a process used successfully in concentration of similar deposits in the Mesabi Iron Range in Minnesota, USA.

The concentrator flowsheet is designed to recover only the magnetite, as hematite is considered too fine to be economically recovered. Overall iron recovery is therefore 60.5% and tailings grade will average 16.7% Fe.

The concentrator flowsheet and mass balance has been detailed to a level to support equipment sizing and selection. Most of the unit operations and conceptual designs that have been incorporated are standard practices for the industry and operations in the region. Work will be necessary to confirm some of the processing requirements, especially with the screening and de-sliming operations and solid-liquid separations on the fine particle size of the process streams, in preparation for the final feasibility study.

Based on this work, the final product quality is shown as follows in Table 1:

Table 1: Pellet Quality

	Acid Pellets with 1% Limestone	Fluxed Pellets with Basicity of 0.7 *
Fe (%)	66.8	66.5
SiO_2 (%)	3.58	3.63
Compression (kg)	290	266
Tumble	96.9	96.9
Dynamic LTD **	93.1	85.9

* defined as CaO/SiO_2

** low temperature disintegration

Concentrator

Ore from the mine will be crushed using primary gyratory crushers and secondary cone crushers, stockpiled, then fed to nine parallel processing lines. The ore will first be ground finer using roller presses

operated in closed circuit with wet vibrating screens. The liberated magnetic mineral will be recovered from the screen undersize product using three stages of magnetic separators with the second stage of separators operated in closed circuit with screens and regrind ball mills. Concentrate from the final separator stage will be screened and dewatered in thickeners. The underflow from the concentrate thickeners will be pumped to storage tanks at the head of the pipeline. The non-magnetic product from each of the separator stages will be fed to tailings thickeners or in the case of coarse material from the first separator stage directly to the tailings pumpbox. The underflow from the tailings thickeners will be pumped to the tailings pumpbox and the combined tailings stream pumped to the disposal area. The overflow from the concentrate and tailings thickeners will be collected in the process water reservoir and recirculated in the process.

Pipeline

From the concentrate storage tanks, slurry will be pumped at 65% solids density through a 750 km long pipeline to storage tanks at the Pointe-Noire installations. A booster pumping station will be provided 475 km down the line. The pipeline will be buried to prevent freezing and repair kits with the necessary excavation and other equipment will be pre-positioned at strategically-located points along the pipeline.

Pointe-Noire Facilities

The concentrate received at Pointe-Noire will be sufficiently fine to be used as balling feed material without the need for further grinding. Two independent dewatering, balling, indurating and load-out processing lines will permit production of two different types of pellet if required. The concentrate slurry will be dewatered, firstly in thickeners and secondly in pressure filters, to provide a filter cake with a moisture content suitable for balling. Bentonite will be added to the filter cake as a binder. Balling discs operating in closed circuit with roller screens will provide a closely-sized greenball as induration feed.

Two straight-grate furnaces will have the capacity to produce 15 million tonnes per year of acid pellets. The furnaces will be oil-fired and will have variable speed fans and will be equipped with electrostatic precipitators to meet environmental standards.

Limestone and dolomite will be used as flux agents, either alone or in combination to meet a customer's required pellet quality.

For the production of DR grade pellets, concentrate will first be upgraded in a flotation plant. The required output of the circuit will be 5.0 million tonnes in a year but during the circuit's operating campaigns, it will produce upgraded concentrate at the rate of 7.5 million tonnes per year to match the throughput of one pelletizing line. Flotation reagents will be added to the circuit to obtain the required reduction of silica. Flotation concentrate will be thickened and pumped to the filter feed tank prior to balling. The flotation tailings will be pumped to a tailings pond where the solids will settle. Surface water at the pond will be returned to the main pellet plant process water reservoir. Excess water will be sent to a treatment plant for clarification and polishing.

The 7 million tonnes per year of concentrate produced exceeding the capacity of the pellet plant will be sold on the international market. To prepare the concentrate for storage and ship loading, the slurry will be dewatered in a thickener and will then be pumped to pressure filters. The resulting filter cake with a moisture content of 8% or less will be transferred by belt conveyor to the product stockyard.

Pellets will be stored in three rows of uncovered stockpiles with a total capacity of 3 million tonnes of pellets of four types. In addition there is storage space for 1.5 million tonnes of concentrate.

Ship loading facilities will consist of two separate berths and two shiploaders to permit the simultaneous loading of Laker-size and large ships. Ship loading will be at the rate of up to 16,000 tph on large ocean-going vessels and 4,500 tph on "Laker-sized" vessels.

Mineral Resource Estimate

This 2008 update of the resource model of the KéMag iron ore deposit follows an initial mineral resource estimation done by Geostat Systems International Inc. (Geostat) in March 2007. This mineral resource update takes into account the diamond drilling carried out during the winter of 2007 and 2008.

In 2006, NML drilled a total of 28 holes for a cumulated length of 3,574m. The 2007 drilling program consisted of 45 diamond drill holes for a cumulated length of 4,964m. In 2008, the drilling program consisted in 15 holes drilled in winter conditions over Lake Harris and in swampy areas for a cumulated length of 2,216m. A total of 10,774m of drilling in 88 holes were used for this mineral resource estimate.

The KéMag deposit is composed of a series of strata or seams slightly dipping (6°) to the north-east. The seams lie flat, without significant deformation. The following layers are considered mineralized: LC, JUIF, GC, URC, PGC, LRC and LRGC. Two other seams, i.e. the MS and LIF layers, are considered barren and un-mineralized. The thickness of the deposit is limited to the contacts between LRGC and LIF.

In order to carry out statistical analyses, it is important to regularize the sample lengths so that each sample has an equivalent representativity. This process is called compositing. The assays are composited into composites 3 meters in length. Regular down-the-hole compositing was used. No blending between seams occurred. Samples were composited seam per seam.

The deposit's resources are estimated using a block modelling method. For the purpose of this study, KéMag has been interpolated using Inverse Distance interpolation.

Mineral resources were classified using NI 43-101 compliant nomenclature. Drilling density allowed Geostat to classify a significant portion of the deposit as measured. The classified Mineral Resources at an 18% DTWR cut-off as estimated by Geostat as of February 2008 are provided in Table 2.

Table 2: Mineral Resources at 18% DTWR

Category	DTWR Cut-off (%)	Total Tonnage (Mt)	DTWR (%)	Fe Head (%)	Fe Conc. (%)	SiO2 Conc. (%)
Measured	18	1,538	26.26	31.20	69.27	2.71
Indicated	18	911	26.45	31.38	69.59	2.60
Measured+Indicated	18	2,448	26.33	31.27	69.39	2.67
Inferred	18	1,014	26.73	31.15	69.17	2.81

Mine Design and Mineral Reserve

The open pit design is based on a cut-off grade calculation determined from operating costs and sales of products. It is believed that these costs are reasonable for use in the study and are comparable with other similar operations in the region.

Based on a material definition exercise using geological data available to-date, the life-of-mine ("**LOM**") reserves for the ultimate pit design for KéMag were calculated and classified in the Proven and Probable categories in accordance with the criteria of the Canadian National Instrument 43-101 ("**NI 43-101**") for Standards of Disclosure of Mineral Project, of February 2001 and the classifications

adopted by the CIM Council of August 2000. Table 3 below provides a summary of the LOM reserve for the KéMag project using a cut-off grade of 18% DTWR.

Table 3: Proven and Probable Reserves

(Cut-off Grade 18% DTWR)

Reserve Category	Tonnes (million)	DTWR (%)	Crude Fe (%)	Concentrate	
				Fe(%)	SiO_2(%)
Proven	1 347	26.9	31.2	69.1	2.8
Probable	794	27.0	31.4	69.1	2.5
Proven + Probable	2 141	27.0	31.3	69.1	2.7
Inferred	73				
Waste	1 015				
Inferred+Waste	1 088				
Waste : Ore Ratio	0.51				

The designed pit is approximately 9.5 km in length with widths of one km typical and a maximum width of 1.5 km at its widest point. Total pit depth is 182 m with the lowest bench at 364.50 m elevation. Incorporated in the pit design is a pit slope of 10% (6°) on the footwall contact side of the deposit to the west, and a conservative slope of 50° on the hanging wall to the east. Single benching will be adopted in ore to maximize the recovery of the mineral resources and double-benching will be adopted in waste to minimize the amount of waste. Further analysis on pit slope stability in the hanging-wall will be undertaken to determine whether this is the optimal configuration with respect to rock structures and properties.

The proposed KéMag iron ore mine will constitute a large-scale open pit operation using conventional drill, blast, load and haul process to mine an average of 76 million tonnes of ore and 30 million tonnes of waste per year. The combined ore and waste mining rate will range from 290,000 to 295,000 tonnes per day.

The primary mine production equipment includes four 33 m^3 electric shovels and a large front end loader loading a fleet of 290 tonne trucks. In full production, truck requirements increase from 19 units in year 3 to a maximum of 34 trucks in years 9 through 17 of the mine plan, due to longer hauls and increased stripping requirements.

Mine dilution was provided for in the 13 m bench height planned for mining of the designated blocks. Mining recovery is assumed to be 100%.

Waste will be trucked to four principal waste dumps located to the west of the pit limit at distances varying from 1 to 4 km. The three designed waste dumps have a capacity of 31 Mt, 171 Mt, and 370 Mt. There is a fourth dump reserved for overburden, which has a capacity of 75 Mt. Some of these materials will be used for reclamation purposes at the end of mine life. Opportunities for in-pit waste backfilling may become available in mined out areas after nine years of mining; details have not yet been developed.

The mine will operate year-round on a continuous basis, two 12-hour shifts per day. The workforce will be housed in on-site accommodations and will work a schedule based primarily on a two week fly-in/fly-out rotation.

Run of mine ore will be crushed in two stages with two gyratory crushers and eight cone crushers in closed circuit taking the ore down to a top size of 63 mm. Nine high pressure grinding roll units will run in closed circuit with a wet screening operation to further reduce the ore to less than 6.3 mm. Wet magnetic separation, followed by a screening stage and regrinding in ball mills to 95% minus 325 mesh, will achieve the required liberation of the magnetic iron. Concentrate in slurry form from the circuit will be dewatered in three thickeners to 70% solids, prior to handling through agitated slurry surge tanks and subsequent pumping in the 750 km slurry line to the pellet plant.

Schedule

A period of 5.5 years is estimated for the time from when the decision is made to advance to the next stage of the Project and the start of production.

Infrastructure and Support Systems

Mine and Concentrator Site

An insulated, heated and air-conditioned building adjacent to the concentrator will contain a number of different facilities including an 8-bay garage for the maintenance of mining and other mobile equipment, mechanical and electrical workshops, conveyor belt repair shop, warehouse, a garage for the fire truck and ambulance and change rooms and lunch room. Administration offices housing the mine, concentrator and site superintendents and their staff will be located on the upper floor together with conference rooms, open office areas for clerical staff, space for computer facilities, map files and printing, and a vault for archives.

A fully equipped laboratory will be built for analysis of exploration samples and production samples from the mine and concentrator. Offices will be provided for the laboratory supervisor and assistants.

Dormitories, kitchens, eating areas, laundry and recreational facilities will be provided for some 1700 contractors' employees during construction, after which the buildings will be used by the 776 mine, crusher and concentrator operations and maintenance personnel and administrative staff all of whom will be working on a two weeks in and two weeks out, fly-in/fly-out basis.

Pump houses will be constructed on Lac Gillespie and Lac du Canoë to provide gland seal, boiler make-up and process make-up water in case of problems with the water recycling system. A branch off the pipeline carrying lake water to the plant will feed a treatment plant that will provide potable water to the plant and the camp. Reclaim water from the tailings disposal area will be pumped back to the concentrator for reuse. Surplus water will be treated and disposed of to the environment.

Electrical power to the site will be provided by a 270 km long, 315 kV overhead power line from Hydro-Québec's Brisay generating station. Diesel generators will provide emergency power. Road access will be provided by the construction of a 7 km section of unpaved highway to meet existing roads. An airport is located in Schefferville and a railway connects the town with Sept-Îles on the St Lawrence River.

The main pumping station at the concentrator and the receiving station at the pellet plant will be supported by the infrastructure at the Lake Harris and the Pointe-Noire site respectively.

At the booster pumping station, equipment and facilities will be housed in a metal frame building with insulated walls and roof. Facilities built for construction personnel will be retained for use by operating and maintenance personnel. A gravel road will be constructed that will connect the booster pump house to the existing highway 389. Fresh water will be pumped from a local stream or lake.

Power from the Hydro-Québec Hart-Jaune hydro-electric generating station will feed the booster station substation at 34.5kV. The power will be stepped down to 4.16kV and 600V to feed the loads of the pumps and ancillary equipment. Diesel generators will provide emergency power to the booster pumps.

Pointe-Noire and Sept-Îles

Construction personnel and operators of the Pointe-Noire facilities will be housed locally in Sept-Îles, a town with a population of 25 000 and a well-developed infrastructure. An administration building will be leased in Sept-Îles to provide centralized services covering sales, finance and accounting, labour relations, purchasing, information technology, health and safety, human resources and the environment for the Project.

Power from the Hydro-Québec Arnaud substation will be transmitted to the Pointe-Noire site by an existing 161 kV overhead line and diesel generators will provide emergency power. The site has ready access to the municipal road network and to Highway 138 which connects Sept-Îles with Québec City. A rail-ferry service between Sept-Îles and Matane on the south shore of the Saint Lawrence River provides rail connection between Schefferville and the North American railway network. The airport provides a scheduled connection between Sept-Îles and Montreal.

Potable water will be taken from the existing pipeline that delivers potable water from Lac des Rapides to existing Wabush and Alouette installations in the Pointe-Noire area. Wherever possible, recycling systems will be installed to reduce fresh water requirements.

Environmental and Permitting

Since the Project is situated wholly within the Province of Québec, it is subject to an Environmental Impact Assessment (EIA) in this Province only.

An ongoing program will be implemented to monitor the effects of the Project on water quality, groundwater, effluents, fish population, benthic invertebrate communities, geotechnical matters and sediment quality during both the construction and operational periods.

A rehabilitation plan will be submitted to the Québec Ministry of Natural Resources and Wildlife prior to the start of production. No monetary provision will have to be provided in the first eight years of operations.

Financial Analysis

The financial evaluation for the KéMag Project is carried out by the preparation of a discounted cash flow model to which the capital and operating cost estimates as well as the production schedule developed in the mining section are input data. The Internal Rate of Return (IRR) on total investment and the Net Present Value ("NPV") resulting from the net cash flows generated by the project have been calculated. The payback period is also indicated as a financial indicator.

The main inputs to the financial analysis are summarized as follows:

- All costs are expressed in fourth quarter 2008 CDN$.
- Exchange rate: US$ 0.85/CDN$.
- Project timing: Construction phase of 3 years and production phase of 25.
- Financing plan: a mix of equity, suppliers' credit and funds borrowed from commercial banks. The projected equity to debt ratio is 30:70.

- Income tax: both pre-tax and after-tax basis.
- The capital cost of the Project is approximately $4,451.1 million, including direct costs of $3,442.7 million and indirect costs of $1,008.4 million. The indirect cost includes an estimated amount of approximately $139.4 million for initial start-up requirement.
- For working capital purpose, accounts payable and receivable have been established at 30 days in average. Initial working capital is estimated at $ 31.0 million.
- Operating cost: owner-operated leased mining equipment, processing, port handling, environment and G/A have been estimated to average $20.4 per tonne of concentrate after reaching full production capacity in Year 3 after start of commercial production..
- Selling prices:
    - Blast furnace: $ 105.62/tonne @ 66.5% Fe.
    - DR pellet: $ 117.93/tonne @ 67.5% Fe (i.e. 11.7% premium over BF pellets)
    - Concentrate: $ 69.1/tonne @ 69.1% Fe
- Net residual value of project is zero.

The results of financial analyses with internal rate of return (IRR) and the Net Present Value (NPV) discounted at 8% before and after tax cases are presented in Table 4.

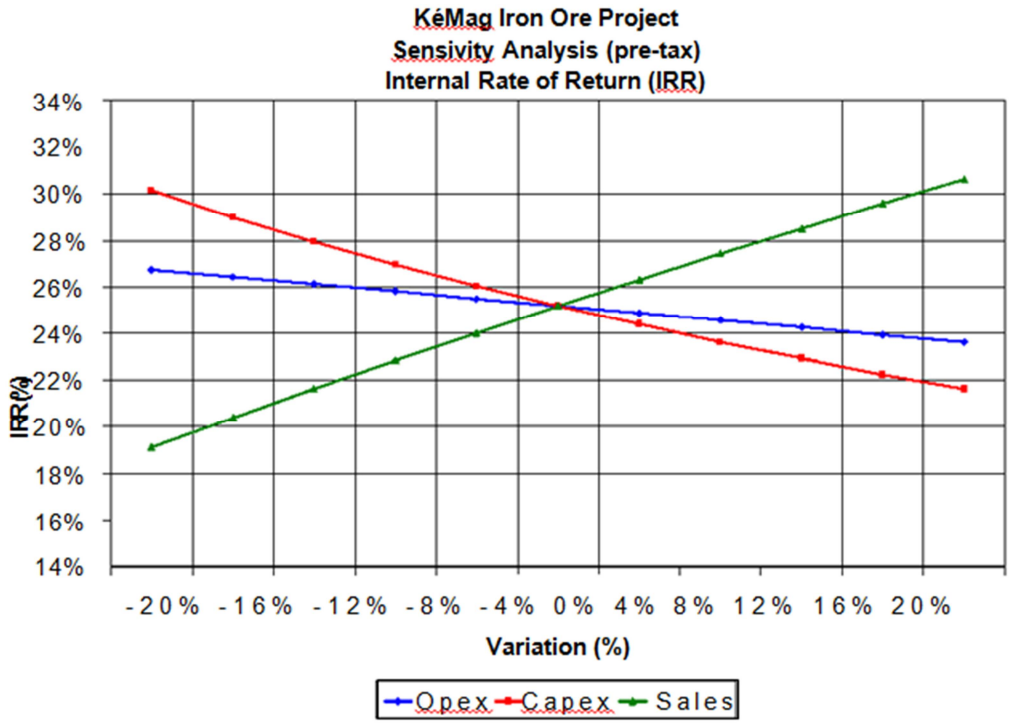
Table 4: Results of Financial Analysis

	Before taxes	**After taxes**
Project IRR (%)	25.2	21.6
Equity ROE (%)	42.7	37.3
Payback (Years from production start-up)	5	5
Net Present Value ($ million) @ 8%	8,588	5,552

The results show that the Project generates sufficient funds to service debt and has an attractive return on investment.

The results of the sensitivity analysis of the IRR for revenue (pellet and concentrate prices, ore grade and weight recovery), capital cost and operating cost are presented in Figure 1. This analysis shows that the project is mostly sensitive to revenue and less sensitive to operating cost.

Figure 1: Sensitivity Analysis (before tax) – IRR%



Conclusions

Based on the findings and results presented of the Pre-Feasibility Study, BBA believes that the KéMag Iron Ore Project is a world-class deposit technically feasible and economically viable. Based on the assumptions presented in the Study, the KéMag Project, with an estimated initial capital cost of $4,451 million, can achieve an internal rate of return (IRR) of 25.2% and a net present value (NPV) of $8,588 million using a discount rate of 8%. The payback period after the start of the commercial production is 4 years before taxes.

The level of accuracy of the capital and operating costs is +/- 25%. The mining equipment needed to start the production is provided as an operating lease and is added in the operating cost.

Using the latest and modern technology available today and having no legacy burden, costs of mining, processing and pelletizing for the KéMag Project will be among the lowest-cost iron producer in North America. The KéMag Project also benefits from the low power cost in the Province of Québec and the quality of the ore, which is hard but not difficult to concentrate. Furthermore, transportation of iron concentrate by pipeline is established to be technically feasible as demonstrated by successful existing mineral slurry pipelines in cold weather on similar projects and represents a substantial saving in operating cost in comparison with rail transportation.

Based on an estimate of mineral resources produced by GEOSTAT in compliance with the National Instrument 43-101, the KéMag Project hosts a very large resource of iron ore. The mineral reserves are estimated by BBA at 2,141 million tonnes in the Proven and Probable categories and will be sufficient for over 25 years of operation at the presently planned rate to produce 10 Mtpy of blast furnace pellets, 5 Mtpy of DR pellets and 7 Mtpy of iron concentrate.

To date, the difficulty in obtaining a bulk sample representative of the KéMag deposit has precluded any large-scale metallurgical test work. This situation should be remedied for the next phase of test work during the Feasibility stage.

The duration of the Project schedule is 5.5 years from the time a decision is made to continue engineering until the start of commercial production. Such period accounts for the identification of a strategic partner, the Feasibility Study, the financing, detailed engineering and construction.

The project is located in the Province of Québec and it is expected that there will be no political or regulatory risk associated to the development of the KéMag Iron Ore Project.

Recommendations

Prior to advancing the project through the Feasibility Stage, there are a number of areas where BBA is of the opinion that some opportunities exist where development and operation can be enhanced or the risk reduced. BBA believes that NML may benefit from studying all the possible ways to achieve the lowest capital and operating costs structure, as well as minimising risks.

Recommendations for the Project include:

- Review and optimization of the process and layout including preliminary engineering activities for plant layouts;
- Review of tailings disposal solution and construction;
- A large bulk sample representative of the ore body should be collected for pilot plant test work during the feasibility study phase, for a final flowsheet optimization;
- Environmental permitting works to be initiated (i.e. Project Notification);
- Hydrogeology and geotechnical studies to be initiated;
- Hydro-Québec should be requested to begin detailed studies to provide power to the mine site;
- Detailed topographic mapping for the slurry pipeline routing and optimization should be undertaken prior the Feasibility Study;
- The waste rock is not believed to be acid generating and confirmatory test work should be carried out at the Feasibility Study Stage.

Update

There have been no changes in the resource or reserve estimates for the KéMag deposit since the date of the KéMag BBA Technical Report.

LabMag Project

The Partnership holds a 100% interest in the Licences that constitute the LabMag Property containing iron deposit(s) in the Howells River area of Labrador. The Corporation holds an 80% interest in the Partnership, while the remaining 20% interest is held by the Naskapi LabMag Trust. The LabMag Property is situated in Western Labrador, Elross Township, centred about 30 km to the northwest of the town of Schefferville, Québec. The area is within a finger-shaped part of Labrador enclosed on three sides by the height of land marking the inter-provincial boundary with Québec. The LabMag Property is located approximately 220 km north of Labrador City, Province of Newfoundland and Labrador, and 610 km north of Sept-Îles, Québec.

The Corporation has entered into the Taconite HOA to develop the Taconite Project which includes the LabMag Project. Under the Taconite HOA, TSG shall participate in the development of the Taconite Project Feasibility Study and contribute 64% of the costs related to the study. TSG and the Corporation agree to enter into a binding joint venture agreement upon the successful completion of the Taconite Project Feasibility Study and TSG electing to develop one or both of the deposits.

On April 1, 2011, the Corporation and TSG started a Taconite Project Feasibility Study which covers the LabMag Project and the KéMag Project. Management of the Corporation expects that the Taconite Project Feasibility Study will be finalized in 2013.

This summary of the LabMag Project below has been extracted from the summary section of the LabMag WGM Technical Report prepared by Michael W. Kociumbas, G. Ross MacFarlane, Gordon D. Watts, and Rick W. Risto of WGM, and Brad Ricks of BRASS that was filed on SEDAR at www.sedar.com on August 18, 2006, and which is incorporated by reference herein. The LabMag WGM Technical Report was prepared for the Corporation in accordance with NI 43-101 by "qualified persons", as defined in NI 43-101. Defined terms used in this summary shall have the meanings ascribed to such terms in the LabMag WGM Technical Report.

The information included or incorporated by reference herein is based on assumptions, qualifications and procedures which are set out in the LabMag WGM Technical Report. For a complete description of the assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the LabMag WGM Technical Report.

General

The LabMag Limited Partnership (the "**Partnership**" or "**LLP**") holds a 100% interest in certain mineral licences that constitute the LabMag Property (the "**Property**"), containing iron deposit(s) in the Howells River area of Labrador. New acquired the licences in 2003 and holds an 80% interest in the Partnership, while the remaining 20% interest is held by the Naskapi LabMag Trust ("**NNK Trust**") owned by the Naskapi Nation of Kawawachikamach ("**NNK**"). The Property is situated in Western Labrador, centred about 30 km to the northwest of the town of Schefferville, Québec and located approximately 220 km north of Labrador City, Province of Newfoundland and Labrador, and 530 km north of Sept-Îles, Québec. The deposit extends for a distance of about 30 km northwest-southeast parallel to the provincial boundary, is up to about 4 km wide and covers a total area of approximately 64 km^2 (6,400 ha).

The Property hosts deposit(s) of magnetic taconite, which were first recognized by the Labrador Mining and Exploration Company ("**LM&E**") in 1960 as a potential source of feed material for steel mills. From 1966 to 1980, further exploration and development work was carried out on the deposits by the IOCC. LabMag Services Inc. ("**LabMag**"), on behalf of LLP, conducted an initial exploration program on the Property in the summer of 2004 and outlined an Indicated Mineral Resource of 650 million tonnes. The Mineral Resource estimate was prepared by Geostat Systems International Inc. ("**Geostat**"). Watts, Griffis and McOuat Limited ("**WGM**") was retained by LabMag to complete a "Mineral Resource certification" of the Howells River Property based in part on the work of Geostat. This work was carried out in the spring of 2005 and documented in a report titled "*Technical Report on the Mineral Resource Estimate on the LabMag (Howells River) Iron Ore Project, Labrador for LabMag Services Inc.*" dated June 20, 2005.

LabMag continued work on the property in 2005 and work continues in 2006. The deposit was divided into Block A, located in the northwest portion of the deposit, and Block B, which incorporates the remainder of the deposit to the south. The programs were designed as infill drilling on Block A and to provide enough new information to allow an initial Mineral Resource estimate to be completed on Block

B. In addition to the definition drilling, work included bulk sampling, metallurgical testwork and other development work. LabMag also carried out a surface reconnaissance exploration program on outlying property off the main property. In late 2005 Met-Chem Canada Inc. ("**Met-Chem**") of Montreal was awarded a contract to prepare a Pre-feasibility Study for the project. The study was completed in June 2006.

In early 2006, LabMag engaged WGM to complete a review of the work completed by LabMag leading up to, and including, an updated Mineral Resource estimate completed by Geostat. The review and report were carried out and prepared in compliance with the standards of National Instrument 43-101 ("**NI 43-101**") and the Mineral Resource audit and classification were completed in accordance with the provisions of NI 43-101 guidelines and the Council of the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") definitions. This assignment was documented in a report titled *"Updated Technical Report on the Mineral Resource Estimate on the LabMag Iron Ore Project, Labrador for LabMag Services Inc.*" dated May 23, 2006. In June 2006, WGM was engaged by LabMag to prepare an independent NI 43-101 technical report documenting the findings of the Pre-feasibility Study ("**PFS**").

History

Between 1949 and 1961, IOCC and LM&E conducted airborne magnetic and reconnaissance prospecting and mapping in the area. From 1968 to 1979, four separate diamond drilling campaigns were undertaken by IOCC and metallurgical testwork completed included pilot plant testing. A number of evaluation studies on the Property were completed in 1980, but most of this material is not available for commercial use. IOCC allowed its mineral rights in the Property to expire in 1980 when it started withdrawing from the Schefferville area. In 2002 and 2003 the Property was map-staked and in early 2004, WGM completed the first NI 43-101 report on the Property for NML. The LabMag WGM Technical Report included recommendations for a comprehensive exploration program.

Geology and Mineralization

The Property is located on the extreme western margin of the Labrador Trough adjacent to Archean basement gneisses. The Trough is comprised of a sequence of Proterozoic sedimentary rocks including iron formation, volcanic rocks and mafic intrusions known as the Kaniapiskau Supergroup. The Kaniapiskau Supergroup consists of the Knob Lake Group in the western part of the Trough and the Property is underlain by this Group, including the Sokoman Formation, which is the major iron formation host in the Labrador Trough. The Sokoman Formation in the Howells River area has undergone only very low grade metamorphism and shows very few effects of structural deformation. The Sokoman Formation is overlain by the Menihek Formation, which consists of dark grey to black shales.

The iron formation at Howells River consists mostly of recrystalized chert and jasper with bands (beds) and disseminations of magnetite, which is the target mineral. Minor hematite is present, but is not of economic interest because it cannot be recovered by a magnetic beneficiation process. Other gangue minerals are mostly iron silicates, particularly minnesotaite and stilpnomelane, and iron carbonates. Iron formation is exposed over the entire length of the Property, a distance of about 30 km long by 2 km wide, and is wedge-shaped in cross section, perpendicular to strike. In the diamond drillholes furthest to the northeast, the iron formation is about 110 m to 120 m thick and is covered by an approximately 20 m to 30 m thickness of Menihek Formation shales.

LabMag Diamond Drilling

The 2004 diamond drill program consisted of an aggregate of 5,408 m in 72 vertical holes that were drilled mostly within Block A and confined to an area about 4,000 m long by 1,000 m to 1,500 m wide

with holes on 243 m by 305 m centres. In 2005, an additional 64 vertical holes totalling 4,904.3 m were completed in Block A and 42 holes totalling 3,754.9 m in Block B. The Block A drilling was essentially an infill program designed to increase the confidence level in and upgrade the classification of the Mineral Resource. The resulting drilling pattern is now approximately 122 m by 250 to 300 m. Block B covers the immediate southern extension of the iron formation from Block A and the 2005 drilling was designed to gather enough data to enable the preparation of a Mineral Resource estimate for that Block.

Mineral Resource Estimates

Following the 2004 drilling program, Geostat was retained by LabMag to prepare a NI 43-101-compliant Mineral Resource estimate for the Howells River iron deposit. WGM was retained to audit the estimate. The 2005 Mineral Resource estimate included only iron mineralization within Block A and were classified as Indicated and Inferred. Following the 2005 drilling program, Geostat was again retained to prepare an updated NI 43-101-compliant Mineral Resource estimate for the Howells River iron deposit. WGM was retained once more to audit the estimate parameters and procedures and validate the resulting updated tonnages, grades and classifications. The updated Mineral Resources for Block A of the Howells River iron deposit were estimated by Geostat using Ordinary Kriging ("**OK**") for grade interpolation and IVD[1] for Block B.

LabMag based its cutoff grade on capital and operating costs and technical assumptions developed as part of its ongoing Pre-feasibility Study. These costs and assumptions were based on experience of LabMag personnel and assumed costs and production rates at similar operations in North America. WGM reviewed a draft version of this study and found the costs and assumptions to be reasonable and to support the 18% DTWR cutoff grade used for the updated Mineral Resource estimate. The WGM audited and approved Mineral Resource estimate is summarized below.

Howells River Iron Deposit 2006 Mineral Resource Estimate
(using a DTWR cutoff grade of 18%)

Block	Resource Classification	Tonnes (Millions)	DTWR%	%Fe Head	%Fe DTC	%SiO_2 DTC
A	Measured	1,451	27.5	29.9	69.7	2.5
	Indicated	492	24.4	28.9	69.4	2.5
	Measured + Indicated	**1,942**	**26.7**	**29.6**	**69.6**	**2.5**
	Inferred	963	26.2	29.7	69.4	2.5
B	Measured	1,633	26.1	29.7	70.4	1.8
	Indicated	89	24.1	27.9	70.5	1.7
	Measured + Indicated	**1,722**	**26.0**	**29.6**	**70.4**	**1.8**
	Inferred	512	25.7	29.5	70.3	1.8
Total	**Measured**	**3,084**	**26.8**	**29.8**	**70.1**	**2.1**
	Indicated	**581**	**24.3**	**28.8**	**69.5**	**2.4**
	Measured + Indicated	**3,665**	**26.4**	**29.6**	**70.0**	**2.2**
	Inferred	**1,475**	**26.0**	**29.6**	**69.7**	**2.3**

Mineral Processing / Metallurgical Testing and Pellet Plant

Historical testwork was mostly conducted by IOCC at its OT&R section. IOCC also sent samples to the Hibbing (Minnesota) Laboratory of Hanna Mining Company ("**HMC**") for bulk sample testwork and batch grindability tests. HMC was the managing partner in IOCC and also operated Butler Taconite, a similar magnetite deposit in the Mesabi Iron Range in Minnesota. Historical testwork reviewed by WGM

is summarized in WGM's 2005 report. WGM is also aware that a number of historical reports detailing results of testwork not available to WGM were completed during IOCC's tenure.

Routine analysis and testing of samples from LabMag's 2004 and 2005 drill program included mineral processing and metallurgical testing on an individual sample and composite basis. This work was undertaken at MRC. In 2005, LabMag also engaged MRC to carry out a Pilot Plant metallurgical testwork program on a 240 t bulk sample. The pilot plant utilized a typical magnetic recovery flowsheet incorporating two stages of grinding (SAG mill followed by Ball mill), three stages of magnetic separation, three stages of screening and, for one campaign, a flotation circuit. The objective was to assess the ability to produce a high-grade magnetite iron ore concentrate with 3% or less silica and to provide concentrate amenable to producing quality pellets conforming to a variety of world market specifications.

Results were positive, with pilot plant concentrate percent total iron ("**%TFe**") averaging 69.08 and SiO2 averaging 3.47% for the no-flotation tests, and concentrate %TFe of 69.85 and SiO2 of 2.81% for the one flotation test. Weight recoveries by assay varied from 27.82% to 32.9% and averaged 30.2% over the course of the three campaigns.

LabMag initiated further testing and process development work on the Howells River deposits starting in 2004. The work was a combination of testing on drill core and bulk samples of the deposit, with the work designed to further confirm earlier conclusions and to start definition of some of the main process design criteria in support of the PFS. The work completed to date generally supports earlier conclusions on liberation and weight recovery and concentrate grades. The testing for both SAG milling and ball milling power requirements indicated 17.3 kw/t for SAG milling and a Bond Work Index of 15.9 kw/t for ball milling. In 2005, a 200-tonne bulk sample was taken and sent to MRC for pilot testing work. The sample was made up of quantities in proportions that reflected the distribution of material between the seven stratigraphic units recognized in the deposit and was run in a one tonne per hour flowsheet that simulates all of the unit operations in a typical commercial operation. Three pilot runs were made in late 2005, with the initial campaign including flotation. In 2006, preliminary testwork was carried out at Studiengesellschaft für Eisenerzaufbereitung ("**SGA**"), KHD and Koppern in Germany on Howells River material, for testing in high pressure grinding rolls ("**HPGR**") as an alternative and potential energy saving in primary grinding.

Two separate pelletizing tests were carried out by LabMag in 2006, with work completed by COREM in Québec City and SGA in Germany using concentrate produced from the pilot campaign at MRC. The work demonstrated that good quality pellets could be produced and meet the required market specifications.

The flowsheet for the LabMag concentrator is based on a series of bench and pilot scale metallurgical tests and designed to process an average of 51.6 million tonnes per year ("**mtpy**") of ore and produce 14.2 mtpy of concentrates at a grade averaging 69.6% Fe over the 25 year operation. The concentration is based on wet magnetic separation, a process used successfully in concentration of similar deposits in the Mesabi Iron Range in Minnesota. The decision to utilize HPGR in the LabMag concentrator in the primary grinding stage, as opposed to SAG milling, is a more recent development coming primarily from advances in equipment technology. The slurry portion of the flowsheet is separated into six separate processing lines to achieve the required liberation of the magnetic iron. The finally ground product is further concentrated in rougher and finishing stages of wet magnetic separation, with a final concentrate grade of 69.1% Fe. Concentrate in slurry form from the circuit will be dewatered to 70% solids, prior to handling through agitated slurry surge tanks and subsequent pumping in the 230 km slurry line to the pellet plant. The tailings from the concentrator will be pumped to a tailings management area sited 25 km to the northwest of the concentrator. The site was selected after due consideration of three alternatives and the limitations of tailings as structural material for dams.

The planned location of the pellet plant will be in Emeril, near Ross Bay Junction, on the QNS&L railway line, which is the northern limit of the IOCC portion of the railway line to Schefferville. The slurry from the concentrator operation will be delivered by pipeline to the pellet plant site. For the purposes of the PFS, LabMag has based the design on a turnkey quotation for a 15 mtpy plant from a recognized industry supplier. The plant utilizes state of the art technology and standard industry unit operations and equipment. The plant design includes two processing lines capable of producing acid, fluxed or low silica pellets to meet the specifications of global markets. The pellet production will be shipped south, initially on a short rail section operated by TNT to Ross Bay Junction. From that point, the pellets will travel south via the QNS&L main railway haulage line to the junction with the Arnaud Railway north of Sept-Îles, where it will then be transported westerly to storage and ship loading facilities at Pointe-Noire, adjacent to the Wabush Mine shipping facilities.

Mineral Reserve Estimates and Met-Chem Pre-Feasibility Study

The PFS is based on a large-scale open pit operation utilizing shovels and trucks to move an average of 51.6 million tonnes of ore and 7.7 million tonnes of waste per year over a 25 year mine life. The scale of the mining operation will be similar to the largest operation in the region of IOCC, with the pit operation using similar equipment to the other three open pit operations in the area. Because metallurgical testing to date has been carried out primarily on Block A, the mine plan in the PFS starts production mining in Block A, where it is scheduled to continue for 25 years. As further metallurgical work defines the blending requirements of the deposits, it may become necessary to mine both blocks simultaneously.

For the conversion of the Mineral Resources to Mineral Reserves and the open pit optimization, LabMag used an 18% DTWR cutoff resulting in Proven and Probable Mineral Reserves of 3.5 billion tonnes at an average grade of 29.6% Fe, or more than 2.5 times the Mineral Reserves required to be mined in the PFS. The following tables summarize the Mineral Reserve estimates for Blocks A and B and show the detailed tonnage and grade schedule for the 25-year mining plan that forms the basis for the PFS financial analysis.

WGM believes the level of details in the pit design and equipment is adequate to support the PFS. It is probable that variations in the mineralization between Block A and Block B, as well as the variation in the recognized layers of the mineralization, will require more extensive blending than is currently allowed for in the study to ensure an optimum blend is maintained to the concentrator and the pellet plant. This may impact the ultimate pit design, as well as the equipment fleet requirements, to ensure the blending requirements can be met.

Mineral Reserve and Stripping Estimate – Block "A" based on 18% DTWR Cutoff

BLOCK A	PROVEN					PROBABLE					PROVEN+PROBABLE				
				Concentrate					Concentrate					Concentrate	
ORE TYPE	million tonnes	DTWR (%)	Crude Fe(%)	Fe(%)	SiO_2 (%)	million tonnes	DTWR (%)	Crude Fe(%)	Fe(%)	SiO_2 (%)	million tonnes	DTWR (%)	Crude Fe(%)	Fe(%)	SiO_2 (%)
LC	151	28.2	28.6	69.5	2.8	128	24.4	27.9	68.8	3.1	279	26.4	28.3	69.2	2.9
JUIF	168	25.9	30.5	69.7	2.6	57	25.8	29.6	69.7	2.4	224	25.8	30.3	69.7	2.6
GC	46	24.5	29.5	69.4	2.6	14	24.1	27.2	63.8	2.5	60	24.4	28.9	68.0	2.6
URC	106	29.4	34.3	69.8	2.6	32	26.8	33.9	69.4	2.4	137	28.8	34.2	69.7	2.6
PGC	316	31.6	30.4	69.3	3.3	78	24.5	29.2	69.6	3.1	394	30.2	30.2	69.3	3.3
LRC	92	26.2	28.5	69.9	2.2	34	25.7	28.7	69.9	1.9	126	26.1	28.6	69.9	2.1
LRGC	505	25.1	28.8	70.1	1.8	112	22.8	28.5	70.0	1.9	617	24.6	28.8	70.1	1.8
LRGC (BOT)						24	24.5	28.7	69.9	1.8	24	24.5	28.7	69.9	1.8
TOTAL RESERVES	1,383	27.4	29.8	69.7	2.5	479	24.4	28.9	69.3	2.5	1,862	26.6	29.6	69.6	2.5
WASTE															
OBBR	29														
MS	218														
Rock	223														
Inferred (DTWR>18%)	38														
TOTAL WASTE	507														
STRIPPING RATIO	0.27														

Mineral Reserve and Stripping Estimate – Block "B" based on 18% DTWR Cutoff

BLOCK B	PROVEN					PROBABLE					PROVEN+PROBABLE				
				Concentrate					Concentrate					Concentrate	
ORE TYPE	million tonnes	DTWR (%)	Crude Fe(%)	Fe(%)	SiO_2 (%)	million tonnes	DTWR (%)	Crude Fe(%)	Fe(%)	SiO_2 (%)	million tonnes	DTWR (%)	Crude Fe(%)	Fe(%)	SiO_2 (%)
LC	229	28.8	29.0	69.9	2.3						229	28.8	29.0	69.9	2.3
JUIF	386	26.4	30.1	70.5	1.7						386	26.4	30.1	70.5	1.7
GC	28	21.9	27.2	69.4	2.1						28	21.9	27.2	69.4	2.1
URC	150	26.4	34.9	70.3	1.9						150	26.4	34.9	70.3	1.9
PGC	164	34.8	32.3	70.2	2.2						164	34.8	32.3	70.2	2.2
LRC	76	25.7	28.8	70.6	1.5						76	25.7	28.8	70.6	1.5
LRGC	565	22.4	27.8	70.6	1.6	32	23.9	27.9	70.5	1.7	596	22.5	27.8	70.6	1.6
LRGC (BOT)						55	24.2	27.9	70.5	1.7	55	24.2	27.9	70.5	1.7
TOTAL RESERVES	1,597	26.1	29.7	70.4	1.8	86	24.1	27.9	70.5	1.7	1,683	26.0	29.6	70.4	1.8
WASTE															
OBBR	22														
MS	197														
Rock	243														
Inferred (DTWR>18%)	44														
TOTAL WASTE	507														
STRIPPING RATIO	0.30														

Year	ROM Million Tonnes	Concentrate Million Tonnes	% DTWR	Crude %Fe	Concentrate	
					%Fe	%SiO_2
1	46.23	14.20	30.7	31.1	69.7	2.7
2	47.64	14.20	29.8	30.6	69.6	2.7
3	46.90	14.20	30.3	30.2	69.6	2.8
4	48.17	14.20	29.5	30.2	69.7	2.7
5	48.57	14.20	29.2	30.1	69.7	2.7
6-8	145.41	42,60	29.3	30.0	69.7	2.4
9-11	156.85	42,60	27.2	29.6	69.4	2.8
12-14	157.88	42,60	27.0	29.7	69.5	2.7
15-17	162.41	42,60	26.2	29.4	69.4	2.7
18-20	163.04	42,60	26.1	29.4	69.5	2.4
21-25	266.94	71.00	26.6	30.0	69.1	2.8
Total/ Average	**1,290.03**	**355.00**	**27.5**	**29.8**	**69.5**	**2.7**

An integral part of the LabMag project is the transport of concentrate between the concentrator to the pellet plant at Emeril, near Ross Bay Junction. The routing will follow a railway line that was originally developed by the IOCC as a common carrier heavy haul line to transport direct shipping iron ore from Schefferville to the port at Sept-Îles. The slurry transport system is proposed as a single pipeline which will be primarily installed in a trench with some surface sections insulated as required to accommodate the freezing conditions encountered in this region. LabMag engaged recognized industry expertise in the design of the line, Pipeline Systems Incorporated ("**PSI**"), of Concord, California and addressed all of the obvious concerns with the application of this technology in this northern remote environment. WGM engaged outside industry expertise, BRASS Engineering International, LLC ("**BRASS**"), of San Ramon, California, to review this aspect of the PFS. In addition to the slurry pipeline, the project must make considerable investment in railway rolling stock necessary for transportation of materials and supplies to sustain the two separate remote parts of the operation. BRASS has identified some areas that require attention in the next project phases, however, the design was regarded as adequate to support the PFS and the associated capital and operating cost requirements for the project at this stage.

Financial Analysis

WGM independently prepared a financial model to examine the assumptions and conclusions in the PFS. The model is based on the capital and operating costs contained in the PFS and on projected construction and operating schedules supplied to WGM by LabMag over a 25 year mine life. WGM modified certain of the parameters based on its review of the project and professional opinions. WGM assessed the project on both an all equity and a 70:30 debt:equity basis and conducted a sensitivity analysis to determine the robustness of the LabMag project. The sensitivity analysis demonstrates that the project IRR is most sensitive to changes in pellet prices, however, it also shows that the impact of changes in operating and capital costs is almost identical. In general, the LabMag project is robust and the results are typical for large scale iron ore projects, reflecting the large capital costs inherent in these projects.

Although some of the details of WGM's cash flow analysis differ somewhat to LabMag's due to a slightly different approach to tax rates, our total pre-tax Net Cash Flow is very similar to LabMag's calculation and we endorse LabMag's numbers as accurately reflecting a pre-feasibility level of study. LabMag's critical numbers from the PFS are as follows:

- Proven and Probable Mineral Reserves of 3.5 billion tonnes;

- Annual Production of 15 mtpy of pellets;
- Total capital cost, including working capital, of US$2.75 billion;
- Pre-tax internal rate of return ("IRR") of 15.8% (before corporate taxes, mining taxes and 2% gross revenue royalty);
- Return on equity ("ROE") of 23.3% before tax *;
- Net present value ("NPV") of US$4 billion **;
- 5 year payback after the start of commercial production;
- 65 year mine life; and
- 810 direct jobs at the mine, concentrator and pellet plant.

Notes: * based on 70/30 debt/equity ratio
** based on a 5% discount rate

Conclusions and Recommendations

The LabMag project represents a major project that will add significantly to the Canadian iron ore production capacity, as well as to world capacity. At this PFS stage of the project development, the project demonstrates favourable economics and that a large scale long-termoperation can be sustained with current market trends and market prices. WGM provides the following interpretation and conclusions in brief point form and in no particular order of perceived importance:

- The LabMag project has a Mineral Reserve base that could sustain large scale production for more than double the 25 year period considered in the PFS, or potentially a larger scale operation if market conditions are right;

- WGM believes that the capital and operating costs considered in the PFS are of the right order for the project and the accuracy required for this level of study;

- WGM believes that the amount of drilling sampling and testwork, as well as site investigation work are adequate for this stage of the project, and development concepts under consideration are workable;

- Several of the development concepts are new to the region and will require more extensive study to ensure their successful application in the sub-arctic conditions of the project. These concepts include HPGR to replace SAG milling, long distance slurry transport by pipeline, and buried cable DC power transmission;

- Although the pipeline review uncovered some areas that require attention in the next project phases, the design was regarded as adequate to support the associated capital and operating cost requirements for the project at this stage of the PFS. BRASS made comparisons to other pipeline installations and has reinforced the reliability of the line as a method to transport slurry;

- Metallurgical testing of the entire Mineral Reserve base must be extended to define blending requirements and the mine plan, as well as a number of process parameters for the concentrator and pellet plant designs. The fine grinding necessary for liberation will require special attention to all aspects of material handling in the concentrator from the various solid-liquid separations necessary, as well as the sizing separations that are critical to the flowsheet operation, the weight yield and the grade of concentrate produced;

- The provincial pressures associated with the pellet plant location will burden the LabMag project with the costs and inefficiencies of a third and remote site that will reduce the competitive position of the operation both on the North American and World stage when more competitive market conditions return;

- WGM believes that the capital cost allowance for an EPCM approach to this scale of project in three separate locations in the current construction climate is underestimated.

- Currently, approximately 10% of the project direct costs are estimated in the PFS for EPCM, for the project, where the probable EPCM scope would include the two plants, port facilities, slurry pipeline and power transmission;

- The east coast of Canada with access to year-round port facilities for low ocean transport costs to a significant portion of the northern hemisphere market, as well as the availability of low cost hydro power, contributes to a low cost structure for the project;

- The PFS use of the current IOCC wage scale in developing project costs may underestimate the wages necessary to acquire a skilled fly-in/fly-out workforce planned for the mine and concentrator operations. Current and future labour shortages are a major concern of the mining industry, however, WGM recognizes that the current labour availability with higher unemployment rates in Eastern Canada (Québec, Newfoundland and Labrador) is considerably less stressed than the Canadian average:

- The tailings management requires more extensive study to reduce the operating costs and to provide stability of the dam during the mine operation. The distance of the selected site and the associated operating costs will burden the project during more competitive market conditions; and

- LabMag has not addressed the probable issue with the fine nature of the tailings and the need to ensure stability from wind and water erosion during the operating period. It is probable that ongoing reclamation will be necessary.

In advancing the project through the feasibility study, there are a number of areas where WGM is of the opinion that the development and operation can be enhanced or the risk reduced. The following recommendations are offered:

- More extensive metallurgical mapping of the deposit for the first 15 years of operation is required to allow mine planning to incorporate blending on the basis of grade, work index and liberation/weight yield characteristics of the various ore types recognized;

- Combining the current three areas of the operation to two operating sites will be essential to achieving the lowest cost structure both for construction and operation. The three sites will be a significant cost burden in tight market conditions that will inevitably return;

- Exhaustively study all possible tailings and pipeline options to ensure the operation is based on the lowest cost option; and

- WGM has encountered some difficulty in reconciling the after tax cash flow reported in the PFS and the results of the WGM study. It appears that LabMag may have used an overall tax rate that was lower than the tax rate used by WGM and that the COMFAR model does not completely reflect the complexity of the Canadian tax system. In addition, WGM has calculated

slightly lower NPVs and IRRs than LabMag has published in their press release. Without a direct comparison between the two sets of cash flows, it is difficult for WGM to resolve these differences.

Update

The information regarding the LabMag Project has been updated since the date of the LabMag WGM Technical Report, as set forth below. Further work done on the LabMag deposit following the WGM report includes the 2006 LabMag drill program. The program consisted of drilling 18 holes (totaling 1,614 metres) in and was primarily to further test the area between Blocks A and B, now called Block C, to check the continuity of the taconite formation. Some in-fill drilling on Blocks A and B was also completed to obtain hydro-geological information for future environmental studies. Block C infill drilling resulted in proving 695 million tonnes of Indicated Mineral Resources and 233 million tonnes of Inferred Mineral Resources. The total addition to Measured and Indicated Resources as a result of the 2006 LabMag drill program is 925 million tonnes. Based on the previously reported total Measured and Indicated Resources of 3,665 million tonnes, this represents a total increase of 25%.

Summary of Mineral Resource Estimate - for LabMag Blocks A,B, and C
(using a Davis Tube Weight Recovery ("DTWR") cut-off grade of 18%)

Block	Resource classification	Tonnage (Millions)	DTWR %	% Fe Head	% Fe Conc	% SiO2 Conc
A	Measured	2,088	26.52	29.6	69.62	2.51
	Indicated	56	24.14	28.54	69.9	1.74
	Measured + Indicated	**2,144**	**26.46**	**29.57**	**69.63**	**2.49**
	Inferred	529	25.49	29.56	69.29	2.12
B	Measured	1,680	25.66	29.5	70.34	1.83
	Indicated	71	23.41	27.7	70.49	1.66
	Measured + Indicated	**1,751**	**25.56**	**29.42**	**70.35**	**1.82**
	Inferred	390	25.61	29.23	70.34	1.76
C	Measured	-	-	-	-	-
	Indicated	695	25.16	29.16	70.15	1.92
	Measured + Indicated	**695**	**25.16**	**29.16**	**70.15**	**1.92**
	Inferred	233	26.5	28.94	69.84	1.94
	Measured	**3,768**	**26.13**	**29.55**	**69.94**	**2.2**
Total	**Indicated**	**822**	**24.94**	**28.99**	**70.17**	**1.89**
	Measured + Indicated	**4,590**	**25.92**	**29.45**	**69.98**	**2.15**
	Inferred	**1,151**	**25.73**	**29.32**	**69.76**	**1.96**

Exploration and Development

Drilling and Exploration Activities in 2013/2014

On February 11, 2013, the Corporation announced the resource estimation for its 80% owned Sheps Lake and 100% owned Perault Lake properties in Newfoundland and Labrador. Data collected from its 23-hole (1,920.1 meter) in Sheps Lake and 50-hole (3,890.8 meter) in Perault Lake, 2012 drilling program have resulted in NI 43-101 compliant mineral resource estimates, at a cut-off grade of 18% DTWR, of

3.58 billion tonnes of Indicated Mineral Resources and an additional 795 million tonnes of Inferred Mineral Resources.

On March 26, 2013, the Corporation announced the completed drilling results for Howells River North and Howells Lake properties. During this program 10 holes for a total of 1,114.5 m and 43 holes for a total of 6561.7 m were drilled in the 80% NML owned Howells River North (Naskapi LabMag Trust through LabMag Limited Partnership (LLP) owns the other 20%) and in the 100% NML owned Howells Lake properties respectively. These results confirm that the taconite formation occurring in this area is a stratigraphic continuation of the LabMag deposit in Labrador that connects to the KéMag deposit in Québec. In the KéMag East area, 24 holes for a total of 3,315 m were drilled.

On May 23, 2013, the Corporation announced a resource estimate for its 80% owned Howells River North and 100% owned Howells Lake properties in Newfoundland and Labrador. Data collected from its 2011 drilling campaign (101.0 m from 1 hole) and 2012 drilling campaign (1,114.5 m from 10 holes) in Howells River North and 2006 & 2011 drilling campaigns (252.0 m from 2 holes) and 2012 drilling campaign (6,561.7 m from 43 holes) in Howells Lake, demonstrate 7.63 billion tonnes of Indicated Mineral Resources and an additional 3.31 billion tonnes of Inferred Mineral Resources., at a cut-off grade of 18% DTWR.

The DSO Project commenced production in Q4 of 2012, made its first shipment of products in Q3 of 2013 and is expected to reach full capacity in 2015.

On February 24, 2014, the Corporation announced the results of the 2012 drill 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 Mineral Resource estimate compared to the most recent resource estimate announced in 2012. The gravity anomaly drilled is one of the 13 strong gravity anomalies outlined by the 2010 Airborne Magnetometer and Gravity survey and the follow up ground gravity survey. The preliminary drilling results of the Timmins Plant Site anomaly indicate the presence of leached and enriched DSO type of material in that area. Because of the on-going production, work prioritization and development of several deposits to feed the dry crushing and screening plant, no work was undertaken in 2013 to further evaluate the anomaly. This area is planned to be fully explored with additional drilling during the summer of 2014. In addition, all recommended gravity anomaly targets, will be test pitted and trenched initially by using backhoes in a systematic manner. If DSO type of material is encountered, the area will be trenched, mapped, sampled and the mineralized area will be delineated. In areas of deep overburden, test drilling will be carried out in a grid pattern to outline the leached and enriched zones. Detailed drilling will follow in potential areas outlined by initial exploration test pitting and trenching.

RISK FACTORS

Overview

The Corporation's business consists of the exploration and development of mineral properties and is subject to certain risks. The risks described below are not the only risks facing the Corporation and other risks now unknown to the Corporation may arise or risks now thought to be immaterial may become material. No guarantee is provided that other factors will not affect the Corporation in the future. Many of these risks are beyond the control of the Corporation.

An investment in the Common Shares involves a number of risks. In addition to the other information contained in this Annual Information Form, investors should give careful consideration to the following,

factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. If any of the following events described as risks or uncertainties actually occurs, the business, prospects, financial condition and operating results of the Corporation would likely suffer, possibly materially. In that event, the market price of the Common Shares could decline and investors could lose all or part of their investment. Additional risks and uncertainties presently unknown, or that are not believed to be material at this time, may also impair or have a material adverse effect on the Corporation's operations. In addition to the risks described elsewhere and the other information contained in this AIF, prospective investors should carefully consider each of and the cumulative effect of all of the following risk factors. References in the below Risk Factors to "we", "our" or "us" refer to the management of the Corporation.

Taconite Project Financing

Pursuant to the terms of the Taconite HOA, TSG has a period of 4 months after the conclusion of the Taconite Project Feasibility Study to exercise its option to participate in the Taconite Project. A positive investment decision could involve the development of either one or both of the LabMag and KéMag deposits. If TSG does not exercise such option, the Corporation will have to secure alternative financing to develop the Taconite Project. There is no assurance that such financing will be available on reasonable commercial terms, or at all. Furthermore, in the event that TSG does exercise such option, additional third party financing may still be required to bring the Taconite Project to production and there is no assurance that such financing will be available on reasonable commercial terms, or at all.

DSO Project Financing

Pursuant to the terms of the JVA, Tata Steel has exercised its option to participate in the DSO Project and 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.

Current Global Financial Conditions

In the event of a general economic downturn or a recession, there can be no assurance that the business, financial condition and results of operations of the Corporation would not be materially adversely affected.

Recent global financial conditions have been characterized by increased volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both the rapid decline in the value of sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may affect the ability of the Corporation to obtain equity or debt financing in the future on terms favorable to it. In addition, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If increased levels of volatility and market turmoil occur, the operations of the Corporation could be adversely impacted and the price of the securities of the Corporation may be adversely affected.

Nature of Mining, Mineral Exploration and Development Projects

Mining operations generally involve a high degree of risk. The Corporation's operations are subject to the hazards and risks normally encountered in the exploration, development and production of iron ore, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather

conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Iron Ore Prices

The Corporation's principal business is the exploration and future production of iron ore. The Corporation's future profitability is largely dependent on movements in the price of iron ore. Iron ore prices have historically been volatile and are primarily affected by the demand for and price of steel in addition to the supply/demand balance.

Given the historical volatility of iron ore prices and the particular effects of the current global financial crisis, there are no assurances that the iron ore price will remain at economically attractive levels. An increase in iron ore supply without a corresponding increase in iron ore demand would be expected to result in a decrease in the price of iron ore. A decline in iron ore prices would adversely impact the business of the Corporation.

Iron ore prices are also affected by numerous other factors beyond the Corporation's control, including the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand, political and economic conditions, production levels and costs and transportation costs in major iron ore producing regions. If as a result of a decline in iron ore prices, revenues from iron ore sales were to fall below cash operating costs, the feasibility of continuing development and operations would be evaluated and if warranted, could be discontinued.

No Revenues

To date, the Corporation has not recorded any revenues from operations nor has the Corporation commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that the Corporation will be profitable in the future. The Corporation's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production of the DSO Project, KéMag Project, the LabMag Project or other properties in which the Corporation has an

interest. The Corporation expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Corporation's properties will require the commitment of substantial resources to conduct time consuming development. There can be no assurance that the Corporation will generate any revenues or achieve profitability.

Liquidity Concerns and Future Financings

The Corporation will require significant capital and operating expenditures in connection with the development of the DSO Project, KéMag Project, the LabMag Project or other properties in which the Corporation has an interest. There can be no assurance that the Corporation will be successful in obtaining required financing as and when needed. Disruptions in the credit and financial markets have adversely affected financial institutions, inhibited lending and limited access to capital and credit for many companies. If future financing is not available to the Corporation when required, as a result of limited access to credit markets or otherwise, or is not available on acceptable terms, the Corporation may be unable to invest the capital for the Corporation's development and exploration programs, take advantage of business opportunities or respond to competitive pressures, any of which could cause the Corporation to postpone or slow down its development plans, forfeit rights in some or all of the Corporation's properties or reduce or terminate some or all of its activities.

Foreign Exchange

Iron ore is sold in U.S. dollars thus the Corporation is subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. To the extent that the Corporation generates revenues upon reaching the production stage on its properties, it will be subject to foreign exchange risks as revenues will be received in U.S. dollars while operating and capital costs will be incurred primarily in Canadian dollars. A continuing decline in the U.S. dollar would result in a decrease in the real value of the Corporation's revenues and adversely impact the Corporation's financial performance.

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Corporation's control. Such estimates are a subjective process, and the accuracy of any mineral resources and mineral reserves estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of recovery of iron ore from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices, market conditions and actual events could have a material adverse effect on the Corporation's mineral reserve estimates, financial position and results of operations.

Licenses and Permits, Laws and Regulations

The Corporation's exploration and development activities, including mine, mill, road, rail and port facilities, require permits and approvals from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Corporation may be required to compensate those suffering loss or damage by reason of its activities. The Corporation may be required to obtain additional licenses and permits from various governmental authorities to continue and expand its exploration and development activities.

There can be no guarantee that the Corporation will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

Environmental

The Corporation's activities are subject to extensive federal, provincial and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are more stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Furthermore, any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Corporation, including the suspension or cessation of operations.

Title to Property

The Corporation does not own the LabMag Property, Howells River North Property, Sheps Lake Property or the DSO Property, and only has an interest in the LabMag Property, Howells River North Property and Sheps Lake Property through its interest in the Partnership, and only has an interest in the DSO Property through its interest in TSMC. If the Partnership or TSMC fails to meet payments or work commitments on the LabMag Property, Howells River North Property, Sheps Lake Property or the DSO Property, the Corporation may lose its indirect interest in the LabMag Property and/or the DSO Property and forfeit any funds expended to such time. As well, if the Corporation fails to meet payments or work commitments on the KéMag Property, the Howells Lake Property, the Perault Property and the Lac Ritchie Property, the Corporation may also lose its direct interest in the KéMag Property, the Howells Lake Property, the Perault Property and the Lac Ritchie Property and forfeit any funds expended to such time.

No assurances can be given that title defects to the LabMag Property, the KéMag Property, the DSO Property, the Howells Properties, the Sheps and Perault Property and the Lac Ritchie Property or any of its other properties do not exist. The LabMag Property, the KéMag Property, the DSO Property, the Howells Properties, the Sheps and Perault Property and the Lac Ritchie Property or any of its other properties may be subject to prior unregistered agreements, interests or native land claims and title may be affected by undetected defects. If title defects do exist, it is possible that the Corporation may lose all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates.

Title to mineral interests in some jurisdictions, is often not susceptible of determination without incurring substantial expense. In accordance with industry practice, the Corporation may conduct such title reviews in connection with its properties as it believes are commensurate with the value of such properties.

There is no guarantee that title to the LabMag Property, the KéMag Property, the DSO Property, the Howells Properties, the Sheps and Perault Property and the Lac Ritchie Property or any of its other properties will not be challenged or impugned. While, to the best of the Corporation's knowledge, title to the LabMag Property, the KéMag Property, the DSO Property, the Howells Properties, the Sheps and Perault Property and the Lac Ritchie Property or any of its other properties is in good standing, this should not be construed as a guarantee of title. Also, in Canada, claims have been made and new claims are being made by aboriginal peoples that call into question the rights of holders to conduct exploration, development or mining activities on their lands.

Uninsured Risks

The Corporation maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Corporation's common shares.

Key-Man and Liability Insurance

The success of the Corporation will be largely dependent upon the performance of its key officers. The Corporation has not, as yet, purchased any "key-man" insurance with respect to any of its directors, officers, key employees and has no current plans to do so.

Although the Corporation may obtain liability insurance in an amount which management considers adequate, the nature of the risks for mining companies is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Corporation might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Corporation could incur significant costs that could have a material adverse effect upon its financial condition.

Competition

The Corporation competes with many other mining companies that have substantially greater resources. Such competition may result in the Corporation being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund the Corporation's operations and develop its properties. The Corporation's inability to compete with other mining companies for these resources would have a material adverse effect on the Corporation's results of operations and business.

Dependence on Outside Parties

The Corporation has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Corporation.

Ability to Attract and Retain Qualified Personnel

Recruiting and retaining qualified personnel is critical to the Corporation's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Corporation's business activity grows, they will require additional key financial, administrative and mining personnel as well as additional operations staff. If the Corporation is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Reduced Global Demand for Steel or Interruptions in Steel Production

The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in iron ore demand. A decrease in economic growth rates could lead to a reduction in demand for iron ore. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for iron ore.

Reliance on Third Parties for Rail Transportation

The Corporation expects that the DSO iron ore products from the DSO Project will be transported in railcars, under contract with four carriers. As at the date of this AIF, TSMC has entered into a formal agreement with three of the carriers for the provision of such services although negotiations are ongoing. To the extent that TSMC cannot achieve rail transportation agreements for reasonable tariffs with such parties (either through negotiation or by order of the applicable regulatory authorities), the production and financial performance of the DSO Project could be adversely impacted.

Reliance on Third Parties for Storage and Shipping

The Corporation expects that the DSO iron ore products from the DSO Project will be temporarily stored and shipped from an existing port in Sept-Îles, Québec. As at the date of this AIF, TSMC has not entered into formal agreements with other shippers to obtain port access for either storage or shipping, although negotiations are ongoing. To the extent that TSMC cannot achieve storage and shipping agreements for reasonable prices and terms with such parties, the production and financial performance of the DSO Project could be adversely impacted.

Availability of Reasonably Priced Raw Materials and Mining Equipment

The Corporation will require a variety of raw materials in its business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Corporation's production and financial performance could be adversely impacted.

Uncertainty of Exploration and Development Projects

The future development of the DSO Project will require the construction and operation of a mine, processing plants and related infrastructure. As a result, the Corporation is subject to all of the risks associated with establishing mining operations including:

- the timing and cost, which will be considerable, of the construction of mining and processing facilities;
- the availability and costs of skilled labour, power, water, transportation and mining equipment;
- costs of operating a mine in a specific environment;
- the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits;
- adequate access to the site; and
- unforeseen events.

The costs, timing and complexities of mine construction and development are increased by the remote location of the DSO Project. It is not unusual in a new mining operation to experience unexpected problems and delays during the construction and development of the mine. In addition, delays in the commencement or expansion of mineral production often occur and, once commenced or expanded, the production of a mine may not meet expectations or estimates set forth in the feasibility study. Accordingly, there are no assurances that TSMC will successfully develop mining activities at its DSO Property.

Share Price Fluctuations

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance or the underlying asset values of prospects of such companies. There can be no assurance that fluctuations in the Corporation's share price will not occur.

During the year ended December 31, 2013, the Corporation's share price closed at a high of $1.63 during January 2013 and a low of $0.60 during December 2013.

Tax Considerations

The Canadian federal and provincial tax treatment of natural resource activities has a material effect on the advisability of investing in mining companies. The return on an investment in Common Shares will be subject to applicable tax laws. There can be no assurance that applicable tax laws will not be amended so as to fundamentally alter the tax consequences of holding or disposing of the Common Shares.

Dilution and Future Sales of Common Shares

The Corporation may issue additional shares in the future, which may dilute a shareholder's holdings in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Common Shares and an unlimited number of Preferred Shares issuable in series and shareholders will have no pre-emptive rights in connection with further issuances. The directors of the Corporation have the discretion to determine the provisions attaching to any series of Preferred Shares and the price and terms of further issuances of Common Shares.

Significant Shareholder

To the best of the Corporation's knowledge, as of the date hereof, TSG beneficially owns, controls and directs, directly or indirectly, 47,402,908 Common Shares representing approximately 26.3% of the issued and outstanding Common Shares. Pursuant to the HOA, the Corporation has granted TSG a pre-emptive right to maintain its pro rata ownership interest in the Corporation (the "Pre-Emptive Right"), subject to certain limited exceptions.

Failure to Meet Production Targets and Cost Estimates

The development of the DSO Project is premised on future production and capital cost estimates. If commercial production commences, actual production and costs may vary from the estimates for a variety of reasons such as estimates of grade, recovery, tonnage, dilution and metallurgical and other characteristics of the iron ore varying in the actual ore mined, revisions to mine plans, risks and hazards associated with mining, adverse weather conditions, unexpected labour shortages or strikes, equipment failures and other interruptions in production capabilities. If commercial production begins, production costs may also be affected by increased stripping costs, increases in level of ore impurities, labour costs,

raw material costs, inflation and fluctuations in currency exchange rates. Failure to achieve production targets or cost estimates could have a material adverse impact on the Corporation's net income, cash flow and overall financial performance.

Aboriginal Land Claims and Consultation Issues

The LabMag Property, the KéMag Property, the DSO Property and the Corporation's other properties, together with adjacent areas, may be the subject of land claims by aboriginal groups. Management of the Corporation is not aware of a precedent for land claim agreements affecting previously granted licenses or other rights, however, there is no assurance that they will not. In that event, however, it is reasonable to anticipate that compensation from governmental authorities would be adequate to compensate the Corporation for the loss.

While formal IBAs have been entered into with all four First Nations affected by the DSO Project, no formal IBAs have been entered into with respect to any of the Corporation's other properties or projects and there is no assurance that such IBAs will ever be completed.

Factors Beyond Corporation's Control

The exploration and development of mineral properties and the marketability of any minerals contained in such properties will be affected by numerous factors beyond the control of the Corporation. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and processing facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

Dividends

The future payment of dividends on the common shares of the Corporation will be dependent upon the financial requirements of the Corporation to finance future growth, the financial condition and other factors which the Board of Directors may consider appropriate in the circumstances. The Corporation has not paid any dividends since its incorporation and it is not anticipated that dividends will be paid in the immediate or foreseeable future.

Conflicts of Interest

There are potential conflicts of interest which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation may be, or may become, engaged in the mineral exploration or mining industry, and situations may arise where directors, officers and promoters will be in direct conflict with the Corporation. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under, the ABCA, and the applicable statutes of the jurisdictions of incorporation of the Corporation's subsidiaries.

DIVIDENDS AND DISTRIBUTIONS

No dividends or distributions have been declared in the three most recently completed financial years of the Corporation. Any decision to pay dividends or distributions on the Common Shares will be made by the Board of Directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at the relevant time.

CAPITAL STRUCTURE

General Description of Share Capital

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares (the "Preferred Shares") issuable in series. As at December 31, 2013, 180,009,146 Common Shares were issued and outstanding as fully paid and non-assessable shares and no Preferred Shares were issued and outstanding. As at March 24, 2014, 180,009,146 Common Shares were issued and outstanding as fully paid and non-assessable shares and no Preferred Shares were issued and outstanding.

Common Shares

The holders of the Common Shares are entitled to receive notice of and attend any meeting of the Corporation's shareholders and are entitled to one vote for each Common Share held (except at meetings where only the holders of another class of shares are entitled to vote). Subject to the rights attaching to any other class of shares, the holders of the Common Shares are entitled to receive dividends, if, as and when declared by the Board of Directors of the Corporation and are entitled to receive the remaining property upon liquidation of the Corporation.

Preferred Shares

The Corporation is authorized to issue an unlimited number of Preferred Shares. The Preferred Shares may be issued from time to time in one or more series, each series consisting of a number of Preferred Shares as determined by the Board of Directors of the Corporation, who may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares. As at the date hereof, there are no Preferred Shares issued and outstanding. The Preferred Shares of each series shall, with respect to dividends, liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the Preferred Shares. The Preferred Shares of any series may also be given such other preferences and priorities over the Common Shares and any other shares of the Corporation ranking junior to such series of Preferred Shares.

MARKET FOR SECURITIES

The Common Shares of the Corporation are listed and posted for trading on the TSX under the stock market symbol "NML" and on the OTCQX under the market symbol "NWLNF".

Trading History

The following table sets forth the price range in Canadian dollars of Common Shares and volume traded on the TSX for the periods indicated.

Period	High ($)	Low ($)	Volume
2013			
January 2013	1.63	1.12	8,220,258
February 2013	1.26	1.06	5,327,882
March 2013	1.17	1.00	2,582,789
April 2013	1.03	0.77	2,815,710
May 2013	0.94	0.76	1,923,759

Period	High ($)	Low ($)	Volume
June 2013	0.84	0.65	1,991,257
July 2013	0.74	0.61	1,448,730
August 2013	0.92	0.60	2,388,039
September 2013	0.85	0.62	1,920,681
October 2013	0.75	0.67	1,291,705
November 2013	0.84	0.64	1,962,480
December 2013	0.70	0.60	1,926,900
2014			
January 2014	0.67	0.56	2,527,153
February 2014	0.62	0.47	2,299,146
March 1- 21	0.56	0.40	1,506,630

Prior Sales

The following table summarizes the issuances of unlisted securities for the year ended December 31, 2013.

Date of Issuance	Securities	Number of Securities[(1)]	Price/Exercise Price per Security (C$)
January 8, 2013	Stock Options	52,000	$1.62
February 5, 2013	Stock Options	350,000	$1.17
April 24, 2013	Stock Options	3,012,000	$0.89

Note:
(1) Issue of stock options. Stock options expire five years from the date of issue.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The following table sets forth the names and municipalities of residence of the current directors and executive officers of the Corporation, their respective positions and offices with the Corporation and date first appointed or elected as a director and/or executive officer and their principal occupation(s) within the past five (5) years.

Name and Municipality of Residence	Position(s) Held with the Corporation and Period of Service as a Director	Principal Occupation
Lee C.G. Nichols[(1)(3)] Sherwood Park, Alberta	Non-Executive Chairman and a Director since August 8, 2003	Professional engineer, consulting engineer and majority owner of Terracon Geotechnique Ltd. from 1983 to present.
Robert Patzelt, Q.C. Halifax, Nova Scotia	President and Chief Executive Officer and a Director since January 13, 2014	President and Chief executive Officer of the Corporation. Prior thereto, Senior Vice-President, Corporate Development of Scotia Investments Limited from 1988 to January 2014.

Name and Municipality of Residence	Position(s) Held with the Corporation and Period of Service as a Director	Principal Occupation
Dean Journeaux[3] Rockland, Ontario	Executive Vice-Chairman since January 13, 2014 and a Director since August 8, 2003	President and Chief Executive Officer of the Corporation from July 1, 2011 to January 13, 2014, Chief Operating Officer of the Corporation from August 8, 2003 to July 1, 2011. Principal and owner of Journeaux International from 2002 to present.
John Schindler[1][2][3] Calgary, Alberta	Director since August 8, 2003	Consulting Geologist and President of Schindler Exploration Consultants Ltd. from 1981 to present.
Roy Hudson[2] Calgary, Alberta	Corporate Secretary and a Director since September 4, 2004	Lawyer with the national law firm, Davis LLP, since September 2004.
Pierre Seccareccia[1][2] Montreal, Québec	Director since November 13, 2007	Fellow of the Ordre des comptables professionnels agréés du Québec with over 35 years' experience in various areas of financial consulting and management. Until 2002, he was the Managing Partner of the Montreal office of PricewaterhouseCoopers.
General Rick Hiller Ottawa, Ontario	Director since December 6, 2011	Businessman and consultant since July 1, 2008. Former Chief of the Defense Staff of the Canadian Forces from February 4, 2005 until his retirement on July 1, 2008 with over 30 years' experience with the Canadian Forces.
Koushik Chatterjee Mumbai, India	Director since December 3, 2013	Currently Group Executive Director – Finance and Corporate of Tata Steel Limited. Has held various positions within Tata Steel Limited since 1995.
Sandip Biswas Mumbai, India	Director since October 27, 2011	Currently Group Director of Corporate Finance and M&A of Tata Steel Limited. Has held various positions within Tata Steel Limited since 2005.
Dibyendu Bose Kolkata, India	Director since December 6, 2013	Currently Group Director (Investments & New Ventures) of Tata Steel Limited. Has held various positions within Tata Steel Limited since 1986.
Mark Freedman Montreal, Québec	Chief Financial Officer	Partner with the Montreal based accounting firm of Roll Harris & Associés since 2001 and a member of the Ordre des comptables professionnels agréés du Québec.
Moulaye Melainine Montreal, Québec	Senior Vice-President, Development	Senior Vice-President, Development, since April 23, 2010. Prior thereto, Mr. Melainine was Vice-President, Development of the Corporation since April 2008; prior thereto, Manager of Project Evaluation of the Corporation from November 2005 to April 2008. Prior thereto, Mr. Melainine was the Regional Vice-President for Middle East of Tecsult International Inc. from May 2000 to October 2005.

Name and Municipality of Residence	Position(s) Held with the Corporation and Period of Service as a Director	Principal Occupation
Bish Chanda Montreal, Québec	Senior Vice-President, Marketing & Strategy	Senior Vice-President, Marketing & Strategy since October 2008. Prior thereto, Vice-President, Marketing of the Corporation since April 2008. Prior thereto, Mr. Chanda was the Marketing Director of the Corporation from 2004 to April 2008.
Paul F. Wilkinson Montreal, Québec	Senior Vice-President, Environment and Social Affairs	Senior Vice-President, Environment and Social Affairs, since April 23, 2010. Prior thereto, Mr. Wilkinson was Coordinator, Environment and Social Affairs, of the Corporation since 2004. Mr. Wilkinson has also been President of Paul F. Wilkinson and Associates, Inc. since 1982.
Ernest Dempsey Montreal, Québec	Vice-President, Investor Relations and Corporate Affairs	Vice-President, Investor Relations and Corporate Affairs since 2011. Prior thereto, Mr. Dempsey served in executive sales and marketing roles for Mitsubishi Development Pty. Ltd. in Perth, Western Australia, Rio Tinto's iron ore businesses in Europe, and Iron Ore Company of Canada. Earlier in his career, Mr. Dempsey was with US-based miners Cleveland Cliffs Inc. (now Cliffs Natural Resources Inc.) and Pickands Mather & Co., where he was involved with their Canadian and Australian iron ore joint venture activities.
Rock Gagnon	Vice-President, Process and Plant Engineering	Vice-President, Process and Plant Engineering of the Corporation since October 2012. Prior thereto, Mineral Processing Consultant from 2005 to 2012.

Notes:
(1) Member of the Audit Committee.
(2) Member of the Corporate Governance and Compensation Committee
(3) Member of the Environment, Health and Safety Committee

To the knowledge of the Corporation, as at March 24**,** 2014, the directors and executive officers of the Corporation, as a group, beneficially owned, directly or indirectly or exercised control or direction over, 8,200,019 Common Shares or approximately 4.56% of the issued and outstanding Common Shares of the Corporation (this includes, 1,360,038 Common Shares held by Mr. Journeaux, 1,200,000 Common Shares held by 6333621 Canada Inc. which is 100% owned by Mr. Journeaux, 135,000 Common Shares held by 1301738 Ontario Inc. which is 100% owned by Mr. Journeaux and 1,170,000 Common Shares held by 6309801 Canada Inc. Mr. Chanda exercises control or direction over the shares of 6309801 Canada Inc. The common shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the date of this AIF is based upon information furnished to the Corporation by the above individuals and/or management.

The directors listed above will hold office until the next annual meeting of the Corporation or until their successors are elected or appointed.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Corporation is, or within ten years prior to the date of this AIF, has been a director, a chief executive officer or a chief financial officer of any company (including the Corporation), that:

> (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "Order"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
>
> (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially control of the Corporation, is, or within ten years prior to the date of this AIF, has been a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director or executive officer or a shareholder holding a sufficient number of securities of the Corporation to affect materially control of the Corporation, has, within the past ten years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially control of the Corporation, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain directors and officers of the Corporation and its subsidiaries are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. In accordance with corporate laws, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation. Some of the directors of the Corporation have either other employment or other business or time restrictions placed on them and accordingly, these directors of the Corporation will only be able to devote part of their time to the affairs of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or

agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

AUDIT COMMITTEE

Audit Committee Charter

The Corporation's Audit Committee Terms of Reference is attached hereto as Schedule "A".

Audit Committee Composition

As at the date hereof, the Audit Committee is comprised of the following members:

Pierre Seccareccia[2]	Independent[1]	Financially literate[1]
Lee Nichols	Independent[1]	Financially literate[1]
John Schindler	Independent[1]	Financially literate[1]

Notes:

(1) As defined by National Instrument 52-110 ("**NI 52-110**").
(2) Chairman of the Audit Committee.

Relevant Education and Experience

Pierre Seccareccia, F.C.P.A, F.C.A.

Mr. Seccareccia is Chair of the Audit Committee. Mr. Seccareccia, Fellow of the Ordre des comptables professionnels agréés du Québec has over 35 years' experience in various areas of financial consulting and management. Until 2002, he was the Managing Partner of the Montreal office of PricewaterhouseCoopers. He is a director of numerous companies, including GLV Inc. (TSX: LVG.A and LVG.B), Boralex Inc. (TSX: BLX-T), WSP Global Inc. (formerly Genivar Inc.) (TSX : WSP), Fondation de la Famille Lemaire and Ivanhoe Cambridge Inc.

In addition, Mr. Seccareccia is Chairman of the Board of la Maison du Père and Chairman of the Board of la Fondation de la Maison du Père.

John Schindler

John Schindler holds geology degrees from McGill University (1960), University of London, England (1963, Mining Geology) and McMaster University (1975). He has over 40 years of domestic and international experience in the exploration and development of metallic and industrial minerals including, project design and management, and royalty and resource evaluations. Previously he served as President and director of Contwoyto Goldfields Limited, a publicly traded, junior mineral exploration company.

Lee Nichols

Mr. Nichols holds a Bachelor of Science (Geological Engineering) degree from Queen's University, Kingston, Ontario and a Master of Science in Geology and Civil Engineering from Syracuse University, New York. Mr. Nichols has over 45 years experience in geotechnical engineering, mine and tailings facilities development and design, groundwater and mine dewatering studies, water quality studies, environmental studies, surface hydrology, ore reserve estimates and international experience. He is currently President of Terracon Geotechique Ltd., a geotechnical consulting firm and a director of Poplar Creek Resources Inc. (TSX-V:PCK).

Audit Committee Oversight

At no time since the commencement of the Corporation's financial year ended December 31, 2013, was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's financial year ended December 31, 2013, has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (securities regulatory authority exemption).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services other than the general requirements under the heading "External Auditors" of the Audit Committee Terms of Reference which states that the Audit Committee must pre-approve any non-audit services to the Corporation and the fees for those services.

External Auditor Service Fees

The aggregate fees billed by the Corporation's external auditors in each of the two fiscal years noted below for audit and other fees are as follows:

Financial Year Ending	Audit Fees[(1)]	Audit Related Fees[(2)]	Tax Fees[(3)]	All Other Fees[(4)]
2012	$103,355	$74,124	$11,422	Nil
2013	$93,150	$31,060	$19,803	Nil

(1) These fees include professional services provided by the external auditors for audits of the annual financial statements and related regulatory filings.
(2) These fees relate to the review of interim financial statements, related regulatory filings and due diligence.
(3) These fees include professional services for tax compliance and tax advice.
(4) These fees include any other permitted services not included in any of the above-stated categories.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the best of the Corporation's knowledge, there were no legal proceedings during the year ended December 31, 2013, to which the Corporation is a party, or of which any of its property is the subject matter, and there are no such proceedings known to the Corporation to be contemplated.

There are no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during legal proceedings material to the Corporation to which the Corporation is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Corporation to be contemplated during the financial year ended December 31, 2013.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth herein, or as previously disclosed on SEDAR, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any

director or executive officer or any shareholder holding more than 10% of the Common Shares or any associate or affiliate of any of the foregoing in any transaction within the three most recently completed financial years or during the current financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

TRANSFER AGENTS AND REGISTRARS

The Corporation's transfer agent and registrar is Valiant Trust Company at its Calgary office located at 310, 606 - 4th Street S.W., Calgary, Alberta, T2P 1T1.

MATERIAL CONTRACTS

Other than contracts which were entered into in the ordinary course of business, the only material contracts entered into which can reasonably be regarded as presently material are:

1. Limited Partnership Agreement dated August 4, 2004 among LabMag GP Inc., as general partner and the Corporation and Naskapi LabMag Trust, as limited partners, relating to the Partnership, which owns the LabMag Property.

2. Royalty Agreement dated August 11, 2004 as amended dated October 23, 2006 among the Corporation, the Partnership and each of the royalty holders, namely, 6299661 Canada Inc., 6333621 Canada Inc. (a company controlled by Mr. Journeaux), 6309801 Canada Inc. (a company controlled by Mr. Chanda), 6308180 Canada Inc., 662172 Alberta Corp. and NNK, as supplemented by an addendum to the Royalty Agreement dated January 1, 2009, and as further amended by Amendment No. 2 to the Royalty Agreement dated September 25, 2009. Pursuant to the Royalty Agreement, each of the royalty holders have the right to receive royalties of 0.333% of the gross revenue from the sale of iron ore products processed by the LabMag Project, up to and including the iron oxide pellet stage. The Corporation has a right of first refusal to purchase the royalty interests.

3. Services Agreement dated August 11, 2004 among the LabMag Services Inc. and the Partnership relating to operational and management services to the Partnership. LabMag Services Inc. provides operational and management services to the Partnership, including preparing programs for the exploration and development of the LabMag Property, construction of any mine developed on the LabMag Property, management of the operation of the mine and of the marketing, sale and distribution of ores, concentrates and other materials and products derived from the LabMag Property. As compensation for such services, the Partnership reimburses certain expenses (the "**Expenses**") to LabMag Services Inc., including all reasonable amounts paid by LabMag Services Inc. to third parties and to directors, officers, consultants and employees for services performed and for providing the services. In addition, the Partnership is required to pay LabMag Services Inc. fees equal to the aggregate of 5% of all Expenses incurred in programs prior to and including the completion of a pre-feasibility Study, and 4% of all Expenses incurred in programs after completion of the pre-feasibility Study, until but not including, construction of the mine, if any, on the LabMag Property. LabMag Services Inc. is entitled to additional fees in accordance with industry standards for providing additional services commencing with construction of the mine. The amount of these additional fees, together with the terms and conditions of payment, will be determined as soon as reasonably practicable and in any event, prior to completion of the feasibility study for the development, construction and operation of the mine.

4. JVA dated November 6, 2009 among the Corporation, the Partnership and TSG regarding the terms and conditions governing their relationship and to record their respective rights and

obligations in relation to the management and functioning of TSMC, the material terms of which are described in "General Development of the Business" and "Description of the Business".

5. Taconite HOA dated March 6, 2011 among the Corporation, the Partnership and TSG relating to the development of the Taconite Project, the material terms of which are described in "General Development of the Business" and "Description of the Business".

INTERESTS OF EXPERTS

Names of Experts

Dean Journeaux, Bish Chanda, Jean-Charles Bourassa, Moulaye Melainine, Rock Gagnon, Laurent Piette of NML, André Boilard of Met-Chem and Robert de l'Étoile of SGS Canada, each a "qualified person", as defined in NI 43-101, are the authors responsible for the preparation of the DSO Technical Report.

Andre Boilard, Daniel Gagnon, Alain Dorval, Mary-Jean Buchanan of Met-Chem, Robert de l'Étoile of SGS Canada and Denis Blouin of Genivar Société en Commandite, each a "qualified person", as defined in NI 43-101, are the authors responsible for the preparation of the DSO Met-Chem Technical Report.

Andre Allaire, Langis Charron, John Dinsdale of BBA, and Robert de l'Etoile of SGS Canada, each a "qualified person", as defined in NI 43-101, are the authors responsible for the preparation of the KéMag BBA Technical Report.

Michael W. Kociumbas, G. Ross MacFarlane, Gordon D. Watts, and Rick W. Risto of WGM, and Brad Ricks of BRASS, each a "qualified person", as defined in NI 43-101, are the authors responsible for the preparation of the LabMag WGM Technical Report.

Michel Dagbert and Robert de l'Étoile of SGS Canada, each a "qualified person", as defined in NI 43-101, are the authors responsible for the preparation of the Lac Ritchie Technical Report.

Maxime Dupéré of SGS Canada, a "qualified person", as defined in NI 43-101, is the author responsible for the preparation of the Sheps and Perault Technical Report and the Howells Lake and Howells River North Technical Report.

Interests of Experts

The Corporation's auditor is Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, who have audited the Corporation's Consolidated Financial Statements for the financial year ended December 31, 2013. As at the date of hereof, the partners and associates of Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, are independent within the applicable rules of professional conduct.

Mr. Dean Journeaux, a qualified person named or referred above under "Name of Experts", is the Executive Vice-Chairman and a director of the Corporation.

Mr. Bish Chanda, a qualified person named or referred above under "Name of Experts", is the Senior Vice-President, Marketing & Strategy of the Corporation.

Mr. Rock Gagnon, a qualified person named or referred above under "Name of Experts", is the Vice-President, Process & Plant Engineer of the Corporation.

Mr. Moulaye Melainine, a qualified person named or referred above under “Name of Experts”, is the Senior Vice-President, Development of the Corporation.

To the best knowledge of the Corporation, the qualified persons named under “Names of Experts” beneficially own, directly or indirectly, less than 1% of any class of the Corporation’s outstanding securities except for Mr. Dean Journeaux who beneficially owns, directly or indirectly, 2,695,038 Common Shares or approximately 1.5% of the issued and outstanding Common Shares of the Corporation.

ADDITIONAL INFORMATION

Additional information, including directors' and executive officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Corporation's Management Information Circular and Proxy Statement for its most recent annual meeting of shareholders. Additional financial information is provided in the Corporation's consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2013. Copies of the foregoing documents and any document, incorporated by reference in this AIF may be obtained by accessing SEDAR, the electronic system recording Canadian public securities filings, at www.sedar.com.

SCHEDULE "A"
AUDIT COMMITTEE TERMS OF REFERENCE

1. Role and Objective

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of New Millennium Iron Corp. (the "**Corporation**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited financial reports and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to the Corporation and its subsidiaries, are as follows:

- To assist Directors to meet their responsibilities in respect of the preparation and disclosure of the financial reports of the Corporation and related matters;
- Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board;
- To ensure the external auditors' independence and review and appraise their performance;
- To increase the credibility and objectivity of financial reports; and
- To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

2. Composition

The Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of which members will be independent (within the meaning of National Instrument 52-110 *Audit Committees*) unless the Board determines to rely on an exemption in NI 52-110. "Independent" generally means free from any business or other direct or indirect material relationship with the Corporation that could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.

A quorum shall be a majority of the members of the Committee.

All of the members must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

3. Meetings

The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

Agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board, the Chief Financial Officer or such other officer acting in that capacity, and the external auditor.

The Chief Executive Officer and the Chief Financial Officer or their designates shall be available to attend at all meetings of the Committee upon the invitation of the Committee.

The Controller, Treasurer and/or such other staff as appropriate to provide information to the Committee shall attend meetings upon invitation by the Committee.

4. Mandate and Responsibilities

To fulfill its responsibilities and duties, the Committee shall:

1) undertake annually a review of this mandate and make recommendations to the Corporate Governance and Compensation Committee as to proposed changes;

2) satisfy itself on behalf of the Board with respect to the Corporation's internal control systems, including, where applicable, relating to derivative instruments:

   (a) identifying, monitoring and mitigating business risks; and

   (b) ensuring compliance with legal and regulatory requirements;

3) review the Corporation's financial reports, management discussion and analysis ("**MD&A**"), any annual earnings, interim earnings and press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial reports), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors; the process should include but not be limited to:

   (a) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial reports;

   (b) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;

   (c) reviewing accounting treatment of unusual or non-recurring transactions;

   (d) ascertaining compliance with covenants under loan agreements;

   (e) reviewing financial reporting relating to asset retirement obligations;

   (f) reviewing disclosure requirements for commitments and contingencies;

   (g) reviewing adjustments raised by the external auditors, whether or not included in the financial reports;

(h) reviewing unresolved differences between management and the external auditors;

(i) obtain explanations of significant variances with comparative reporting periods; and

(j) determine through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed;

4) review the financial reports and related information included in prospectuses, MD&A, information circular-proxy statements and annual information forms, prior to Board approval;

5) with respect to the appointment of external auditors by the Board:

(a) require the external auditors to report directly to the Committee;

(b) review annually the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Corporation;

(c) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation and confirming their independence from the Corporation;

(d) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;

(e) be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;

(f) review management's recommendation for the appointment of external auditors and recommend to the Board appointment of external auditors and the compensation of the external auditors;

(g) review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;

(h) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;

(i) take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors; and

(j) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles,

internal controls and the completeness and accuracy of the Corporation's financial reports;

6) review all public disclosure containing audited or unaudited financial information before release;

7) review financial reporting relating to risk exposure;

8) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information from the Corporation's financial reports and periodically assess the adequacy of those procedures;

9) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;

10) review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial reports of the Corporation and its subsidiaries;

11) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors and consider the impact on the independence of the auditors; The pre-approval requirement is waived with respect to the provision of non-audit services if:

(a) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent (5%) of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;

(b) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and

(c) such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee;

provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee;

12) review any other matters that the Audit Committee feels are important to its mandate or that the Board chooses to delegate to it; and

13) with respect to the financial reporting process:

(a) in consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external;

(b) consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;

(c) consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management;

(d) review significant judgments made by management in the preparation of the financial reports and the view of the external auditors as to appropriateness of such judgments;

(e) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

(f) review any significant disagreement among management and the external auditors regarding financial reporting;

(g) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;

(h) review the certification process;

(i) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(j) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

5. Authority

Following each meeting, in addition to a verbal report, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is held (these may still be in draft form).

Supporting schedules and information reviewed by the Committee shall be available for examination by any director.

The Committee shall have the authority to investigate any financial activity of the Corporation and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.

The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Corporation.