

New Millennium Iron Corp.
Unaudited Condensed Interim Consolidated Financial
Statements
June 30, 2017

Financial Statements

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New Millennium Iron Corp.
Condensed Interim Consolidated Statement of Financial Position

(Unaudited)
(Expressed in Canadian Dollars)

	June 30, 2017	December 31, 2016
	\$	\$
ASSETS		
Current assets		
Cash	4,296,031	2,219,293
Investments (Note 6)	7,695,105	11,865,725
Sales taxes, other receivables and prepaid expenses (Note 15)	261,395	80,209
Due from Tata Steel (Note 15)	1,770,215	2,002,571
	<u>14,022,746</u>	<u>16,167,798</u>
Non-current assets		
Tax credits and mining duties receivable (Note 7)	4,762,744	4,952,495
Other assets (Note 8)	38,502,545	38,502,545
Long-term investment (Note 9)	10,148,595	10,148,595
Property and equipment	343,371	352,039
Total assets	<u><u>67,780,001</u></u>	<u><u>70,123,472</u></u>
EQUITY AND LIABILITIES		
LIABILITIES		
Current liabilities		
Trade and other payables	<u>815,006</u>	<u>1,732,511</u>
Non-current liabilities		
Mining duties payable (Note 7)	<u>1,373,490</u>	<u>824,339</u>
Total liabilities	<u><u>2,188,496</u></u>	<u><u>2,556,850</u></u>
EQUITY		
Share capital (Note 10)	177,584,512	177,584,512
Contributed surplus	22,432,336	22,432,336
Deficit	<u>(134,663,694)</u>	<u>(132,688,577)</u>
Equity attributable to shareholders		
of the parent Company	<u>65,353,154</u>	<u>67,328,271</u>
Non-controlling interest	<u>238,351</u>	<u>238,351</u>
Total equity	<u><u>65,591,505</u></u>	<u><u>67,566,622</u></u>
Total liabilities and equity	<u><u>67,780,001</u></u>	<u><u>70,123,472</u></u>

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

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 9, 2017 and signed on their behalf by:

/S/Mario Caron
Director

/S/Daniel Owen
Director

New Millennium Iron Corp.
Condensed Interim Consolidated Statement of Comprehensive Loss

(Unaudited)

Six months ended June 30, 2017 and 2016

(Expressed in Canadian Dollars)

	3 months ended June 30		6 months ended June 30	
		(Restated - Note 2)		(Restated - Note 2)
	2017	2016	2017	2016
	\$	\$	\$	\$
Revenue	—	—	—	—
Expenses				
General and administrative (Note 11)	501,483	1,859,566	1,111,018	3,551,550
Mineral exploration and evaluation	(170,739)	378,663	(165,102)	620,485
	<u>330,744</u>	<u>2,238,229</u>	<u>945,916</u>	<u>4,172,035</u>
Loss before under noted Items	(330,744)	(2,238,229)	(945,916)	(4,172,035)
Investment income	177,522	63,568	293,399	112,728
Markdown of investments to market value (Note 6)	(496,200)	—	(1,322,600)	—
Net loss and comprehensive loss	<u>(649,422)</u>	<u>(2,174,661)</u>	<u>(1,975,117)</u>	<u>(4,059,307)</u>
Attributable to:				
Non-controlling interest	—	—	—	—
Shareholders of the parent Company	<u>(649,422)</u>	<u>(2,174,661)</u>	<u>(1,975,117)</u>	<u>(4,059,307)</u>
Loss per share - basic and diluted	<u>(0.00)</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.02)</u>
Weighted average number of shares outstanding	<u>181,054,146</u>	<u>181,054,146</u>	<u>181,054,146</u>	<u>181,054,146</u>

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

New Millennium Iron Corp.
Condensed Interim Consolidated Statement of Changes in Equity

4

(Unaudited)

Six Months ended June 30, 2017 and 2016

(Expressed in Canadian Dollars)

	Share Capital		Contributed Surplus \$	Deficit \$	Total Attributable to Shareholders of the parent Company \$	Non Controlling Interest \$	Total Equity \$
	Number of Shares Issued and Fully Paid	Amount \$					
Balance at January 1, 2016	181,054,146	177,584,512	22,405,324	(127,115,063)	72,874,773	238,351	73,113,124
Net loss (as restated - Note 2)	-	-	-	(4,059,307)	(4,059,307)	-	(4,059,307)
Share-based remuneration							
- employees and directors	-	-	20,711	-	20,711	-	20,711
Balance at June 30, 2016 (As restated - Note 2)	181,054,146	177,584,512	22,426,035	(131,174,370)	68,836,177	238,351	69,074,528
Balance at January 1, 2017	181,054,146	177,584,512	22,432,336	(132,688,577)	67,328,271	238,351	67,566,622
Net loss	-	-	-	(1,975,117)	(1,975,117)	-	(1,975,117)
Balance at June 30, 2017	181,054,146	177,584,512	22,432,336	(134,663,694)	65,353,154	238,351	65,591,505

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

New Millennium Iron Corp.
Condensed Interim Consolidated Statement of Cash Flows

(Unaudited)

Six months ended June 30, 2017 and 2016

(Expressed in Canadian Dollars)

	2017	(Restated - Note 2) 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(1,975,117)	(4,059,307)
Adjustments for:		
Share-based remuneration		
- Employees and directors	—	20,711
Depreciation of property and equipment	5,931	26,748
Markdown of Investments to market value	1,322,600	—
Investment income	(293,399)	(112,728)
Gain on disposal of property and equipment	(17,264)	—
Net change in working capital items (Note 14)	(866,334)	41,692
Cash flows used by operating activities	<u>(1,823,583)</u>	<u>(4,082,884)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Redemption of GIC's	9,569,962	4,031,588
Purchase of investments	(6,636,300)	—
Net interest received	207,757	181,471
Proceeds from disposal of property and equipment	20,000	—
Tax credits and mining duties received	738,902	945,843
Cash flows provided by investing activities	<u>3,900,321</u>	<u>5,158,902</u>
Net increase in cash	2,076,738	1,076,018
Cash, beginning of period	<u>2,219,293</u>	<u>3,039,729</u>
Cash, end of period	<u><u>4,296,031</u></u>	<u><u>4,115,747</u></u>

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

New Millennium Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

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

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

2 – CHANGE IN ACCOUNTING POLICY

Mineral exploration and evaluation expenditures

During the fiscal year 2016, the Company retrospectively changed its accounting policy regarding mineral exploration and evaluation expenditures in order to recognize these expenditures directly to profit or loss instead of capitalizing them as mineral exploration and evaluation assets. Management believes that the new presentation provides a clearer picture of the expenses incurred by the Company, as well as the nature of these expenses.

As a result of the retrospective application of this change, net loss for the three and six months ended June 30, 2016 increased by \$378,663 and \$620,485 respectively and the loss per share remained unchanged.

3 - SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2016 as they follow the same accounting policies and methods of application.

Basis of presentation

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

New Millennium Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of measurement

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

4 - USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the unaudited condensed interim consolidated financial statements requires management to undertake a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgments and estimates. These estimates and judgments are based on management's best knowledge of the events or circumstances and actions the Company may take in the future. The estimates are reviewed on an ongoing basis. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 4 of the Company's 2016 annual financial statements and are still applicable for the period ended June 30, 2017.

5 – STANDARDS ISSUED BUT NOT YET EFFECTIVE

At statement date, a number of new standards, amendments to standards and interpretations have been issued but are not yet effective. Accordingly, they have not been applied in preparing these unaudited condensed interim consolidated financial statements. The Company is currently assessing the impact that these standards will have on the unaudited condensed interim consolidated financial statements.

The standards issued but not yet effective that are expected to be relevant to the Company's unaudited condensed interim consolidated financial statements are provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's unaudited condensed interim consolidated financial statements and are not listed.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's unaudited condensed interim consolidated financial statements is provided below.

New Millennium Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

5 – STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 9 Financial Instruments

The International Accounting Standards Board (“IASB”) released IFRS 9 Financial Instruments (2014), representing the completion of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and introduces new “expected credit loss” model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Company’s financial assets will need to be reviewed based on the new criteria that considers the assets’ contractual cash flows and the business model in which they are managed.
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Company makes an irrevocable designation to present them in other comprehensive income.
- if the group continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Company’s own credit risk.

The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and related interpretations. The core principle is that a lessee recognize assets and liabilities for all leases with a lease term of more than 12 months. A lessee is required to recognize a right of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The new standard is intended to provide a faithful representation of leasing transactions, in particular those that do not currently require the lessees to recognize an asset and liability arising from an operating lease. IFRS 16 is effective for annual periods beginning on January 1, 2019, with early adoption permitted for entities that would also apply IFRS 15 Revenue from Contracts with Customers. The Company has yet to assess the impact of IFRS 16 on its consolidated financial statements. However, no existing Company leases will be in effect when this IFRS becomes effective.

New Millennium Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

6 – INVESTMENTS

At June 30, 2017, investments include:

Security	Carrying Value \$	Face Value \$	Maturity	Interest Rate on Face Value (per annum)
GIC's	2,243,543	2,215,000	Between June 2017 and March 2018	Between 0.55% and 1.65%
Sherritt senior unsecured notes	5,451,562	8,610,000	Between November 2021 and October 2025.	Between 7.50% and 8.00%
	<u>7,695,105</u>			

At December 31, 2016, investments include:

Security	Carrying Value \$	Face Value \$	Maturity	Interest Rate on Face Value (per annum)
GIC's	<u>11,865,725</u>	11,769,962	Between January and November 2017	Between 1.25% and 1.70%

The Sherritt International Corporation ("Sherritt") investments were purchased for \$6,621,300 plus accrued interest of \$152,862. At June 30, 2017 due to the decline in the market value of these investments, the Company took a markdown to market in the amount of \$1,322,600.

7- TAX CREDITS AND MINING DUTIES

Revenu Québec ("RQ") has completed its audits of the 2011, 2012, 2013 and 2014 mining tax credit claims and the assessments reduced the Company's previously claimed mining tax credits by \$4,658,000, mainly for work on the Taconite Feasibility Study. The Company prepared the claims based on its interpretation of the regulations and is vigorously contesting the assessments.

The Company has filed notice of objections ("NOO") relating to the denial of expenditures for 2011, 2012, 2013 and 2014. RQ has denied the 2011 NOO and its decision on the 2012, 2013 and 2014 NOO's is currently pending. Subsequent to receiving RQ's decision on the 2011 NOO an appeal was filed with the Court of Quebec, but is being held in abeyance to permit the 2011 and 2012 taxation years to be heard together.

If the final outcomes of the claims are different from the amounts initially recorded, such difference will reduce the mining tax credits receivable with a related offset to mineral exploration and evaluation expenditures and the Due from Tata Steel.

New Millennium Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

7- TAX CREDITS AND MINING DUTIES (continued)

The provincial government's interpretation of the expenditures also resulted in the Company receiving payments for mining duties from the Ministère des Ressources naturelles for the 2011 and 2012 returns in excess of the amounts filed by the Company of \$1,373,500. The Company recorded this excess amount as a liability to be consistent with its interpretation of the regulations in the above claims and, therefore, if the Company's interpretation is correct, expects that this amount will have to be repaid.

8 – OTHER ASSETS

On July 13, 2012, the Company entered into a contract with the Sept-Îles Port Authority ("PSI") providing NML with access to a new multi-user deep water dock facility ("multi-user dock"). As part of the contract, NML has a minimum annual shipping capacity of 15 million tons a year for 20 years, with options to renew for four more five-year terms. Construction of the facility is completed; however the Company does not have legal or physical access to the multi-user dock, nor has it been provided information as to when it will have such access. NML's buy-in for this contract was calculated at \$38,372,000, which was paid and the total amount is reflected in these consolidated financial statements as other assets. This buy-in constitutes an advance by the Company on future shipping fees. In addition, included in other assets is an amount of \$130,545 which represents the cost of opening letters of credits required to guarantee the above payments to the PSI.

On May 9, 2016 the PSI notified the Company that it considered the multi-user dock to be delivered and operational. On May 11, 2016 the Company advised the PSI of its position that this notice was inappropriate without effect and invalid.

The Company believes it is legally entitled to terminate the contract and announced on June 28, 2016 that it had sent the PSI a notice of termination of the contract.

9 – LONG-TERM INVESTMENT

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

In 2015, the Company received requests for equity cash calls totalling \$82.4 million, approved by TSMC's Board of Directors, to fund certain expenses for the DSO and Howse projects operated by TSMC. The Company decided not to fund these cash calls and entered into negotiations with TSMC and Tata Steel which resulted in the Minutes of Settlement and Release dated October 2, 2015 ("2015 Dilution Agreement"). The 2015 Dilution Agreement resulted in the Company's ownership interest in TSMC being diluted from 20% to 6%.

New Millennium Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

9 – LONG-TERM INVESTMENT (continued)

The company took an impairment on its investment in TSMC as at December 31, 2015 in the amount of \$26,798,589.

Subsequently, the Company received on June 22, 2016 an additional cash call from TSMC in the amount of \$9.97 million which was also not met and resulted in a further dilution of the Company's interest in TSMC to 5.15%.

On November 1, 2016, TSMC closed a transaction with Quebec government agencies for a \$175 million investment comprised of a loan of \$50 million, along with an equity investment of \$125 million, which further diluted the Company's interest in TSMC to 4.32%.

10 – EQUITY

SHARE CAPITAL

Authorized

Unlimited number of shares

Common shares, without nominal or par value

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

SHARE-BASED PAYMENTS

Stock options

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

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

	6 month period ended June 30, 2017		Year ended December 31, 2016	
	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price
Balance, beginning of period	4,958,917	0.93	11,047,000	1.49
Expired	—	—	(2,459,000)	3.19
Forfeited	(894,250)	0.96	(3,629,083)	1.11
Balance, end of period	4,064,667	0.92	4,958,917	0.93
Options exercisable, end of period	4,064,667	0.92	4,958,917	0.93

New Millennium Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

10 – EQUITY (continued)

The share-based payments expense during the six months ended June 30, 2017 was \$NIL (June 30, 2016 - \$20,711) and is included in general and administrative expenses.

No options were granted during the six months ended June 30, 2017 (June 30, 2016 - NIL).

11 - INFORMATION INCLUDED IN THE CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	3 month period ended June 30		(Restated – Note 2) 6 month period ended June 30	
	2017 \$	2016 \$	2017 \$	2016 \$
Employee benefit expense				
Wages, salaries and other short-term benefits	175,104	1,066,678	409,704	1,638,060
Defined contributions	3,070	21,103	9,337	40,218
Share-based payments	–	6,312	–	20,711
	<u>178,174</u>	<u>1,094,093</u>	<u>419,041</u>	<u>1,698,989</u>
Employee benefit expense				
Other elements of expenses				
Depreciation of property and equipment	–	12,141	5,931	26,748

Employee workforce reduction charges incurred and accounted for as wages salaries and other short-term benefits for the six months ended June 30, 2017 was \$106,027 (June 30, 2016 - \$533,860)

12 – INCOME TAXES

Deferred income taxes arise from temporary differences between accounting values and tax base values of various net capital assets of the Company. In assessing the reliability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will not be realized. As at June 30, 2017, the future tax benefits from the future income tax assets, which arose as a result of applying the losses and non-capital losses carried forward to taxable income, have not been recognized in these accounts due to uncertainty regarding their utilization.

13 - FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

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

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

New Millennium Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

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

Exchange risk

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

A \$0.01 increase or decrease in the USD/CAD exchange rates would not have a material impact on net loss or equity at June 30, 2017.

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

Interest rate risk

The Investments bear interest at fixed rates and the Company is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The investment in the GIC's mitigate the risk because they have relatively short maturities and are backed by Canadian Federal and Provincial Governments or their Crown Corporations.

The sensitivity analysis is based on the Company's financial assets which bear interest at fixed or variable rates. A 0.1% increase or decrease in interest rates would not have a material impact on comprehensive loss or equity at June 30, 2017. The Company does not use derivative financial instruments to reduce its interest rate exposure.

Liquidity risk

Management maintains sufficient amounts of cash and cash equivalents to meet the Company's commitments. The Company establishes budgets and cash flow requirements regularly to ensure that it has the necessary funds to fulfill its obligations. The contractual maturities of trade and other payables are less than three months for all periods presented.

Over the past quarters, the Company has financed its operations, exploration expense commitments and its working capital requirements through existing cash resources.

Credit risk

Cash and investments are held through two Canadian chartered banks and their subsidiaries and an independent investment dealer with high quality external credit ratings.

The Company is also exposed to credit risk relating to its investments in Sherritt, receivable from TSMC, Due from Tata Steel, and other receivables. This credit risk is minimized by reviews of the third parties' credit worthiness. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets after deducting applicable allowances for loss recognized at the reporting date, of which there was a \$1,322,600 markdown to market during the current period on the investments in Sherritt.

New Millennium Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

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

Market risk

The Company is exposed to the risk of changes in the fair value of its investments in Sherritt resulting from changes in Sherritt's operations, its results, and overall market ratings. The Company manages market risk by continually monitoring the ratings of its investees and overall market conditions.

14 – INFORMATION INCLUDED IN INTERIM CONSOLIDATED CASH FLOWS

The changes in working capital items are detailed as follows:

	6 month period ended June 30, 2017 \$	(Restated – Note 2) 6 month period ended June 30, 2016 \$
Sales taxes, other receivables and prepaids	(181,185)	34,237
Trade and other payables	(917,505)	(35,083)
Due from Tata Steel	232,356	42,538
	<u>(866,334)</u>	<u>41,692</u>

15 – RELATED PARTY TRANSACTIONS

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

Related Party	Nature of relationship	Nature of transaction
Balance Consultants Inc.	Controlled by executive officer of the Company	Consulting
DLA Piper (Canada) LLP	Partnership in which the Corporate Secretary is a partner	Legal services
Ernest Dempsey	Executive Officer of the Company	Consulting
Nexia Friedman LLP	Partnership in which an executive officer is a partner	Consulting
Takota Asset Management Inc.	Company controlled by a Director	Advisory fees
Tata Steel	26.2% shareholder of NML	Advances

New Millennium Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

15 – RELATED PARTY TRANSACTIONS (continued)

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

	6 months ended June 30, 2017	6 months ended June 30, 2016
<u>Condensed Interim Consolidated Net</u>	<u>\$</u>	<u>\$</u>
<u>Loss and Comprehensive Loss</u>		
General and administrative expenses	369,458	567,876

Amounts due to and from related parties, are unsecured, non-interest bearing and due on demand.

Other receivables related to advances to TSMC at June 30, 2017 was \$36,519 (December 31, 2016 - \$13,524).

Accounts payable related to the above transactions at June 30, 2017 were \$731,356 (December 31, 2016 - \$785,890).

The Due from Tata Steel at June 30, 2017 was \$1,770,215 (December 31, 2016 – \$2,002,571).

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

16 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return of its shareholders. The Company's definition of capital includes all components of equity. Capital for the reporting periods under review is summarized in Note 10 and in the Condensed Interim Consolidated Statement of Changes in Equity. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risk characteristics of the underlying assets. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through production and cash flow, either with partners or by the Company's own means.

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

New Millennium Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

17- COMMITMENTS AND CONTINGENCIES

Commitments

The Company is committed through LLP to pay aggregate royalties of 2% of gross revenue from mineral interests subject to the LLP Limited Partnership agreement, including certain DSO Properties sold to TSMC in certain circumstances.

As at June 30, 2017, the Company has a 4.32% (2016 – 6%) ownership interest in TSMC and in order to maintain this ownership level it will be required to contribute 4.32% of all funding requests to shareholders, in shareholder loans or share subscriptions as approved by the Board of Directors of TSMC, in respect of those amounts required to be contributed by TSMC shareholders to fund amounts in excess of TSMC's first \$1,342,782,000 of funding requirements. At June 30, 2017, there are no outstanding funding requests made to the Company by TSMC.

The Company has entered into long-term operating leases for premises and equipment and consulting agreements amounting to \$43,000, all expiring by June 2018.

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

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

	Operating Leases \$	Consulting Agreements \$	Total \$
Up to 1 year	7,000	36,000	43,000
1 to 5 years	—	—	—
Over 5 years	—	—	—
	<u>7,000</u>	<u>36,000</u>	<u>43,000</u>

Contingent Liability

In relation to NML's contract with the PSI described in Note 8, the Company has a take or pay obligation based on a discounted rate applied on 50% of the 15 million tons minimum annual shipping capacity which is payable even if NML does not use the facilities. The amount of the take or pay obligation is confidential information according to the contract with the PSI and as such is not disclosed. The Company has agreed with TSMC that should TSMC meet its various take or pay commitments that any additional shipments may, at the Company's option, be made by TSMC via NML's shipping capacity through the Port of Sept-Îles thereby potentially reducing the Company's take or pay obligation.

On May 9, 2016, the PSI sent to the Company a Notice of Delivery of Operational Multi-User Dock Facilities ("Notice") which states, among other things, that the port facilities are delivered and operational, and that the take or pay provisions of the contract are now in effect.

New Millennium Iron Corp.**Notes to Condensed Interim Consolidated Financial Statements**

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

17- COMMITMENTS AND CONTINGENCIES (continued)

The Company has advised the PSI that the Notice is inappropriate, without effect and invalid and that it reserves any and all rights and recourses against the PSI and any other parties.

The Company believes it is legally entitled to terminate the contract and announced on June 28, 2016 that it had sent the PSI a notice of termination of the contract, including its take or pay provisions.

Should developments in this matter cause a change in the Company's determination as to the outcome and result in the need to recognize an obligation which is material, it could have a materially adverse effect on the Company's cash flows and financial position in the period or periods in which such change occurs.

18- COMPARATIVE FIGURES

Certain comparative figures have been reclassified in accordance with the current year's presentation.