



NEW MILLENNIUM IRON CORP.

**Condensed Interim Consolidated Financial Statements
(Unaudited)**

(The condensed interim consolidated financial statements are amended and restated as a result of the auditors review of the interim statements. No other changes have been made other than the subsequent event note being amended to reflect additional event.)

**Three-month and six-month periods ended
June 30, 2020 and 2019**

NEW MILLENNIUM IRON CORP.
Condensed Interim Consolidated Financial Statements
Amended and restated - Unaudited
Three-month and six-month periods ended June 30, 2020 and 2019

Condensed Interim Consolidated Financial Statements

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NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Statements of Financial Position

Amended and restated - Unaudited

As at June 30, 2020 and 2019

(in Canadian dollars)

	Note	June 30 2020 \$	December 31 2019 \$
Assets			
Current assets:			
Cash	4	6,826,831	7,319,439
Marketable securities	5	5,207,491	6,873,931
Sales tax and other receivables		101,701	100,854
Prepaid expenses		47,084	30,848
Total current assets		12,183,107	14,325,072
Non-current assets:			
Long-term investment	8	5,495,000	3,463,000
Land		343,371	343,371
Total non-current assets		5,838,371	3,806,371
Total assets		18,021,478	18,131,443
Liabilities and Equity			
Current liabilities:			
Trade and other payables	9	209,351	300,708
Total current liabilities		209,351	300,708
Non-current liabilities:			
Trade and other payables	9	716,527	716,527
Total non-current liabilities		716,527	716,527
Total liabilities		925,878	1,017,235
Equity:			
Share capital	10	177,584,512	177,584,512
Contributed surplus		22,432,336	22,432,336
Deficit		(178,009,848)	(178,741,608)
Accumulated other comprehensive loss		(5,149,751)	(4,399,383)
Total equity attributable to owners of the parent company		16,857,249	16,875,857
Non-controlling interest		238,351	238,351
Total equity		17,095,600	17,114,208
Total liabilities and equity		18,021,478	18,131,443

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on October 15 2020.

(S) Mario Caron
Director

(S) Dean Journeaux
Director

NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Statements of Income and Comprehensive Income (Loss)

Amended and restated - Unaudited

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

		Three-month period ended		Six-month period ended	
	Note	June 30 2020	June 30 2019	June 30 2020	June 30 2019
		\$	\$	\$	\$
Expenses:					
General and administrative expenses	12	314,208	296,676	621,573	652,834
Mineral exploration and evaluation	11	-	7,665	274	27,885
Change in fair value of long-term investment	8	(2,445,000)	(40,000)	(2,032,000)	(563,000)
		(2,130,792)	264,341	(1,410,153)	117,719
Other items:					
Investment (reversal) income		(66,559)	269,389	187,010	500,323
Finance expense		(1,155)	(1,264)	(2,654)	(2,581)
Change in fair value of marketable securities	5	160,199	157,221	(987,616)	462,432
Revenue from use of wharf		84,175	-	124,867	-
		176,660	425,346	(678,393)	960,174
Net income		2,307,452	161,005	731,760	842,455
Other comprehensive loss:					
Change in fair value of fixed rate investments	5	(172,268)	(2,897,170)	(750,368)	(2,526,750)
Other comprehensive loss net of tax		(172,268)	(2,897,170)	(750,368)	(2,526,750)
Total comprehensive income (loss)		2,135,184	(2,736,165)	(18,608)	(1,684,295)
Net income attributable to:					
Shareholders of New Millennium Iron Corp.		2,307,452	161,005	731,760	842,455
Non-controlling interest		-	-	-	-
		2,307,452	161,005	731,760	842,455
Other comprehensive loss attributable to:					
Shareholders of New Millennium Iron Corp.		(172,268)	(2,897,170)	(750,368)	(2,526,750)
Non-controlling interest		-	-	-	-
		(172,268)	(2,897,170)	(750,368)	(2,526,750)
Total comprehensive income (loss) attributable to:					
Shareholders of New Millennium Iron Corp.		2,135,184	(2,736,165)	(18,608)	(1,684,295)
Non-controlling interest		-	-	-	-
		2,135,184	(2,736,165)	(18,608)	(1,684,295)
Weighted average number of common shares outstanding		181,054,146	181,054,146	181,054,146	181,054,146
Basic and diluted earnings per share:		0.01	0.00	0.00	0.00

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

NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Statements of Changes in Equity

Amended and restated - Unaudited

Six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total attributable to the owners of the parent company	Non-controlling interest	Total equity
			\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2019		181,054,146	177,584,512	22,432,336	(178,741,608)	(4,399,383)	16,875,857	238,351	17,114,208
Net income and comprehensive loss for the period					731,760	(750,368)	(18,608)	-	(18,608)
Balance as at June 30, 2020		181,054,146	177,584,512	22,432,336	(178,009,848)	(5,149,751)	16,857,249	238,351	17,095,600

	Note	Number of shares outstanding	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total attributable to the owners of the parent company	Non-controlling interest	Total equity
			\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2018		181,054,146	177,584,512	22,432,336	(173,382,039)	(1,053,800)	25,581,009	238,351	25,819,360
Net income and comprehensive loss for the period					842,455	(2,526,750)	(1,684,295)	-	(1,684,295)
Balance as at June 30, 2019		181,054,146	177,584,512	22,432,336	(172,539,584)	(3,580,550)	23,896,714	238,351	24,135,065

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

NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Statements of Cash Flows

Amended and restated - Unaudited

Six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

		Six-month period ended	
	Note	June 30 2020	June 30 2019
		\$	\$
Operating activities:			
Net income		731,760	842,455
Adjustments for:			
Investment income		(187,010)	(500,323)
Change in fair value of marketable securities	5	987,616	(462,432)
Change in fair value of long-term investment	8	(2,032,000)	(563,000)
Operating activities before changes in working capital items		(499,634)	(683,300)
Change in sales taxes and other receivables		(847)	9,262
Change in prepaid expenses		(16,236)	(16,398)
Change in trade and other payables		(91,358)	111,613
Change in working capital items		(108,441)	104,477
Cash flows used for operating activities		(608,075)	(578,823)
Investing activities:			
Proceeds on disposal of marketable securities		-	512,050
Purchase of marketable securities		-	(508,750)
Net interest received		36,288	386,612
Dividends received		79,179	82,772
Cash flows from investing activities		115,467	472,684
Net change in cash		(492,608)	(106,139)
Cash, beginning of period		7,319,439	6,997,065
Cash, end of period		6,826,831	6,890,926

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

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements

Amended and restated - Unaudited

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

1. Reporting entity:

The current principal activities of New Millennium Iron Corp. ("the Parent Company") and its subsidiaries ("the Company", "New Millennium" 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.

New Millennium is a company domiciled in Canada. New Millennium is a public company listed on the Toronto Stock Exchange ("TSX") and its trading symbol is "NML".

The address of the Company's executive office is 1000 Sherbrooke Street West, Suite 1120, Montréal, Québec, H3A 3G4 and its head, registered and records office is 520 3rd Avenue SW, Suite 1900, Calgary, Alberta, T2P 0R3 and its web site is www.nmliron.com.

2. Basis of preparation:

2.1 Statement of compliance:

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB") in accordance with IAS 34, Interim Financial Reporting.

2.2 Basis of presentation:

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

Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed interim consolidated financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2019.

2.3 Basis of measurement:

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

2.4 Reporting global event:

During the six-month period ended June 30, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

2.5 Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars (\$), which is also the Company's functional currency and the functional currency of each of its subsidiaries.

2.6 Basis of consolidation:

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

Subsidiary	Principal activity	Jurisdiction of Incorporation	% of Ownership
LabMag Services Inc.	Provision of services to LLP	Canada	100%
LabMag GP Inc. ("GP")	General partner of LLP	Canada	80%
LabMag Limited Partnership ("LLP")	Exploration and evaluation of mineral properties	Canada	80%

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

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

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Amended and restated - Unaudited

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

2. Basis of preparation (continued):

2.6 Basis of consolidation (continued):

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

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition or up to the effective date of disposal, as applicable. There were no such activities in the period.

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

2.7 Use of estimates and judgements:

The preparation of the consolidated financial statements requires management to undertake several 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 2 of the Company's 2019 annual financial statements and are still applicable for the six-month period ended June 30, 2020.

3. Significant accounting policies:

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the audited financial statements for the year ended December 31, 2019.

3.1 Adoption of new accounting standards:

The following new standard has been applied in preparing the condensed interim financial statements as at June 30, 2020.

(i) IAS 1 Presentation of Financial Statements (Amendment):

On January 1, 2020, the Company adopted IAS 1 Presentation of Financial Statements (Amendment). Issued by the IASB in October 2018, the amendments clarify the definition of material and how it should be applied, as well as align the definition of material across IFRS standards and other publications. The amended definition of material states:

- Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. Earlier application is permitted. The adoption of this new amendments did not have significant impact on the Company's financial statements.

3.2 New standards and interpretations that have not yet been adopted:

Since the issuance of the Company's audited consolidated financial statements for the year ended December 31, 2019, the IASB and IFRIC have issued no additional new and revised standards and interpretations which are applicable to the Company.

4. Cash:

	June 30 2020	December 31 2019
	\$	\$
Cash	6,826,831	7,319,439
	6,826,831	7,319,439

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Amended and restated - Unaudited

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

5. Marketable securities:

As at June 30, 2020, marketable securities include:

Security	Carrying value	Face value	Maturity	Interest Rate on Face Value (per annum)
	\$	\$		
GIC	15,000	15,000	March 2021	0.50%
Fortress Global Enterprises unsecured notes ⁽¹⁾	-	675,000	December 2021	9.75%
Sherritt International Corporation senior unsecured notes ⁽²⁾	2,238,600	8,610,000	Between November 2021 and October 2025	7.50% to 8.00%
Shares				
AltaGas Ltd. (ALA/TSX)	266,050			
BCE Inc. (BCE/TSX)	566,200			
CI Financial Corp. (CIX/TSX)	388,575			
Diversified Royalty Corp. (DIV/TSX)	157,250			
Evertz Technologies Ltd. (ET/TSX)	179,520			
Atlas Corp. (formerly Seaspan Corp) (SSW/US) ⁽³⁾	464,436			
General Motors Co. (GM/US)	377,931			
GlaxoSmithkline PLC (GSK/US)	553,929			
	5,207,491			

⁽¹⁾ The interest due from Fortress Global Enterprises ("Fortress") on December 31, 2019 has not been received as Fortress is subject to creditor protection under the Companies' Creditors Arrangement Act ("CCAA") in order to restructure their affairs.

⁽²⁾ The interest due from Sherritt International Corporation ("Sherritt") on March 24, 2020, April 11, 2020 and May 15, 2020 has been withheld until the conclusion of debt plan arrangement.

⁽³⁾ In February 2020, Atlas Corp. and Seaspan Corporation completed the closing of Seaspan's holding company reorganization to create a new holding company, Atlas Corp.

During the six-month period ended June 30, 2020, the Company did not purchase or sell any securities.

As at June 30, 2020, the Sherritt notes included accrued interest of \$258,300 and the Fortress notes included accrued interest of \$Nil.

As at June 30, 2020, due to the fluctuations in the market value of the "Sherritt" and "Fortress" notes, the Company recorded in other comprehensive loss a change in fair value of fixed rate investments in the amount of \$750,368.

As at June 30, 2020, due to the fluctuations in the market value of the shares, the Company recorded in net loss a change in fair value of marketable securities in the amount of \$987,616.

As at December 31, 2019, marketable securities include:

Security	Carrying value	Face value	Maturity	Interest Rate on Face Value (per annum)
	\$	\$		
GIC	15,000	15,000	March 2019	0.90%
Fortress Global Enterprises unsecured notes	32,884	675,000	December 2021	9.75%
Sherritt International Corporation senior unsecured notes	2,884,541	8,610,000	Between November 2021 and October 2025	7.50% to 8.00%
Shares				
AltaGas Ltd. (ALA/TSX)	336,260			
BCE Inc. (BCE/TSX)	601,600			
CI Financial Corp. (CIX/TSX)	488,475			
Diversified Royalty Corp. (DIV/TSX)	266,900			
Evertz Technologies Ltd. (ET/TSX)	285,760			
Seaspan Corp. (SSW/US)	830,006			
General Motors Co. (GM/US)	522,575			
GlaxoSmithkline PLC (GSK/US)	609,930			
	6,873,931			

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Amended and restated - Unaudited

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

5. Marketable securities (continued):

During the year ended December 31, 2019, the Company purchased the Fortress Global Enterprises ("Fortress") notes for \$508,750 plus accrued interest of \$18,360.

As at December 31, 2019, the Sherritt International Corporation ("Sherritt") notes included accrued interest of \$153,941 and the Fortress notes included accrued interest of \$32,816.

As at December 31, 2019, due to the fluctuations in the market value of the "Sherritt" and "Fortress" notes, the Company has recorded in other comprehensive loss a change in fair value of fixed rate investments in the amount of \$3,345,583.

There was no acquisition of shares during the year ended December 31, 2019.

The proceeds of the shares sold during the year ended December 31, 2019 is detailed in the following table:

Hydro One Ltd.	512,050
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As at December 31, 2019, due to the fluctuations in the market value of the shares, the Company has recorded in comprehensive income a change in fair value of marketable securities of \$778,988.

6. Due from Tata Steel:

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

As at December 31, 2019, NML has received \$27,810,000 (December 31, 2018 - \$27,810,000) from Tata Steel on account of the option. As at December 31, 2019, \$24,441,774 has been recorded as a reduction of mineral exploration and evaluation expenditures for which there was no change in the year ended December 31, 2019 (year ended December 31, 2018 - \$58,232 recovery related to expenditures and \$2,022,603 relating to the reversal of the Mining Tax Credits receivable net of Mining Duties payable). An additional \$7,212,198 has been recorded as a reduction of general and administrative expenses, with \$Nil recorded during the year ended December 31, 2019 (year ended December 31, 2018 - \$Nil). The amount receivable as at December 31, 2019 of \$3,843,972 (December 31, 2018 - \$3,843,972) was recorded as Due from Tata Steel and an impairment has been recorded for the full amount during the year ended December 31, 2018.

During the year ended December 31, 2019, discussions continued between NML and Tata Steel ("Tata") regarding the previously reported amount due from Tata with Tata advising the Company of disagreement with calculations making up the basis for the receivable. Upon review, the Company has not been provided with sufficient certainty to consider the amount due from Tata as collectible and accordingly has written down the full amount of the receivable. These advances are unsecured, non-interest bearing and the Company is currently in discussion with Tata Steel as to exact quantum that is owed and the expected payment date. The Company will continue to pursue collection of the \$3,843,972 as the Company believes it is entitled to this amount.

	Due from Tata Steel \$
Amount due from Tata Steel as at December 31, 2017	1,763,137
Increase in amount owing relating to amounts spent on the Taconite project	58,232
Increase in amount owing relating to the reversal of the Mining Tax Credits receivable net of Mining Duties payable	2,022,603
Amount due from Tata Steel as at December 31, 2018 before provision for impairment	3,843,972
Write-down of the amount owing as at December 31, 2018	(3,843,972)
Balance Due from Tata Steel as at December 31, 2018 (after provision of impairment)	-
Balance Due from Tata Steel as at December 31, 2019 (after provision of impairment)	-

7. 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 tonnes a year for 20 years, with options to renew for four more five-year terms. NML's buy-in for this contract was calculated at \$38,372,000, which was paid, and the total amount was initially recorded in these consolidated financial statements as other assets. This buy-in constitutes an advance by the Company on future shipping fees.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

Amended and restated - Unaudited

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

7. Other assets (continued):

After discussions between the Company and PSI in 2016 and 2017, a new agreement has been signed whereby the Company has 15 million tonnes of reserved capacity at the multi-user deep-water dock facility and \$38,372,000 of buy-in-payment that can be applied against future shipments or take or pay obligations. Accordingly, in view of the low probability of NML shipping prior to having fully applied the previously advanced funds to its take-or-pay obligation, NML has taken as at December 31, 2017, an impairment on this asset in the amount of \$38,502,545.

During the year ended December 31, 2018, the Company entered into an agreement with an arm's length party, Tacora Resources Inc. ("Tacora"), where the Company sold 6.5 million tonnes of the Company's multi-user wharf capacity to Tacora in exchange for \$4 million upfront and \$0.10 per ton shipped by Tacora through the Port. Due to the delay in closing the transaction on Tacora's end, the Company charged Tacora additional amounts totalling \$384,245. The Company received all these amounts during the year. As this agreement was a direct result of the Company's agreement with the Port and relates to the "Other assets" written down in prior year, they are considered as a reversal of the impairment taken in prior year on the statement of loss and comprehensive loss.

In future, any sale of the Company's multi-user wharf capacity will be recorded as a reversal of impairment.

8. Long-term investment:

As at December 31, 2017 the Company had an ownership interest in TSMC of 4.32% with a cost base of \$10,148,595 that originated as follows:

- * 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 with an original cost of \$31,542,605.

- * In 2015, a loan receivable from TSMC of \$5,404,579 was converted into equity and in 2016 the Company took an impairment on the investment of \$26,798,589.

As at January 1, 2018, the Company adopted the new standard IFRS 9. The basis of recognition changed from cost to the fair value. The Company determined the fair value of its investment in TSMC to be \$8,436,000 resulting in a reduction of \$1,712,595.

As at December 31, 2018, the Company determined the fair value of its investment in TSMC to be \$9,585,000, resulting in an increase of \$1,149,000 for the year then ended.

As at December 31, 2019, the Company determined the fair value of its investment in TSMC to be \$3,463,000, resulting in a decrease of \$6,122,000 for the year then ended.

As at June 30, 2020, the Company determined the fair value of its investment in TSMC to be \$5,495,000, resulting in an increase of \$2,032,000 for the six-month period then ended.

9. Trade and other payables:

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

	June 30 2020	December 31 2019
	\$	\$
Current		
Trade accounts payable	45,659	171,218
Accrued liabilities	163,692	129,490
	209,351	300,708
	June 30 2020	December 31 2019
	\$	\$
Non-current		
Trade accounts payable to TSMC	716,527	716,527
	716,527	716,527

The trade accounts payable and accrued liabilities to TSMC relate to services that TSMC provided for the Taconite Feasibility Study. These amounts are non-interest bearing and are not expected to be paid prior to July 1, 2021.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

Amended and restated - Unaudited

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

10. Share capital and share-based compensation:

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares, without par value, issuable in series.

(b) Issued and outstanding:

	Number	Amount
		\$
Balance as at December 31, 2018	181,054,146	177,584,512
Issued	-	-
Balance as at December 31, 2019	181,054,146	177,584,512
		\$
Balance as at December 31, 2019	181,054,146	177,584,512
Issued	-	-
Balance as at June 30, 2020	181,054,146	177,584,512

(c) Share option plan:

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

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

	June 30 2020		December 31 2019	
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		\$		\$
Outstanding at beginning	-	-	995,000	0.44
Expired	-	-	(995,000)	0.44
Outstanding at end	-	-	-	-
Exercisable at end	-	-	-	-

There was no share-based compensation expense during the six-month period ended June 30, 2020 (\$Nil for year ended December 31, 2019) to be included in general and administrative expenses.

No options were granted or exercised during the six-month period ended June 30, 2020 (Nil for the year ended December 31, 2019).

There were no outstanding share options as at June 30, 2020 and as at December 31, 2019.

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11. Mineral exploration and evaluation expenditures:

Mineral exploration and evaluation expenditures by properties are detailed as follows:

					Three-month period ended June 30 2020
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KeMag	-	-	-	-	-
	-	-	-	-	-
					Three-month period ended June 30 2019
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KeMag	3,885	-	-	-	3,885
Lac Ritchie	3,780	-	-	-	3,780
	7,665	-	-	-	7,665
					Six-month period ended June 30 2020
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KeMag	274	-	-	-	274
	274	-	-	-	274
					Six-month period ended June 30 2019
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KeMag	15,870	-	-	-	15,870
Lac Ritchie	12,015	-	-	-	12,015
	27,885	-	-	-	27,885

Exploration and evaluation expenditures by nature are detailed as follows:

		Three-month period ended		Six-month period ended	
		June 30 2020	June 30 2019	June 30 2020	June 30 2019
		\$	\$	\$	\$
Mineral exploration and evaluation expenditures:					
Mineral licenses		-	7,665	274	27,885
		-	7,665	274	27,885

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12. General and administrative expenses by nature:

General and administrative expenses recognized in the net (loss) income is as follows:

	Three-month period ended		Six-month period ended	
	June 30	June 30	June 30	June 30
	2020	2019	2020	2019
	\$	\$	\$	\$
Selling and administrative expenses:				
Directors' fees	76,690	76,921	154,485	149,213
Management and consulting fees	90,115	104,400	206,370	281,415
Professional fees	111,335	50,889	169,313	77,758
Market development	-	192	-	12,332
Travel and meals	-	14,274	2,040	19,106
Registration, listing fees and shareholders information	1,749	21,966	35,332	54,828
Office and general	18,406	14,266	30,461	31,098
Rental costs	12,961	13,111	25,922	26,223
Exchange gain (loss)	2,952	657	(2,350)	861
	314,208	296,676	621,573	652,834

13. 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 the future income tax assets will not be realized. As at June 30, 2020, 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.

14. Related party transactions:

Related parties include the Company's joint key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	Three-month period ended		Six-month period ended	
	June 30	June 30	June 30	June 30
	2020	2019	2020	2019
	\$	\$	\$	\$
Management and consulting fees ⁽¹⁾	16,200	24,000	40,600	101,000
Salaries and director's fees	76,690	76,921	154,485	140,835
	92,890	100,921	195,085	241,835

(1) As at June 30, 2020, trade and other payables include an amount of \$1,200 (\$3,600 as at December 31, 2019) due to a company controlled by a director.

In addition to the related party transactions presented elsewhere in these financial statements, the following is a summary of other transactions:

For the three-month and six-month periods ended June 30, 2020, there was rental fees of \$7,712 and \$15,423 respectively (\$7,712 and \$15,423 for the three-month and six-month periods respectively ended June 30, 2019) charged by TSMC in which NML is a minority shareholder. As at June 30, 2020, trade and other payables include an amount of \$725,393 due to this related party (\$731,951 as at December 31, 2019).

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

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15. Financial assets and liabilities:

Classification of financial assets and liabilities.

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

	June 30 2020	
	Carrying amount	Fair value
	\$	\$
Financial assets		
Fair value through profit or loss (FVTPL)		
Marketable securities - Equities	2,953,891	2,953,891
Long-term investment	5,495,000	5,495,000
	8,448,891	8,448,891
Financial assets		
Fair value through other comprehensive income (FVTOCI)		
Marketable securities - Fixed income	2,253,600	2,253,600
	2,253,600	2,253,600
Financial assets		
Amortized cost		
Cash	6,826,831	6,826,831
Other receivables	96,781	96,781
	6,923,612	6,923,612
Financial liabilities		
Amortized cost		
Trade and other payables	810,075	810,075
	810,075	810,075
	December 31 2019	
	Carrying amount	Fair value
	\$	\$
Financial assets		
Fair value through profit or loss (FVTPL)		
Marketable securities - Equities	3,941,506	3,941,506
Long-term investment	3,463,000	3,463,000
	7,404,506	7,404,506
Financial assets		
Fair value through other comprehensive income (FVTOCI)		
Marketable securities - Fixed income	2,932,425	2,932,425
	2,932,425	2,932,425
Financial assets		
Amortized cost		
Cash	7,319,439	7,319,439
Other receivables	71,527	71,527
	7,390,966	7,390,966
Financial liabilities		
Amortized cost		
Trade and other payables	911,382	911,382
	911,382	911,382

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15. Financial assets and liabilities (continued):

The fair values of the marketable securities are \$5,207,491 as at June 30, 2020 (\$6,873,931 as at December 31, 2019) and are determined by using the closing price for June 30, 2020 and December 31, 2019.

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

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

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

June 30 2020			
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	2,953,891	-	-
Fair value through other comprehensive income (FVTOCI)	-	2,253,600	-
Long-term investment			
Fair value through profit or loss (FVTPL)	-	-	5,495,000
	2,953,891	2,253,600	5,495,000
December 31 2019			
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	3,941,506	-	-
Fair value through other comprehensive income (FVTOCI)	-	2,932,425	-
Long-term investment			
Fair value through profit or loss (FVTPL)	-	-	3,463,000
	3,941,506	2,932,425	3,463,000

The fair value of financial assets and liabilities not traded in active markets that are based on unobservable inputs are classified as Level 3. A fair value measurement developed using a present value technique might be categorized within Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorized. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy. The Company's Level 3 long-term investment in TSMC represents a 4.32% interest in that company. The main inputs for the Company's internally developed valuation for its long-term investment include:

- Future funding requirements of TSMC and resulting dilution of NML's ownership interest in TSMC;
- Cost of capital that is used to reflect the current market required rate of return;
- Management's current view of future iron ore prices;
- The amount and timing of payment of dividends by TSMC;
- US dollar exchange rate; and
- Internal and external factors that may affect production and logistics, such as production volume levels and cost to produce.

The valuation technique makes the maximum use of market inputs and relies as little as possible on entity-specific inputs. The valuation technique appropriately considers the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset and the level of the fair value hierarchy within which the inputs are categorized. Some of the inputs to the valuation model may not be market observable. Accordingly, the fair value determination of the long-term investment follows a level 3 valuation methodology.

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15. Financial assets and liabilities (continued):

The Company uses a present value technique to estimate the fair value of the long-term investment. The Company uses expected cash flows (i.e., from operations of TSMC) that are not risk-adjusted, and a discount rate adjusted to include the risk premium that market participants require. The discount rate used for this technique is derived from observed rates of return for comparable assets that are traded in the market plus equity risk premiums appropriate for this investment. Accordingly, the potential dividend payments for TMSC are discounted at an observed or estimated market rate. Under the valuation method used by the Company, the expected dividends from TMSC are not adjusted for market risk. Rather, the adjustment for that risk is included in the discount rate. Thus, the expected dividends are discounted at an expected rate of return of 17.66% (24% as at December 31, 2018), yielding a fair value of approximately \$3,463,000 for the long-term investment as at December 31, 2019 (\$9,585,000 as at December 31, 2018).

The fair value as at December 31, 2019 decreased by \$6,122,000 as compared to the value as at December 31, 2018 based on the present value derived from the model as at December 31, 2019 versus December 31, 2018 using the projected dividend stream from the information in the TSMC adjusted financial model.

The fair value as at June 30, 2020 increased by \$2,032,000 as compared to the value as at December 31, 2019 based mainly on changes in the iron ore pricing outlook, changes in the US dollar exchange rate outlook and on the present value derived from the model as at June 30, 2020 versus December 31, 2019 using the projected dividend stream from the information in the TSMC adjusted financial model.

The aggregate fair value of the long-term investment decreases by approximately \$430,312 (\$335,000 as at December 31, 2019) for every 1% increment in the discount rate and increases by approximately \$477,268 (\$378,000 as at December 31, 2019) for every 1% decrement in the discount rate.

The income approach (i.e., a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the long-term investment as an asset) was used to determine the fair value of the long-term investment. The market approach (i.e., using prices and other relevant information generated by market transactions involving identical long-term investments) and the cost approach (i.e., the amount that would be required currently to acquire a 4.32% interest in TMSC) could not be used to determine the fair value of the long-term investment and is not considered relevant for the purposes of reporting the value of TSMC. The output of a model is always an approximation of a value that cannot be determined with certainty. Accordingly, the valuation technique employed may not fully reflect all factors relevant to the TSMC long-term investment owned by the Company.

There was no transfer from one level to another for marketable securities during the six-month period ended June 30, 2020 and during the year ended December 31, 2019 while there was a transfer from cost to level 3 for the long-term investment during the year ended December 31, 2018.

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 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. No changes were made in the objectives, policies and processes for managing capital during the year. The Company is not subject to any externally imposed capital requirements.

17. 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:

(a) 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.

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17. Financial risk management, objectives and policies (continued):

(a) Exchange risk (continued):

As at June 30, 2020 and December 31, 2019, the Company is exposed to currency risk through fluctuations in the foreign exchange rate with respect to the following financial asset:

	June 30 2020	December 31 2019
	\$	\$
Financial instruments denominated in USD		
Cash	68,291	42,970
Marketable securities	1,028,200	1,511,950
Net exposure	1,096,491	1,554,920

Based on the above net exposure as at June 30, 2020 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against USD would result in a change of \$109,649 (\$155,492 in 2019) in the Company's comprehensive loss and changes in equity.

There was no change in the risk exposures or objective, policies and processes from the previous period.

(b) Interest rate risk:

The GIC's, Sherritt and Fortress Global Enterprises notes 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 investments 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, 2020. The Company does not use derivative financial instruments to reduce its interest rate exposure.

There was no change in the risk exposures or objective, policies and processes from the previous period.

(c) Liquidity risk:

Management maintains sufficient amounts of cash to meet the Company's commitments. The Company establishes budgets and cash flow requirements monthly to ensure that it has the necessary funds to fulfill its obligations. The contractual maturities of trade and other payables are less than three months for all periods presented except for the amount due to TSMC (Note 9) which should be settled after June 30, 2021.

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

There was no change in the risk exposures or objective, policies and processes from the previous period.

(d) Credit risk:

Cash and marketable securities 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 Sherritt and Fortress notes 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.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of sufficient credit quality.

Credit risk of other receivables and cash is considered negligible, since the counterparty which holds the cash is a reputable bank with excellent external credit rating and the amount of other receivables is guaranteed.

None of the Company's financial assets are secured by collateral or other credit enhancements.

There was no change in the risk exposures or objective, policies and processes from the previous year.

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17. Financial risk management, objectives and policies (continued):

(e) Market risk (continued):

The Company manages market risk by continually monitoring the ratings of its investees and overall market conditions.

The Company is exposed to the risk of changes in the fair value of its investments in Sherritt, shares of listed companies on the TSX and investment in TSMC resulting from changes in their operations, results, and overall market ratings.

There was no change in the risk exposures or objectives, policies and processes from the previous year.

Based on the fair value of the investment in TSMC as at June 30, 2020 and assuming all other variables remain constant, a 10% depreciation or appreciation of the fair value would result in a change of fair value of \$549,500 in the Company's comprehensive loss and changes in equity.

18. Commitments and contingency:

18.1 Commitments:

- (i) The Company is committed through LabMag Limited Partnership ("LLP") to pay aggregate royalties of 2% of gross revenue from mineral interests subject to the LLP Limited Partnership agreement.
- (ii) The Company is liable to pay NNK Trust a proportion of dividends received from TSMC that relates to the mining during that year on DSO properties that the Company purchased from NNK Trust and subsequently sold to TSMC, as part of the sale described in Note 8.

As at June 30, 2020, the Company has a 4.32% (4.32% as at December 31, 2019) 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 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. As at June 30, 2020, there are no outstanding funding requests made to the Company by TSMC.

- (iii) In relation to the NML's agreement with the Sept-Îles Port Authority ("Port") relating to the new multi-user deep-water dock facility, the Company has a take-or-pay obligation based on a discounted rate applied on 50% of the 15 million tonnes minimum annual shipping capacity until 2032 and is payable even if NML does not use the facilities. The Company has reached an agreement with the Port whereby its \$38,372,000 buy in payment and 15 million tonnes reserved annual capacity can be applied to meet its take-or-pay obligation such that by the end of the take-or-pay period in 2032 the Company will not be required to make any additional cash outlay, however, at that time NML will no longer have a right to its buy-in-payment or reserved annual capacity.

On November 19, 2018, NML closed a transaction under which 6.5 million tonnes of the 15 million tonnes of annual wharf capacity reserved by NML in a July 2012 contract with the Port, along with the associated rights and obligations, shipping rates and other terms in the July 2012 contract were sold to Tacora. Other than the reduction in NML's annual wharf capacity to 8.5 million tonnes, there will be no change to NML's existing arrangements with the Port regarding the rights and shipping rates related to the remaining reserved capacity and the Company will not be required to make any additional cash outlay to meet its take-or-pay obligation.

- (iv) The Company has entered into a short-term lease (rental of office space from TSMC) for premises and equipment amounting to \$31,146, expiring by August 2020 and another lease with unrelated party for \$21,500 expiring by October 2020 fully paid before the year ended.

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.

The minimum annual lease payments are as follows:

	\$
2020	5,191

18.2 Contingency:

In the ordinary course of business, the Company and its subsidiaries may become involved in various legal and regulatory actions. The Company establishes legal provisions when it becomes probable that the Company will incur a loss and the amount can be reliably estimated. The Company also estimates the aggregate range of reasonably possible losses (RPL) in its legal and regulatory actions (that is, those which are neither probable nor remote), in excess of provisions.

As at June 30, 2020, the Company is being sued by a former consultant in the amount of \$1.5 million. The Company believes that the consultant was appropriately compensated and is contesting this claim.

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18. Commitments and contingency (continued):

18.2 Contingency (continued):

The RPL is from zero to approximately \$1.5 million plus legal costs. The Company's provisions and RPL represent the Company's best estimates and are based upon currently available information for the current action for which an estimate can be made, but there are several factors that could cause the Company's provision and/or RPL to be significantly different from its actual or RPL. For example, the Company's estimate involves significant judgment due to the stage of the proceeding, the yet-unresolved issues in the proceeding, and the attendant uncertainty of the various potential outcomes of the proceeding.

In management's opinion, based on its current knowledge and after consultation with counsel, the ultimate disposition of this action, will not have a material adverse effect on the consolidated financial condition or the consolidated cash flows of the Company. However, because of the factors listed above, as well as other uncertainties inherent in litigation, there is a possibility that the ultimate resolution of the legal action may be material to the Company's consolidated results of operations for any reporting period.

19. Subsequent events:

On August 5, 2020, the Company entered into an agreement with TS Global Minerals Holdings Pte. Ltd. ("TSGMH"), Tata Steel Minerals Canada Ltd. ("TSMC") and TSMUK LTD ("TSMUK", and together with TSGMH and TSMC, the "Tata Steel Group") to reorganize their relationship (the "Reorganization") pursuant to a reorganization agreement as follows:

- The Company will sell and transfer its 4.32% interest in TSMC to TSMUK, representing its entire interest, or undertake a similar transaction with a similar effect;
- The Company will purchase for cancellation the 47,402,908 common shares of the Company held by TSGMH, representing TSGMH's entire interest, or undertake a similar transaction with a similar effect, following which TSGMH will own no shares of NML;
- The Company will retain its interests in the LabMag and KéMag properties (the "Taconite Properties"), and TSGMH will be granted 1% gross revenue royalty on the Taconite Properties, which may be further reduced to 0.5% gross revenue royalty upon cash payment of an agreed upon amount to TSGMH exercisable at any time upon a 30 calendar days' prior written notice to TSGMH;
- The heads of agreements dated September 24, 2008 and March 6, 2011 between TSGMH, the Company and LabMag Limited Partnership pertaining to the Taconite Properties will each be terminated; and
- Subject to the obligations contained in the Reorganization Agreement, all outstanding payables between the Company, on the one hand, and the Tata Steel Group, on the other hand, will be settled between the parties and the parties will enter into a mutual release.

On September 18, 2020, the Company announced a proposed reverse take-over with Abaxx Technologies Inc. ("Abaxx") as it has arrived at an agreement with Abaxx to enter into a business combination agreement (the "Agreement"). Under the terms of the Agreement, NML and Abaxx will effect a transaction that will result in a reverse takeover of NML by the shareholders of Abaxx (the "Transaction") to ultimately form the resulting issuer ("Resulting Issuer"), subject to certain terms and conditions outlined below. Upon completion of the Transaction, it is the intention of the parties that the Resulting Issuer will continue the business of Abaxx. The Resulting Issuer will apply to list on the TSX Venture Exchange ("TSXV"). Assuming completion of the Transaction, it is anticipated that the Resulting Issuer will be listed on the TSXV as a Tier 2 technology issuer. The Transaction is anticipated to close on or around November 30, 2020.

Under the terms of the Agreement, immediately following completion of the NML Reorganization with the Tata Steel Group, NML will effect a consolidation of the issued and outstanding common shares in the capital of the Company ("NML Shares") on a 12-to-1 basis (the "Consolidation") that will result in 11.1 million NML Shares issued and outstanding prior to giving effect of the shares issuable to Abaxx shareholder in connection with the Transaction. Following the Consolidation, the Agreement provides that NML and Abaxx will be completing a business combination transaction, pursuant to which the NML Shares will be issued to holders of common shares of Abaxx ("Abaxx Shares"), including Abaxx Shares held by Convertible Debenture Holders, on the basis of 0.809 post-Consolidation NML Share for every one (1) Abaxx Share resulting in the issuance of 51.2 million NML Shares. The deemed issue price of NML Shares issued to Abaxx is approximately \$0.99 per share (or \$0.08 pre-Consolidation). The deemed issue price implies a Abaxx share price of \$0.80 and equity value of \$50.7 million, including the conversion of the Abaxx Convertible Debenture (as defined below) and Private Placement (as defined below).

Abaxx is a development stage financial technology business developing software tools which enable commodity traders and finance professionals to communicate, trade, and transact faster and more securely. In addition, Abaxx is the majority shareholder of Abaxx Singapore Pte. Ltd. ("Abaxx Commodity Exchange", or "ACX"), a nascent commodity futures exchange seeking final regulatory approvals as a Recognized Market Operator ("RMO") and Approved Clearing House with the Monetary Authority of Singapore ("MAS"). On September 7, 2020, Abaxx received Approval in Principle of its RMO application, subject to various terms and conditions.

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19. Subsequent events (continued):

After giving effect for the Reorganization and the Transaction, the Resulting Issuer will have approximately 62.6 million Resulting Issuer shares outstanding (post-Consolidation), of which 17.8% will be held by NML shareholders and 82.2% will be held by current Abaxx shareholders, which includes conversion of the Abaxx Convertible Debentures (as defined below) and the Private Placement (as defined below):

- On September 11, 2020, Abaxx completed the final tranche of a non-brokered private placement of 6,484,020 Abaxx Shares at a price of \$0.80 per Abaxx Share for gross proceeds of \$5,187,216 (the "Private Placement"); and
- Abaxx receives conditional approval of early conversion of \$3.25 Million in outstanding debentures upon closing of a going public transaction. Each holder of the Abaxx Convertible Debentures has agreed to early conversion of their outstanding Abaxx Convertible Debenture and accrued interest thereon into Abaxx Shares at the conversion price in the debentures being \$0.55 per Abaxx Share, concurrent with the closing of the Transaction.

In addition, the Corporation will issue Resulting Issuer stock options and Resulting Issuer warrants, in exchange for the outstanding Abaxx stock options and warrants, respectively. Holders of Abaxx warrants may elect to receive 0.203 Resulting Issuer Share for one (1) Abaxx warrant in lieu of receiving a Resulting Issuer warrant.

The Resulting Issuer will continue to hold NML's iron ore properties in the Province of Newfoundland and Labrador and the Province of Quebec and will evaluate strategic opportunities for these assets following closing of the Reorganization and Transaction.

The completion of the Transaction is subject to the satisfaction of various conditions as are standard for a transaction of this nature, including but not limited to (i) receipt of all requisite regulatory, stock exchange, court or government approvals, authorizations or consents; (ii) the absence of any material change or change in a material fact or a new material fact affecting NML or Abaxx; (iii) completion of the NML Reorganization (as defined above); (iv) completion of the Consolidation; (v) conversion of all outstanding convertible debentures (US\$3,250,000) issued by Abaxx (the "Abaxx Convertible Debentures"); and (v) entering into a unanimous shareholder agreement between the shareholders of ACX and Abaxx's ownership of ACX being no less than 80%. There can be no assurance that the Transaction will be completed on the terms proposed above or at all.

If either the Company or Abaxx terminates (the "Terminating Party") this Agreement and all of the conditions to the other Party's (the "Non-Terminating Party") obligations to complete the Transaction have been satisfied (other than any such conditions that by their nature are to be satisfied by the Effective Date), the parties acknowledge that the Terminating Party will have suffered a loss in value of an incalculable nature and amount, unrecoverable in law, and the Non-Terminating Party shall pay to the Terminating Party a fee of \$500,000 (the "Termination Fee"), it being understood that in no event will the Non-Terminating Party be required to pay the Termination Fee on more than one occasion. The Termination Fee shall be payable in immediately available funds by wire transfer no later than five Business Days after such termination.