NEW MILLENNIUM IRON CORP.

ANNUAL REPORT 2016

New Millennium Iron Corp.

Annual Report

December 31, 2016

NEW MILLENNIUM IRON

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Dear Shareholder,

The year 2016 continued a period of transition for New Millennium Iron Corp. ("NML" or "the Company").

While stimulus in China and general improvement in steelmaking conditions elsewhere resulted in a better-than-expected pricing environment for iron ore, surprising analysts to the upside, the outlook remains volatile as new sources of fines supply come on stream in Australia and Brazil, and this is expected have a price-softening effect in 2017.

The environment for new, capital-intensive iron ore projects, such as the development of NML's taconite properties, remains challenging and NML thus implemented further cash conservation measures over the course of the year to maintain liquidity, preserve assets and consider strategic alternatives pending the Company's ability to raise additional financing.

We hold a portfolio of significant, long-life resources in Canada's premier iron ore district – the Labrador Trough -- that have been both explored and comprehensively studied from both a technical and economic standpoint. Their potential to produce high-quality pellets for blast furnace and direct reduced iron making processes is confirmed. Furthermore, our resources are located in receptive jurisdictions and communities, and can be readily connected to established infrastructure. Accordingly, the Company is well positioned to take a project forward when conditions permit.

Our activities and ongoing priorities are reviewed below.

Working Capital

At the end of Q1 2017, NML held approximately $12.6 million in cash and investments, and had an overall working capital position of $13.7 million.

Measures taken in 2016 to again structurally lower our cost base included reducing to minimal staff, the closure of remaining field offices and limiting our day-to-day business to essential activity, including the Company's important historical relationships with governments and communities.

NML now has only two executive officers and a smaller Montreal office location will reduce overhead in 2017.

Taconite Development

In June 2016, NML completed an important phase of taconite feasibility work with the announcement of the results of its NuTac Project initiative begun in September 2015.

Building on the extensive Taconite Project Feasibility Study previously carried out by NML and Tata Steel for which the techno-economic results were published in 2014, NuTac responds to the changed macroeconomic environment for iron ore and supplements the larger scale and more capital intensive Taconite Project as a development concept.

Under NuTac, a pre-feasibility study ("PFS") reviewed all development aspects of each of NML's taconite deposits, including resources, location, ownership, jurisdictional considerations, market potential and historical work, together with the use of existing and planned infrastructure for rail haulage, stockpiling and shiploading. The NuTac initiative produced a re-scoped development plan for our resources in the form of a lower capital cost project servicing mainly the pellet segment of the iron ore market, which currently is very strong owing to supply side disruption, coupled with a growing demand for high-quality ores.

A NI 43-101 Technical Report on NuTac confirmed by Qualified Persons in their respective fields and stating the highlights of the PFS results for the NuTac Project initiative was filed on SEDAR in July 2016.

In our view, the NuTac PFS shows a solid project outcome targeting the high-quality segment of the iron ore market, based on the established resource identification and processing technology available from earlier studies, along with balanced assumptions. While no decisions on further work have been made, the PFS defines the next engineering, permitting and financing steps required to advance taconite development, thereby providing NML's Board with a range of options to consider in pursuing opportunities to monetize NML's significant taconite assets.

Corporate

The Company's Board of Directors and executive management underwent changes in 2016.

In May, Howard Lutley succeeded Lee Nichols as Chairman. At NML's Annual General Meeting ("AGM") in June, Mr. Nichols and Pierre Seccareccia advised that they were withdrawing their names from consideration for election.

Lee provided enthusiastic leadership and commitment to excellence in technical standards, governance and safety as our business and field activities evolved. Pierre's experience and example in the areas of accounting, tax and finance were also valuable, especially with the administrative aspects of the Company's exploration programs, feasibility studies and as Chairman of the Audit Committee. We thank Lee and Pierre for their years of dedicated service.

Also at the AGM, Messrs. Scott Leckie and Daniel Owen, both NML shareholders, were elected to the Board, bringing diversified mining and capital markets expertise to the Company.

In December, it was announced that Robert Patzelt, President and Chief Executive Officer since January 2014, would leave the Company as both an officer and director at the end of 2016. My appointment as Chief Executive Officer on an interim basis effective January 1st 2017 was concurrently announced.

Against the background of challenging iron ore market conditions, Robert oversaw the completion of important feasibility study work on our taconite properties, a realignment of our interest in Tata Steel Minerals Canada and restructuring initiatives necessary to reduce the Company's cost base. We are grateful for his services during a difficult period for NML.

Mr. Lutley is retiring from the Board at the conclusion of our upcoming AGM and not standing for re-election. Since joining the Board in November 2015, Howard has provided a steady hand through the many changes taking place at NML during that time. NML has been fortunate to have Howard on the Board and we thank him for his leadership.

It is also important to acknowledge the efforts of NML's dedicated employees – past and present – whose skills and professionalism have contributed significantly to the Company.

NEW MILLENNIUM IRON

Investment in Tata Steel Minerals Canada ("TSMC")

With Tata Steel, one of the world's largest steel producers, as our strategic partner, we formed TSMC in 2010 and established the direct shipping ore (DSO) project, which has seen a number of significant accomplishments, including saleable ore production and shipments, construction of a processing plant to enhance ore quality, ancillary facilities, and the creation of an operating and management structure.

The DSO project's scoping changes, including acquisition of the strategic Howse deposit, and construction delays resulted in a significantly higher cost of completion than foreseen and TSMC's investment in its DSO and Howse properties now exceeds $1 billion.

In a $175 million transaction that closed on November 1st 2016, the Government of Quebec provided important financial support to TSMC in the form of a loan of $50 million from Investissement Québec along with $125 million for an 18% equity stake through Ressources Québec. The transaction resulted in adjustments to the shareholdings in TSMC of Tata Steel (through an affiliate) and NML to 77.68% and 4.32%, respectively.

While the Company is encouraged by TSMC's market entry and the Quebec Government's financial support of TSMC both directly and indirectly through investment in regional logistics, the DSO project is still in the ramp-up stage operationally and facing volatile iron ore prices. Furthermore, the development of efficient stockpiling and shiploading infrastructure is advancing, but not yet fully established. NML will only derive revenue from the DSO project when TSMC is in a dividend-paying position, which cannot be predicted at this time.

Conclusion

Through the market turbulence of the past five years, NML has advanced the opportunity for development of its resources through the successful exploration and analysis of its resource base. NML's taconite properties are well positioned to provide steelmakers worldwide with a new long-term, strategic source of high-quality products, and there is sufficiently comprehensive feasibility information available for discussions with third parties. Volatility in the price of iron ore remains a key challenge, as is the lead-time for bringing new projects to market.

We acknowledge concerns expressed by shareholders and reiterate our commitment to the careful management of capital as the Board considers strategies to unlock value from the Company's assets, while continuing to identify and evaluate new potential opportunities.

Thank you for your continued support and interest.

Yours very truly,
NEW MILLENNIUM IRON CORP.

Ernest D. Dempsey
Chief Executive Officer
May 18, 2017

NEW MILLENNIUM IRON

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

*Reference is made to the audited Consolidated Financial Statements of New Millennium Iron Corp. (**"**NML**",** or "the Company**"**) for the year ended December 31, 2016 and the year ended December 31, 2015 ("FYE 2015"), upon which the following discussion is based. These Consolidated Financial Statements and the notes thereto, have been prepared in accordance with International Financial Reporting Standards ("IFRS").*

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

READER ADVISORY

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

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

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

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

With respect to the disclosure of historical resources in this MD&A that are not currently in compliance with National Instrument 43-101 ("NI 43-101"),a Qualified Person (as such term is defined under NI 43-101) (a "Qualified Person") has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves, the Company is not treating the historical estimate as current mineral resources or mineral reserves and the historical estimate should not be relied upon.

OVERVIEW OF BUSINESS

NML is a Canadian iron ore exploration, evaluation and development company with an extensive property position called the Millennium Iron Range ("MIR") in Canada's principal iron ore district, the Labrador Trough, straddling the Province of Newfoundland and Labrador and the Province of Quebec, in the Menihek Region around Schefferville, Quebec. The Company's project areas are connected via a well-established, heavy-haul rail network to the Port of Sept-Îles, Quebec.

The Company is in a strategic partnership with Tata Steel Limited ("Tata Steel"), a global steel producer and industry leader. Tata Steel owns approximately 26.2% of the Company and is the Company's largest shareholder.

NML has a 4.32% interest in Tata Steel Minerals Canada Ltd. ("TSMC"), which is owner and operator of a direct shipping ore ("DSO") project near Schefferville. The DSO project produces and ships sinter fines. Subsidiaries of Tata Steel and the Quebec Government's financing arm, Investissement Québec, own the remainder of TSMC.

Beyond TSMC, the Company offers further development potential through seven long-life taconite properties capable of producing high quality pellets and pellet feed to service the requirements of steel makers with either blast furnace or direct reduced iron making operations. Two of these deposits – LabMag and KéMag – were the subject of large-scale development feasibility studies carried out by the Company and Tata Steel and published in March 2014.

With these feasibility study results as a foundation and all seven taconite properties now explored to a NI 43-101 compliant resource, the Company can optimize its taconite development strategy and has also designed a smaller market entry project called the NuTac Project Initiative, for which a NI 43-101 prefeasibility study was carried out and published in June 2016.

NML's mission is to add shareholder value through the responsible development of the MIR and other mineral projects to create a new source of raw materials for the world's iron and steel industries. NML continues to implement cash conservation measures, while also protecting its mineral claims and iron ore development positioning and maintaining sufficient liquidity pending the Company's ability to raise additional financing and further advance its development strategy.

MINERAL EXPLORATION AND EVALUATION ASSETS

Overview

The Company holds interests in 1,799 claims distributed between properties in Newfoundland and Labrador ("NL") and Québec. Of the 1,799 claims held, the Company does not foresee any future economic benefit from 345 claims and expects to allow these latter claims to lapse when due for renewal.

Table 1 below represents the remaining 1,454 claims with potential economic benefit, while Table 2 below shows NML's prominent NI 43-101 compliant resource holdings through not only LabMag and KéMag, but also the other important MIR deposits presented, for which exploration drilling and analysis has been effectively completed. The expenditures incurred to date on each of the Company's Taconite properties are presented in Table 3 below.

Table 1
NML – Summary of Mineral Claims

Province	Ownership	LabMag Property	KéMag Property	Howells Lake-Howells River North Properties	Perault Lake Property	Lac Ritchie Property	Sheps Lake Property	Other Properties	Total
NL	NML	-	-	122 [30.5 km^2]	354 [88.5 km^2]	-	-	18 [4.5 km^2]	494 [123.5 km^2]
	LLP	256 [64 km^2]	-	145 [36.3 km^2]	-	-	263 [65.8 km^2]	-	664 [166.1 km^2]
Québec	NML	-	171 [80.9 km^2]	-	-	97 [47.0 km^2]	-	28 [12.1 km^2]	296 [140.0 km^2]
Total		**256** [64 km^2]	**171** [80.9 km^2]	**267** [66.8 km^2]	**354** [88.5 km^2]	**97** [47.0 km^2]	**263** [65.8 km^2]	**46** [16.6 km^2]	**1,454** [429.6 km^2]

Note: Claims registered under New Millennium Iron Corp. are owned 100% by the Company. Claims registered under LabMag Limited Partnership ("LLP") are owned 80% by the Company through its 80% interest in LLP.

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

Table 2
NML – Millennium Iron Range Taconite Properties

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

Notes: 1) NML owns 100% of the properties mentioned above except for LabMag, Howells River North and Sheps Lake, which are 80% owned through the Company's interest in LabMag Limited Partnership. 2) The cut-off used to report these resources is minimum 18% Davis Tube Weight Recovery.

Table 3
NML – Cumulative Costs Incurred on Taconite Properties

Property	Cumulative Expenditures
KéMag	18,680,000
LabMag	29,130,000
Howells Lake-Howells River North	5,110,000
Sheps Lake	1,350,000
Perault Lake	5,080,000
Lac Ritchie	2,470,000
Total	61,820,000

Note: These expenditures are net of tax credits, mining duties and Tata Steel's option on the Taconite Projects.

KéMag Property and NuTac Initiative

The KéMag Iron Ore Project, a 2014 NI 43-101 feasibility study (the "Study"), involves the exploration and evaluation of a taconite deposit at Lac Harris, Québec. The property, situated in the Kativik Region in northern Québec, is centered about 50 km to the northwest of Schefferville. The Study was designed for the project to produce 22 million tonnes of concentrate and assumed to be shipped by a ferroduct to pellet plants with 17 million tonnes capacity per year located at Pointe-Noire, Québec. The pellets produced and the remaining concentrate would be shipped to customers using the new multi-users dock at Pointe-Noire, near Sept-Îles. The Study is being worked on under the arrangement summarized in ***The Taconite Project*** section below.

The NuTac pre-feasibility study ("PFS"), a 2016 NI 43-101 technical report, is a re-scoping of the previous mining processing work, coupled with examination of the use of existing infrastructure for transportation of concentrate to a pellet plant at the loading port. The PFS is designed for the project to produce 8.7 million tonnes of concentrate, and manufacture pellets through a plant located at Pointe-Noire, Quebec, with 9 million tonnes of annual capacity. The PFS concept is a project sized and costed for market entry when conditions permit (see ***NuTac Project Initiative*** section below).

LabMag Property

The LabMag Iron Ore Project, a 2014 NI 43-101 feasibility study, involves the exploration and evaluation of a taconite deposit at Howells River, NL. The property is situated in western Labrador, in Elross Township, about 30 km to the northwest of the town of Schefferville, Québec. The Study was designed for the project to produce 22 million tonnes of concentrate and assumed that the concentrate will be shipped by a ferroduct to pellet plants with 17 million tonnes capacity per year located at Pointe Noire, Québec. The pellets produced and the remaining concentrate would be shipped to customers using the new multi-users dock at Pointe-Noire, near Sept-Îles. The Study is being worked on under the arrangement in ***The Taconite Project*** section below.

Howells Lake Property and Howells River North Property

These two Properties are located approximately 47 km northwest of Schefferville in the Elross Township and occur in the same continuous taconite formation. These two areas were drilled in detail in 2012. Based on the drilling results, NML engaged SGS Canada Inc. ("SGS") to provide a NI 43-101 compliant resource estimation. SGS provided a combined resource estimation report for the Howells Lake and Howells River North Properties.

Sheps Lake Property

The Sheps Lake Property is located in NL, south of the LabMag property and is approximately 20 km south-west of Schefferville. NML carried out drilling in 2011 and 2012. SGS provided a NI 43-101 compliant resource estimation.

Perault Lake Property

The Perault Lake Property is located in NL, immediately south of the Sheps Lake Property, approximately 17 km southwest of Schefferville. In 2012, NML carried out a Phase 1 exploration drilling program. Based on the results of the drilling, SGS provided a NI 43-101 compliant mineral resource estimation.

Lac Ritchie Property

The Lac Ritchie Property is located approximately 134 km northwest of Schefferville and approximately 70 km northwest of the KéMag deposit in Québec. NML conducted Phase 1 drilling in 2011. Based on the results of drilling, SGS provided a NI 43-101 compliant Technical Report on the mineral resource estimates for the property.

Other Properties

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

Change in Accounting Policy

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, and that this method is being increasingly preferred in the mining industry.

The retrospective application of this change decreased the value of exploration and evaluation assets and decreased capital by $60,240,000 and $61,577,000 as at January 1, 2015 and December 31, 2015, respectively, reflecting the cumulative impact of the change in accounting policy on prior periods. Net loss for the year ended December 31, 2015 increased by $1,338,000 and loss per share increased by 0.01.

NML TACONITE PROPERTIES

The taconite deposits controlled by NML have similar characteristics in terms of geology, mineralogy and metallurgical properties. Each is a long-life property that can yield high quality saleable products with the same processing technologies. These deposits have been comprehensively assessed for their development potential through several studies discussed below.

NuTac Project Initiative

Pre-Feasibility Study Results

On June 9, 2016, NML announced the results of its NuTac Project initiative begun in September 2015 to examine a further range of options for development of the seven MIR taconite properties.

NuTac responds to the changed macroeconomic environment for iron ore and supplements the Taconite Project (see ***The Taconite Project*** section below) mainly through a re-scoping of the previous mining and processing work, coupled with examination of the use of existing infrastructure for transportation of concentrate to a pellet plant at the loading port, all aimed at designing a project sized and costed for market entry when conditions permit.

Under NuTac, a PFS reviewed all development aspects of each of NML's taconite deposits, including resources, location, ownership, jurisdictional considerations, market potential and historical work, and the KéMag deposit, in which NML holds a 100% interest, was selected for base case analysis, although other deposits also showed attractive development potential.

The NuTac initiative has thus produced a re-scoped project development plan for KéMag in the form of a lower capital cost project servicing mainly the growing pellet segment of the iron ore market.

Whereas the Taconite Project evaluated the mining of the LabMag and/or KéMag deposits followed by the production of ~23 million tonnes per year ("Mtpy") of concentrate at the mine site and its transportation in slurry form via a buried pipeline to a pellet plant at Sept-Îles, resulting in an overall saleable product mix of ~17 Mtpy of pellets and ~6 Mtpy of concentrate, NuTac targets the production of ~9 Mtpy of pellets. It is not planned to produce fine-sized products such as concentrate or pellet feed for sale, but there would be flexibility to do so if warranted by market demand.

In Management's view, the NuTac PFS shows a solid project outcome targeting the high-quality segment of the iron ore market, based on the established resource identification and processing technology available from earlier studies, along with balanced assumptions. While no decisions on further work have been made, the PFS defines the next engineering, permitting and financing steps required to advance the development of KéMag, thereby providing NML's Board with a range of options to consider in pursuing opportunities to monetize NML's significant taconite assets.

Technical Report

A NI 43-101 Technical Report ("Report") stating the highlights of the PFS results for the NuTac Project initiative was filed on SEDAR on July 21, 2016.

The Report was prepared in collaboration with a group of Independent Qualified Persons with expertise in all aspects of the PFS, namely Mr. Yves A. Buro, P.Eng. and Dr. Schadrac Ibrango, P.Geo. of Met-Chem Canada Inc. for the mineral resources statement; Mr. Jeffrey Cassoff, P.Eng. and Mr. Angelo Grandillo, P.Eng. of BBA Inc. for mineral reserves, processing, pelletizing, infrastructure, and capital and operating costs; Dr. Joseph J. Poveromo, President, Raw Materials & Ironmaking Global Consulting, for marketing; Dr. Ann Lamontagne, P.Eng. of Lamont Inc. for environmental matters; and Mr. Michel L. Bilodeau, P.Eng. for financial analysis.

The effective date of the Report is June 9, 2016, and there are no material differences between the PFS results announced earlier and those contained in the Report.

The Taconite Project

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

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

Each of the LabMag and KéMag deposits could support a large-scale iron ore concentrating and pelletizing complex comparable to that of existing Labrador Trough producers, and become a source of saleable product qualities capable of servicing iron making through either the blast furnace or direct reduction route. Recognizing that the macro-economic situation posed challenges for development of the Taconite Project as currently conceived in the HOA, NML and Tata Steel intend to review the terms of the HOA.

GENERAL CORPORATE AFFAIRS

Cost Reduction Measures

The Board and management continue to implement cash conservation measures, while protecting NML's mineral claims and iron ore development positioning, and maintaining sufficient liquidity pending the Company's ability to raise additional financing and further advance its development strategy.

These initiatives began in 2014, and measures taken over the course of 2016 included a workforce reduction and further consolidation of roles, including at the executive level. Also, NML closed its offices in St. John's, NL, Sept-Îles, QC, and Schefferville, QC, having already closed its Labrador City, NL office in 2014 and reduced office space in Montreal, QC in 2015. In addition to streamlining the organizational structure and general lowering overhead costs, NML will be submitting an assessment report through which the level of exploration spending necessary to preserve NML's mining claims could be significantly reduced without materially changing the Company's mineral resources.

Board Composition and Structure

Appointment of New Chair of the Board

On May 28, 2016, the Company announced the appointment of Mr. Howard Lutley as Non-Executive Chair of the Board. Mr. Lutley joined NML's Board in November 2015 and succeeded Mr. Lee C. G. Nichols, a co-founder of NML, Director and Chair since August 2003, who had remained a Director as NML continued its Board renewal process.

Mr. Lutley, President of HJ Lutley and Associates Inc., an independent energy and mining consulting company, has more than 35 years' experience in corporate management, operations and engineering at energy and mining companies in the United Kingdom, Canada and the USA. He most recently was President and CEO of SilverWillow Energy Corporation, an in-situ oil sands focused company he founded in 2012 and which was sold in August 2015. He earlier was in key leadership roles with public companies developing major oil sands mining projects, and with consulting companies, primarily in surface mining. Mr. Lutley has conducted technical and due diligence reviews for financial institutions and corporations, and has served as an expert witness in regulatory hearings and arbitration proceedings.

In addition to consulting activities, Mr. Lutley led the start-up of a number of private energy and investment companies, including NRL Energy Ltd., one of Canada's first Coal Bed Methane companies.

Annual General and Special Meeting Board Election Results

NML's Annual General and Special Meeting of Shareholders held on June 23, 2016, in Toronto, also resulted in changes to the Board. Prior to the Meeting, the Company received notice from Mr. Nichols and Mr. Pierre Seccareccia that they were withdrawing their names from consideration for election to the Board, and accordingly management had only seven nominees being considered for election for nine director positions. Two additional nominees were put forth at the Meeting by Mr. W. Scott Leckie, a shareholder of the Company, who on May 20, 2016 had provided a notice of director nominations to the Company in accordance with the Company's advance notice bylaw. Mr. Leckie nominated himself and Mr. Daniel P. Owen for election to the Board of Directors. At the Meeting, all nine nominees proposed were elected as directors of the Company for the ensuing year.

Formation of Special Committee

Under the new Board structure, a Special Committee, made up of Mr. Kevin Bullock, Mr. Mario Caron, and Messrs. Leckie and Owen, was formed to focus on strategic options for the Company in the prevailing market conditions.

Requisitioned Shareholder Meeting

Earlier, on March 15, 2016, the Company held a special meeting of shareholders in Toronto to consider the action initiated by a group of shareholders owning an aggregate of at least 5% of the NML's shares who, under section 142 of *the Business Corporations Act* (Alberta), had requisitioned the special meeting for the purpose of removing six of the Company's nine directors, reducing the size of the Board to seven and electing four new directors.

The Company's response to the Requisition was contained in in a management proxy and information circular, to which the requisitioning group responded. Various news releases, letters and other exchanges between NML management and the requisitioning group took place over the period leading up to the proxy deadline of March 11, 2016.

At the special meeting, 631 shareholders holding a total of 131,249,454 common shares of the Company were represented in person or by proxy, representing 72.49% of the total votes attached to all issued and outstanding common shares of NML as of the record date of February 12, 2016.

The votes cast by shareholders present in person or represented by proxy at the Meeting for the Director Removal Resolution were as follows:**Resolution**	**Votes For**	**% For**	**Against**	**% Against**
Director Removal	54,820,669	41.77%	76,428,785	58.23%

With the Director Removal Resolution failing to receive a majority of votes cast, the Meeting was terminated and no additional voting was required or conducted.

Executive Change

On December 22, 2016, NML announced that Mr. Robert Patzelt, President and Chief Executive Officer since January 2014, would be leaving the Company as both an officer and director at the end of 2016. Mr. Patzelt was succeeded by Mr. Ernest Dempsey, who became Chief Executive Officer on an interim basis. Mr. Dempsey joined NML in 2011 and previously served as Vice President Marketing and Corporate Affairs, with multiple responsibilities, including day-to-day management, business development and investor and government relations. His long iron ore industry experience includes executive roles at Iron Ore Company of Canada, as representative of Rio Tinto's iron ore businesses in Europe, and with Mitsubishi Development Pty. Ltd. in Australia.

Multi-User Dock at Sept-Îles and Related Infrastructure

As previously reported, NML and TSMC advanced funds to the Sept-Îles Port Authority ("PSI") under respective contracts dated July 2012 in order to secure capacity at the new, multi-user dock at Pointe Noire, Sept-Îles, Quebec, along with other companies. The Canadian Government and the PSI are also participants in the dock. The dock is constructed, although not available for use as there is no connection to land-side operations capable of moving product to the dock. TSMC plans to use the dock for DSO shipments and the facility would also be expected to be the loading point for shipments of taconite products produced from NML's taconite properties.

Quebec Government Infrastructure Investments

With the aim of creating a new multi-user product handling terminal and facilitating dock access, the Quebec Government's Investissement Québec ("IQ") financing arm confirmed on March 8, 2016, the purchase for $66.75 million of land, rail and stockpiling and other assets at Pointe Noire owned by Cliffs Natural Resources ("Cliffs") which is under the protection of the Companies' Creditors Arrangement Act.

IQ subsequently created a limited partnership called Société ferroviaire et portuaire de Pointe-Noire (Rail and Port Company of Pointe-Noire), in which mining companies can participate. IQ expects the Government's Société du Plan Nord, which is the key authority for implementation of the various components of the Plan Nord, to eventually manage the Pointe Noire facilities. Plan Nord is Quebec's sustainable development program for resources in the north of the Province.

In its 2016-2017 budget, the Quebec Government announced further support in the form of a $15 million investment to install a conveyor that will connect the acquired product handling infrastructure to the dock.

In an earlier development, PSI purchased a significant block of former Cliffs' land that will enable connection of PSI's three dock facilities at Pointe-Noire and coordination with the facilities purchased by the Quebec Government.

NML - PSI Contract

On May 9, 2016, NML received a document from the PSI purporting to be a "Notice of Delivery of Operational Multi-User Dock Facilities" which, among other things, stated that it considers that the port facilities have been "delivered and are operational" and that take or pay obligations under NML's July 2012 contract (the "Contract") with PSI were now in effect.

NML responded to the PSI that it considered the purported notice to be inappropriate, without effect and invalid and that it was reserving any and all of its rights and recourses against PSI and any other parties.

The Company engaged counsel to advise as to the steps that may be pursued to protect its interests and those of its shareholders with respect to this development unilaterally taken by PSI against NML and other prospective port facility users, without the appropriate authority under the Contract and without any advance warning or discussion.

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

TSMC's DSO PROJECT

Operations

The DSO Project was originally designed to produce 4.2 Mtpy of high grade sinter feed and pellet feed from a processing plant housed under a weather proof dome, the Project underwent a scoping change and will now supply not only those premium processed products on a year round basis as planned, but has also established the seasonal production and shipment of sinter fines by way of a mining, crushing and dry screening operation.

The targeted level of production for the combined product streams is 6 Mtpy and additional production options are being studied.

Shipping of the crushed and screened DSO began in 2013 to Tata Steel Europe and to China, and deliveries to these markets are now being made on a regular basis. During the 2016 season, there were ten shipments totaling approximately 1.6 million tonnes.

Howse Deposit

As previously reported, TSMC completed its acquisition of the Howse Deposit in April 2015. Howse is a large DSO deposit strategically located near TSMC's main Timmins operations site. While the technical feasibility activities, including a resource re-evaluation and feasibility study, were completed in 2015, TSMC has also made substantial progress on the environmental clearances for the Howse deposit with both the provincial and federal agencies, including First Nation consultations.

Agreement with the Quebec Government

On July 26, 2016, NML announced the award of a financial contribution of $175 million by agencies of the Quebec Government to TSMC in support of the DSO project. The announcement followed a previously reported January 2016 agreement-in-principle between the parties.

On November 1, 2016, it was announced that the $175 million transaction had closed and was comprised of a loan of $50 million from IQ along with $125 million for an 18% equity stake in TSMC through Ressources Québec. The transaction resulted in adjustments to the shareholdings in TSMC of Tata Steel (through an affiliate) and NML to 77.68% and 4.32%, respectively.

FINANCIAL CONDITION

The following discussion of the Company's financial performance is based on the audited Consolidated Financial Statements as of December 31, 2016 ("financial statements") set forth herein, which are prepared in accordance with IFRS.

The significant accounting policies applied in the preparation of these financial statements are set out in Note 3 of the financial statements and have been consistently applied to all periods presented.

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, and that this method is being increasingly preferred in the mining industry.

The retrospective application of this change as at December 31, 2015 ("FYE 2015") decreased the value of exploration and evaluation assets and decreased capital by $61,577,229, reflecting the cumulative impact of the change in accounting policy on prior periods. Net loss for FYE 2015 increased by $1,337,600 and loss per share increased by 0.01.

All financial figures for prior periods referred to in this MD&A take into account the restatement of prior periods for this retrospective accounting policy change.

Management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the period then ended.

The audited Consolidated Statement of Financial Position as of December 31, 2016 ("FYE 2016") indicates cash of $2,219,000, short-term investments of $11,866,000, sales taxes, other receivables and prepaid expenses of $80,000 and due from Tata Steel of $2,003,000 resulting in total current assets of $16,168,000, a decrease of $5,294,000 from FYE 2015. The non-current assets are comprised of long-term portion of tax credits and mining duties receivable of $4,952,000, property and equipment of $352,000, long-term investments in TSMC of $10,149,000 and other assets of $38,502,000. The total assets are $70,123,000 which is a decrease of $5,765,000 from FYE 2015.

The Company's current liabilities at FYE 2016 consist of its trade and other payables of $1,732,000, a decrease of $219,000 from FYE 2015. Non-current liabilities consist of mining duties payable of $825,000 for total liabilities of $2,557,000, which is a decrease of $219,000 from FYE 2015. Equity attributable to shareholders of the Company is $67,328,000, a decrease of $5,546,000 from FYE 2015, and is comprised of share capital of $177,584,000, contributed surplus of $22,432,000, less the deficit of $132,688,000. The non-controlling interest of $238,000 relates to LabMag Limited Partnership whose main property is the LabMag Property remains unchanged from FYE 2015, for a total equity of $67,566,000.

During the year the Company collected its advance to TSMC as well as a portion of its tax credits. These were used in conjunction with the Company's cash and short term investments to pay for its trade and other payables. Since the Company did not have any capital injection during the year, the portion of the payments relating to the current and prior years' operating loss results in a decline in the Company's total current assets and total assets from FYE 2015 to FYE 2016.

Result of operations:

	Year-ended December 31, 2016	(Restated) 2015
	$	$
Service fee revenue	345,000	-
Investment income	209,000	559,000
	554,000	559,000
Expenses		
General and administrative	5,536,000	5,319,000
Mineral exploration and evaluation	591,000	1,338,000
Impairment on long-term investment	-	26,798,000
Reversal of provision	-	(285,000)
	6,127,000	33,170,000
Net loss	(5,573,000)	(32,611,000)
Loss per share-basic and diluted	(0.03)	(0.18)

Comparative general and administrative expenses, by nature of expenditure, are summarized below:

	December 31, 2016	(Restated) 2015
	$	$
Consulting, legal, and professional fees	1,576,000	1,890,000
Salaries, wages and benefits	1,572,000	2,436,000
Restructuring costs	1,209,000	(19,000)
Office and general	354,000	750,000
Rental costs	285,000	423,000
Directors' fees	265,000	238,000
Travel costs	105,000	234,000
Market development	98,000	120,000
Depreciation	45,000	74,000
Share based compensation	27,000	465,000
Recovery from Tata Steel	-	(1,292,000)
Total general and administrative expenses	5,536,000	5,319,000

The main changes between FYE 2016 and FYE 2015 general and administrative expenses are that in FYE 2016, there were the restructuring costs relating to the employee workforce reduction charges, there was no general and administrative cost recovery from Tata Steel relating to the Taconite Feasibility Study (“TFS”) (FYE 2015 – cost recovery of $1,292,000) and there were costs incurred for the March 15, 2016 Special Meeting of $673,000, for which there was no comparable expenditure in 2015.

The Company expects to continue incurring losses that are expected to be funded by the current cash, collections of receivables, investments and then if necessary, through equity financing or debt financing or investments by strategic partners.

As at December 31, 2016, the deferred tax assets, which arise as a result of applying the capital and non-capital losses carried forward to taxable income, have not been recognized in the accounts due to the uncertainty regarding their utilization.

Annual Information

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

Item	December 31, 2016	(Restated) December 31, 2015	(Restated) December 31, 2014
Investment income	209,000	559,000	845,000
Net loss	(5,573,000)	(32,611,000) (2)	(9,806,000)
Loss per share (1)	(0.03)	(0.18)	(0.05)
Total assets	70,123,000	75,888,000	108,785,000
Long-term liabilities	824,000	824,000	285,000
Dividends	Nil	Nil	Nil

(1) The effect of the exercise of stock options and warrants would be anti-dilutive for the purposes of calculating the fully diluted earnings per share for all periods.
(2) The December 31, 2015, net loss includes an impairment on long-term investments in the amount of $26,798,000.

For the year ended December 31, 2016, general and administrative expenses increased by $217,000, as compared to 2015. The Company underwent an organizational restructuring which resulted in $864,000 of salary cost reductions for 2016 (FYE 2015 - $334,000). These cost decreases were more than offset by the assumption of $1,209,000 in restructuring costs during the year (FYE 2015 – recovery of $19,000). In addition, office and general costs decreased by $396,000, share based compensation costs decreased by $438,000, rental costs are lower by $138,000 due to the Company's reducing its rental space and travel costs decreased by $129,000. These cost decreases have been offset by the reduced recovery from Tata Steel of $1,292,000 due to the reduced work on the TFS.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company for the eight quarters ended December 31, 2016. This information is derived from unaudited quarterly financial statements prepared by management. The Company's condensed interim consolidated financial statements are prepared in accordance with IFRS and expressed in Canadian dollars.

	Dec-16	(Restated) Sept-16	(Restated) Jun-16	(Restated) Mar-16	(Restated) Dec-15	(Restated) Sept-15	(Restated) Jun-15	(Restated) Mar-15
Investment Income	49,000	47,000	64,000	49,000	56,000	161,000	167,000	175,000
Net Loss	(1,184,000)	(331,000)	(2,174,000)	(1,884,000)	(1,659,000)	(28,089,000)(2)	(1,300,000)	(1,563,000)
Loss per Share(1)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.16)	(0.01)	(0.01)

(1) The effect of the exercise of stock options would be anti-dilutive for the purposes of calculating the fully diluted earnings per share for all periods.
(2) Includes an impairment on long-term investment in the amount of $26,798,000.

Fourth Quarter Results

	Three-months ended December 31, 2016	Three-months ended December 31, (Restated) 2015
	$	$
Investment income	49,000	56,000
Service fee revenue	24,000	-
	73,000	56,000
Expenses		
General and administrative	1,271,000	1,321,000
Mineral exploration and evaluation (recovery)	(14,000)	394,000
	1,257,000	1,715,000
Net loss	(1,184,000)	(1,659,000)
Loss per share-basic and diluted	(0.01)	(0.01)

Comparative general and administrative expenses, by nature of expenditure, are summarized below:

	Three-months ended December 31, 2016	Three-months ended December 31, (Restated) 2015
	$	$
Salaries, wages and benefits	265,000	551,000
Consulting, legal, and professional fees	147,000	336,000
Office and general	40,000	107,000
Rental Costs	50,000	91,000
Directors' fees	37,000	61,000
Travel and meals	19,000	45,000
Share based compensation	3,000	15,000
Depreciation	7,000	15,000
Market development	14,000	9,000
	582,000	1,230,000
Restructuring costs	689,000	91,000
Total general and administrative expenses	1,271,000	1,321,000

The most significant items comparing the results of the fourth quarter of 2016 versus the same period in 2015 are reduction in mineral exploration and evaluation expenses that declined from $394,000 to a recovery of $14,000 in 2016 which was more than offset by the increase in restructuring costs from $91,000 to $689,000.

The Company has undergone several stages in its restructuring over the past three years. When comparing the non-restructuring expenses in general and administrative expenses between the fourth quarter of 2015 and the fourth quarter of 2016 we see a decline from $1,230,000 to $582,000, a reduction of $648,000. This decline in general and administrative expenses is across the board as the Company has continued to implement cash conservation measures. The restructuring costs of $689,000 incurred in the fourth quarter of 2016 relate to additional cash conservation measures that will result in additional future declines in general and administration expenses.

Use of Accounting Estimates and Judgments

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

Please refer to Note 4 of the financial statements for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

Changes in Accounting Policies Including Initial Adoption

As mentioned in the Financial Condition section above, there was a change in accounting policy in the December 31, 2016 financial statements that is referred to in Note 2 of the financial statements.

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, and that this method is being increasingly preferred in the mining industry.

The retrospective application of this change decreased the value of exploration and evaluation assets and decreased capital by $60,239,629 and $61,577,229 as at January 1, 2015 and December 31, 2015, respectively, reflecting the cumulative impact of the change in accounting policy on prior periods. Net loss for the year ended December 31, 2015 increased by $1,337,600 and loss per share increased by 0.01.

Financial Instruments

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

An extended description of the Company's financial instruments and their fair values is provided in Note 19 of the financial statements.

Financial Risk Management, Objectives and Policies

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

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

Exchange risk

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

A $0.01 increase or decrease in the USD/CAD exchange rates would not have a material impact on net loss or equity at December 31, 2016.

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

Interest rate risk

The short-term investments bear interest at fixed rates and the Company is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The risk is limited because these assets involve lower risk securities such as GICs with relatively short maturities all 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 fix or variable rate. A 1% increase or decrease in interest rates would not have a material impact on comprehensive loss or equity at December 31, 2016. The Company does not use derivative financial instruments to reduce its interest rate exposure.

Liquidity risk

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

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

In respect of the Company's investment in TSMC, scoping and design changes and construction delays for the DSO Project have contributed to a significantly higher estimated cost of completion of over $1.34 billion that is required to fund certain capital and operating expenses for the DSO and Howse Projects. Pursuant to the terms of the settlement agreement between the Company and Tata Steel, the Company may receive cash calls from TSMC to invest additional amounts of equity or debt in the DSO and Howse Projects to fund capital and operating costs of those projects over $1.34 billion figure. If the Company determines not to meet the cash calls, the interest of the Company in TMSC will, unless other arrangements are agreed to with TSMC, TSMUK and possibly IQ, be diluted below its current 4.32% ownership interest.

As the Company is not obligated to meet cash calls, it does not currently intend to fund future cash calls from TSMC based on the current economic prospects for the DSO and Howse Projects and in light of the limited cash and financing resources currently available to the Company. However, each cash call will be considered by the Company based on the factors existing at the time of the cash call and a determination will be made at that time. Even if the Company makes a determination that meeting a cash call would be an appropriate investment, there is no assurance that the Company will be successful in obtaining required financing as and when required, and may determine not to meet the cash call.

Credit risk

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

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

Capital Management Policies and Procedures

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return to its shareholders. The Company's definition of capital includes all components of shareholders' equity. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risks characteristics of the underlying assets. These objectives will be achieved by identifying the right exploration projects and ultimately adding value to these projects, by structuring business arrangements, either with partners or through the Company's own means.

In order to maintain or adjust the capital structure, the Company may issue common shares or securities convertible or exercisable into common shares. No changes were made in the objectives, policies and processes for managing capital during the year ending December 31, 2016. The Company is not subject to any externally imposed capital requirements.

Liquidity and Capital Resources

Working Capital

Working capital at December 31, 2016 of $14,435,000 represents a decrease of $5,076,000 from the FYE 2015 total of $19,511,000. This decrease in working capital is due to the Company's usage of cash and short-term investments for the Company's investment in the exploration and evaluation of its mineral assets as well as funding its operational loss for the year.

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

Capital Expenditures

There was $Nil in capital expenditures incurred in 2016 and 2015.

Capital Resources

At December 31, 2016, NML has paid up capital of $177,584,000 (FYE 2015 - $177,584,000) representing 181,054,000 (FYE 2015 – 181,054,000) common shares, contributed surplus of $22,432,000 (FYE 2015 - $22,405,000) a deficit of $132,688,000 (FYE 2015 - $127,115,000) resulting in total equity attributable to shareholders of the Company of $67,328,000 (FYE 2015 - $72,874,000). In addition, there is a non-controlling interest of $238,000 (FYE 2015 – $238,000) resulting in total equity of $67,566,000 (FYE 2015 - $73,112,000).

Commitments and Contingent Liability

Please refer to Note 24 of the financial statements for a summary of the Company's commitments and contingent liability.

Transactions with Related Parties

Please refer to Note 22 of the financial statements for a summary of the Company's transactions with related parties and the related year end balances.

Controls and Procedures Over Financial Reporting

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

Disclosure Control and Procedures

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

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

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and effectiveness of the disclosure controls and procedures. Based on this evaluation, the CEO and the CFO concluded that the disclosure controls and procedures are effective as at December 31, 2016.

Internal Control over Financial Reporting

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

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

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and operating effectiveness of our internal control over financial reporting. Based on this evaluation, the CEO and the CFO concluded that the internal controls over financial reporting are effective as at December 31, 2016, using the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission on Internal Control – Integrated Framework.

Changes to Internal Control over Financial Reporting

No changes were made to our internal control over financial reporting during the year ended December 31, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following information relates to share data of the Company.

1. Share capital

(a) Authorized:

Unlimited number of common voting shares.

Unlimited number of preferred shares, without nominal or par value, issuable in series.

(b) Issued as of December 31, 2016: The Company has 181,054,146 common shares issued ($177,584,512).

(c) Issued as of March 27, 2017: The Company has 181,054,146 common shares issued ($177,584,512).

2. Options

The Company has adopted an incentive stock option plan whereby options may be granted from time to time to directors, officers, employees and consultants to the Company with shares reserved for issuance as options not to exceed 10% of the issued and outstanding common shares. As of March 27, 2017, there were 4,233,667 common shares reserved for issuance pursuant to the exercise of stock options (December 31, 2016 – 4,958,917) as follows:

Number of Outstanding Options	**Exercise Price**	**Expiry Date**
1,705,000	$1.35	July 27, 2017
1,148,000	$0.89	April 24, 2018
266,667	$0.42	March 31, 2019
1,089,000	$0.44	May 21, 2019
25,000	$0.31	September 2, 2019

MARKET REVIEW

According to the World Steel Association's statistics released January 25, 2017, world crude steel production in its 66 reporting countries was 1,629 million metric tons ("Mt") for 2016, which represented an increase of 0.8% over 2015.

There were regional increases in the CIS, the Middle East, and Asia/Oceana, while Europe, the Americas and Africa saw production decreases. Crude steel production in China, which accounts for almost half of the world's output, reached just over 808 Mt, up by 1.2% on 2015.

The overall reporting countries' crude steel capacity utilization rate at December 2016 was 68.1%. This was 2.8% higher than a year earlier but still low. The average capacity utilization in 2016 was 69.3%, compared to 69.7% in 2015. Excess capacity remains an issue for the industry globally, especially in China, where steel company merger activity is taking place to improve efficiency and enhance international competitiveness.

The iron ore price as measured by the 62% Fe Fines CFR North China reference jumped significantly during the 2016 fourth quarter. According to Platts, the monthly average for 62% Fe fines in December was $80.41 per metric ton ("tonne"), up $7.28 per tonne from the month before. After dropping below $40 per tonne in December 2015, which represented a fall of approximately 70% from its level at the beginning of 2014 and 80% from its peak in 2011, the reference price rallied to average $58.44 per tonne in 2016. With new iron ore supply coming to market in 2017, the pricing outlook is cautious but more optimistic in light of trends in 2016.

The price premiums for pellets have remained strong, especially for blast furnace grades in the Atlantic region and for the direct reduction pellet grade generally, due mainly to the continued idling of the Samarco operation in Brazil, which sustained a major tailings dam failure in November 2015. Premiums for higher quality ore have also increased.

BUSINESS RISKS

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

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment. The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been relatively successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

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

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

Certain of the Company’s properties are located in the Province of Newfoundland and Labrador and therefore subject to its mining legislation, which may require that primary processing be done within the province in order to obtain mining rights. Furthermore, provincial and federal legislators may enact laws or budgets that have a negative impact on this project or on the mining industry as a whole.

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

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

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

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

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

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

In order to develop the DSO Project to commercial production or to finance operations, additional third party financing may be required and there is no assurance that such financing will be available on reasonable commercial terms, or at all. The Company may receive additional cash calls from TSMC to invest additional amounts of equity or debt in TSMC to fund capital and operating costs of TSMC. If the cash calls cannot be met, the 4.32% interest of the Company in TMSC may be diluted further.

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

In the normal course of the Company's business, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to the personal injuries, property damage, property tax, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and as a result, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Additional risk factors are contained in the 2016 Annual Information Form dated March 27, 2017 filed on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

For further information, please visit www.NMLiron.com, www.tatasteel.com, www.tatasteelcanada.com, and the Company's profile on SEDAR at www.sedar.com

Mr. H. Dean Journeaux, Eng., is the Qualified Person as defined in National Instrument 43-101 who has reviewed and verified the scientific and technical mining disclosure contained in this MD&A.

New Millennium Iron Corp.
Audited Consolidated Financial Statements
December 31, 2016

Financial Statements

Raymond Chabot Grant Thornton

Independent Auditor's Report

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National Bank Tower
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To the Shareholders of
New Millennium Iron Corp.

We have audited the accompanying consolidated financial statements of New Millennium Iron Corp., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New Millennium Iron Corp. as at December 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Raymond Chabot Grant Thornton LLP[1]

Montreal (Canada)
March 27, 2017

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[1]CPA auditor, CA public accountancy permit no. A127023

New Millennium Iron Corp.

Consolidated Statements of Financial Position

December 31, 2016 and December 31, 2015 and January 1, 2015

(Expressed in Canadian Dollars)

	December 31, 2016	(Restated - Note 2) December 31, 2015	(Restated - Note 2) January 1, 2015
	$	$	$
ASSETS			
Current assets			
Cash	2,219,293	3,039,729	5,392,697
Short-term investments (Note 6)	11,865,725	13,682,779	17,835,543
Sales taxes, other receivables and prepaid expenses (Notes 7 and 22)	80,209	1,719,111	2,601,022
Tax credits and mining duties receivable	–	864,880	6,514,079
Due from Tata Steel (Notes 8 and 22)	2,002,571	2,155,734	–
	16,167,798	21,462,233	32,343,341
Non-current assets			
Tax credits and mining duties receivable (Note 9)	4,952,495	5,373,961	784,268
Other assets (Note 10)	38,502,545	38,502,545	38,502,545
Long-term investment (Note 11)	10,148,595	10,148,595	36,672,378
Property and equipment (Note 12)	352,039	401,063	482,363
Total assets	70,123,472	75,888,397	108,784,895
EQUITY AND LIABILITIES			
LIABILITIES			
Current liabilities			
Trade and other payables (Note 13)	1,732,511	1,950,934	2,553,520
Advance from Tata Steel	–	–	687,128
	1,732,511	1,950,934	3,240,648
Non-current liabilities			
Mining duties payable (Note 9)	824,339	824,339	–
Due to NNK trust	–	–	285,324
Total liabilities	2,556,850	2,775,273	3,525,972
EQUITY			
Share capital (Note 14)	177,584,512	177,584,512	177,584,512
Contributed surplus	22,432,336	22,405,324	21,940,689
Deficit	(132,688,577)	(127,115,063)	(94,504,629)
Equity attributable to shareholders of the parent Company	67,328,271	72,874,773	105,020,572
Non-controlling interest	238,351	238,351	238,351
Total equity	67,566,622	73,113,124	105,258,923
Total liabilities and equity	70,123,472	75,888,397	108,784,895

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 27, 2017 and signed on their behalf by:

/S/ Howard Lutley
Director

/S/ Mario Caron
Director

New Millennium Iron Corp.
Consolidated Statements of Comprehensive Income
Years ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)

	2016	(Restated - Note 2) 2015
	$	$
Revenue		
Service fee revenue	344,618	–
Expenses		
General and administrative (Note 15)	5,535,947	5,318,591
Mineral exploration and evaluation (Note 16)	591,192	1,337,600
Impairment on long-term investment (Note 11)	–	26,798,589
	6,127,139	33,454,780
Loss before other items	(5,782,521)	(33,454,780)
Other items		
Reversal of provision (Note 24)	–	285,324
Investment income	209,007	559,022
	209,007	844,346
Net loss and comprehensive loss	(5,573,514)	(32,610,434)
Attributable to:		
Non-controlling interest	–	–
Shareholders of the parent Company	(5,573,514)	(32,610,434)
Loss per share - basic and diluted (Note 18)	(0.03)	(0.18)

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

New Millennium Iron Corp.

Consolidated Statements of Changes in Equity

Years ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)

	Share Capital						
	Number of Shares Issued and Fully Paid	Amount $	Contributed Surplus $	Deficit $	**Total Attributable to Shareholders of the parent Company $**	Non Controlling Interest $	**Total Equity $**
Balance at January 1, 2015 as previously reported	**181,054,146**	**177,584,512**	**21,940,689**	**(34,265,000)**	**165,260,201**	**238,351**	**165,498,552**
Change in accounting policy (Note 2)	–	–	–	(60,239,629)	(60,239,629)	–	(60,239,629)
Balance as restated as at January 1, 2015	**181,054,146**	**177,584,512**	**21,940,689**	**(94,504,629)**	**105,020,572**	**238,351**	**105,258,923**
Net loss	–	–	–	(32,610,434)	(32,610,434)	–	**(32,610,434)**
Share-based remuneration (Note 14)							
- employees and directors	–	–	393,835	–	393,835	–	**393,835**
- consultants	–	–	70,800	–	70,800	–	**70,800**
Balance at December 31, 2015	**181,054,146**	**177,584,512**	**22,405,324**	**(127,115,063)**	**72,874,773**	**238,351**	**73,113,124**
Net loss	–	-	–	(5,573,514)	(5,573,514)	–	**(5,573,514)**
Share-based remuneration (Note 14)							
- employees and directors	–	–	27,012	–	27,012	–	**27,012**
Balance at December 31, 2016	**181,054,146**	**177,584,512**	**22,432,336**	**(132,688,577)**	**67,328,271**	**238,351**	**67,566,622**

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

New Millennium Iron Corp.

Consolidated Statements of Cash Flows

Years ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)

	2016	(Restated - Note 2) 2015
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(5,573,514)	(32,610,434)
Adjustments for:		
Share-based remuneration		
- Employees and directors	27,012	393,835
- Consultants	–	70,800
Depreciation of property and equipment	44,818	73,967
Write off of property and equipment	4,206	–
Loss on disposal of property and equipment	–	7,333
Investment income	(209,007)	(559,022)
Reversal of provision (Note 24)	–	(285,324)
Impairment of long term investment (Note 11)	–	26,798,589
Net change in working capital items (Note 21)	1,573,641	(1,880,339)
Cash flows used by operating activities	(4,132,844)	(7,990,595)
CASH FLOW FROM INVESTING ACTIVITIES		
Net redemption of GIC's	1,798,664	4,101,258
Interest received	227,398	335,722
Tax credits and mining duties received	1,286,346	1,887,775
Cash flows provided by investing activities	3,312,408	6,324,755
CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in due from Tata Steel	–	(687,128)
Cash flows used by financing activities		(687,128)
Net decrease in cash	(820,436)	(2,352,968)
Cash, beginning of year	3,039,729	5,392,697
Cash, end of year	2,219,293	3,039,729

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

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The current principal activities of New Millennium Iron Corp. ("the Parent Company") and its subsidiaries ("the Company" or "NML") are the exploration, 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, registered and records office is 1000, 250 – 2nd Street SW, Calgary, Alberta, T2P 0C1.

2 - CHANGE IN ACCOUNTING POLICY

Mineral exploration and evaluation expenditures

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, and that this method is being increasingly preferred in the mining industry.

The retrospective application of this change decreased the value of exploration and evaluation assets and decreased capital by $60,239,629 and $61,577,229 as at January 1, 2015 and December 31, 2015, respectively, reflecting the cumulative impact of the change in accounting policy on prior periods. Net loss for the year ended December 31, 2015 increased by $1,337,600 and loss per share increased by 0.01.

3 - SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below and are those specified by IFRS that are in effect at December 31, 2016. These accounting policies have been used throughout all periods presented in the consolidated financial statements.

Basis of presentation

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

Basis of measurement

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

3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

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

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

During the year, Pointe Noire Logistics Inc. and Ferroduct Inc. were wound up and dissolved and are therefore are no longer listed as subsidiaries.

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

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

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

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

Where the Company controls a subsidiary whose equity (or a portion thereof) is not attributable directly or indirectly to the Company, the Company records a non-controlling interest equal to its original cost plus its' attributable share of changes in equity since the date of acquisition. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the shareholders of the 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.

Cash and cash equivalents

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

3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax credits and mining credits on duties

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

Property and equipment

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

	Period
Office furniture and equipment	18 to 60 months

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

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

Mineral exploration and evaluation expenditures

All of the Company's projects are currently in the exploration and evaluation phase or in preparation for a decision on their development.

Mineral exploration and evaluation expenditures are costs incurred in the course of initial search of mineral deposits before the technical feasibility and commercial viability of the extraction have been demonstrated.

The costs directly related to the acquisition of the mineral property rights and the exploration and evaluation expenditures incurred are expensed until a decision to develop a property.

The Company will capitalize expenditures related to mineral properties under property and equipment once a decision to develop a property has been made.

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

3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

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

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

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

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

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

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

Deferred tax liabilities are always provided for in full.

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

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

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

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

3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

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

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

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

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

For 2016 and 2015, the diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding options as explained in Note 18.

Equity

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

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

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

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

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

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

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

3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

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

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

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

Financial instruments

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

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

Financial instruments are classified into the following categories upon initial recognition:
– loans and receivables;
– financial assets at fair value through profit or loss (“FVTPL”);
– held-to-maturity investments (“HTM”);
– available-for-sale financial assets;
– financial liabilities at fair value through profit or loss
– financial liabilities at amortized cost

3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Subsequent to initial recognition, they are measured at fair value with changes in fair value recognized in other comprehensive income, except for impairment losses which are recognized in profit or loss in the period. At December 31, 2016, the Company owns 4.32% (2015 – 6%) of Tata Steel Minerals Canada Ltd. ("TSMC"), a private company. NML's equity investment in the shares of TSMC is designated as an available-for-sale financial asset and was initially measured at fair value. After the initial recognition, the investment is measured at cost, less any impairment charges, because the shares do not have a quoted market price in an active market and the fair value cannot be reliably measured. During 2015, an impairment was taken on this investment as described in Note 11.

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

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

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

Employee benefits

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

The Company adopted an employee retirement benefit plan which represents a defined contribution plan. Contributions to the defined contribution plan are recognized in operations when they are due.

Impairment of property and equipment

Property and equipment are tested for impairment whenever events or changes in circumstances indicate that the amounts may not be recoverable.

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

3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Revenue

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

Foreign currency translation

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

Operating leases

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

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

Provisions

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

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

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

3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

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

As at December 31, 2016 and December 31, 2015 the Company had determined that no provision was required.

Segment reporting

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

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

4 - USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

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

The following areas require management's critical judgment:

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

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

Other Assets

Management continually evaluates the likelihood of recovering the other assets. The evaluation requires management to assess the probability of the Company using the shipping facilities to recover the carrying amount. To date, management has not recorded any impairment in the other assets.

Provisions and contingent liabilities

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

4 - USE OF ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Several of these factors are sources of estimation uncertainty.

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

The following areas require management's critical estimates:

Long-term investment, TSMC

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

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

- Future funding requirements of TSMC and resulting dilution of NML's ownership interest in TSMC;
- Cost of capital that is used for the current market rate of return;
- Market price of iron ore;
- 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.

Share-based payments

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

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 consolidated financial statements. The Company is currently assessing the impact that these standards will have on the consolidated financial statements.

The standards issued but not yet effective that are expected to be relevant to the Company's 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 consolidated financial statements.

5 - STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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

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

Management has started to assess the impact of 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.

(Expressed in Canadian Dollars)

6 - SHORT-TERM INVESTMENTS

At December 31, 2016, investments include:

Security	Carrying Value $	Maturity	Interest Rate (per annum)
GIC's	11,865,725	Between January and November 2017	Between 1.25% and 1.70%

At December 31, 2015, investments include:

Security	Carrying Value $	Maturity	Interest Rate (per annum)
GIC's	13,682,779	Between January and October 2016	Between 1.38% and 1.70%

7 - SALES TAXES, OTHER RECEIVABLES AND PREPAID EXPENSES

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

	2016 **$**	(Restated) 2015 $
Sales taxes	**20,622**	118,066
Receivable from TSMC	**13,524**	1,574,041
Prepaid expenses	**45,318**	26,877
Other	**745**	127
Total	**80,209**	1,719,111

The receivable from TSMC is a receivable from a subsidiary of a company exercising significant influence over NML. NML owns a 4.32% (2015 – 6%) equity interest in TSMC. This amount is non-interest bearing and is a result of advances made by NML to assist TSMC in the commencement of its operations and from service fees charged by NML to TSMC for TSMC's use of NML personnel in TSMC's operations (Note 22).

8 - 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 shall participate in the development of the Company’s feasibility study of these projects. In exchange for an option to own a portion of the Taconite Projects, Tata Steel will pay the Company an amount equal to 64% of the costs to complete the feasibility study. If Tata Steel exercises its option then it will pay the Company 64% of the costs incurred prior to the feasibility study to advance the project(s).

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

As at December 31, 2016, NML has received $27,810,000 (2015 - $27,810,000) from Tata Steel on account of the option. At December 31, 2016, $22,600,373 has been recorded as a reduction mineral exploration and evaluation expenditures for which there was a $153,163 reduction in the recovery in 2016 (2015 - $1,550,762 recovery). 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, 2016 (2015 - $1,292,100). The amount receivable at December 31, 2016 of $2,002,571 (2015 - $2,155,734) was recorded as a Due from Tata Steel. These advances are non-interest bearing.

9 - 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 and 2013 and is in the process of preparing the 2014 NOO. RQ has denied the 2011 NOO and its decision on the 2012 and 2013 NOO 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.

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 $824,000. The 2013 and 2014 mining duty returns have not yet been assessed by the government. 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.

10 - 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.

11 - LONG-TERM INVESTMENT

The long-term investment in TSMC resulted from an initial acquisition of 19 Class B shares of TSMC at a cost of $19 and an additional Class B share that was received as part of the 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 contained the following material terms:

a) The ownership interest of the Company in TSMC was diluted from 20% to 6%.
b) A loan receivable, which was an advance on the Howse project, in the amount of $5,404,579 was converted into equity of TSMC. This equity contribution forms part of the Company's shareholding of 6% described above.
c) Additional DSO properties were transferred to TSMC. Under the Joint Venture Agreement relating to the DSO properties, there is a non-competition clause prohibiting NML from any commercial activity pertaining to direct shipping ore in the areas surrounding the DSO properties.
d) This agreement covers the first $1,001,500,000 of funding required by TSMC. Should TSMC require funding in excess of this amount, the Company will be required to contribute a pro-rata share in order to maintain its 6% ownership interest.

(Expressed in Canadian Dollars)

11 - LONG-TERM INVESTMENT (Continued)

Management performed an impairment test on its long-term investment in TSMC as at December 31, 2015 as there were impairment indicators. The test resulted in the carrying amount of the investment exceeding the estimated recoverable amount and as such an impairment of $26,798,589 was recorded in 2015.

The Company received on June 22, 2016 an additional cash call from TSMC in the amount of $9.97 million which further diluted 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%.

As at December 31, 2016, management believes there were no impairment indicators and as such, no impairment testing was performed.

12 - PROPERTY AND EQUIPMENT

The carrying amount can be analyzed as follows:

	Land	Office Furniture and Equipment	Total
	$	$	$
Cost			
Balance at January 1, 2015	343,371	951,730	1,295,101
Additions	-	-	-
Disposals and write-offs	-	(283,873)	(283,873)
As at December 31, 2015	343,371	667,857	1,011,228
Additions	-	-	-
Disposals and write-offs	-	(384,173)	(384,173)
Balance at December 31, 2016	**343,371**	**283,684**	**627,055**
Depreciation			
Balance at January 1, 2015	-	812,738	812,738
Charge for period	-	73,967	73,967
Disposals and write-offs	-	(276,540)	(276,540)
Balance at December 31, 2015	-	610,165	610,165
Charge for period	-	44,818	44,818
Disposals and write-offs	-	(379,967)	(379,967)
Balance at December 31, 2016	-	**275,016**	**275,016**
Net book value			
At December 31, 2015	343,371	57,692	401,063
At December 31, 2016	**343,371**	**8,668**	**352,039**

(Expressed in Canadian Dollars)

13 - TRADE AND OTHER PAYABLES

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

	2016	2015
	$	$
Trade accounts payable	**85,750**	299,972
Accrued liabilities	**1,639,470**	1,611,653
Sales tax payable	**7,291**	39,309
Total	**1,732,511**	1,950,934

14 - EQUITY

SHARE CAPITAL

Authorized

Unlimited number of shares

Common shares, without nominal or par value

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

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:

	Year ended December 31, 2016		Year ended December 31, 2015	
	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price
Balance, beginning of year	11,047,000	1.49	16,466,500	1.42
Expired	(2,459,000)	3.19	(2,968,500)	0.90
Forfeited	(3,629,083)	1.11	(2,451,000)	1.81
Balance, end of year	4,958,917	0.93	11,047,000	1.49
Options exercisable, end of year	4,958,917	0.93	10,573,583	1.54

There were no options granted or exercised during 2016 or 2015.

(Expressed in Canadian Dollars)

14 - EQUITY (continued)

Options exercisable and outstanding as at December 31, 2016 as set forth in the previous table are as follows:

Exercise price	Number of exercisable options	Number of outstanding options	Expiry Date
$1.35	1,785,000	1,785,000	July 27, 2017
$1.57	200,000	200,000	October 4, 2017
$0.89	1,281,000	1,281,000	April 24, 2018
$0.42	266,667	266,667	March 31, 2019
$0.44	1,287,000	1,287,000	May, 21, 2019
$0.39	114,250	114,250	June 16, 2019
$0.31	25,000	25,000	September 2, 2019
	4,958,917	4,958,917	
Weighted average exercise price	0.93	0.93	

The weighted average remaining contractual life of the options outstanding is 1.4 years.

The share-based payments expense during the year ended December 31, 2016 was $27,012 (2015 - $464,635) and is included in general and administrative expenses.

15 - INFORMATION INCLUDED IN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2016 $	2015 $
Employee benefit expense		
Wages, salaries and other short-term benefits	1,572,089	2,578,519
Defined contributions	64,481	95,377
Share-based payments	27,012	393,833
Employee benefit expense	1,663,582	3,067,729
Other elements of expenses		
Depreciation of property and equipment	44,818	73,967

(Expressed in Canadian Dollars)

16 - MINERAL EXPLORATION AND EVALUATION EXPENDITURES

	2016 **$**	(Restated – Note 2) 2015 $
Mineral licenses	**12,997**	34,042
Drilling	**-**	87,734
Resource evaluation (recovered)	**347,261**	2,106,321
Environmental	**77,771**	664,190
Tax credits and mining duties	**-**	(3,930)
Tata Steel recovery (payment) (Note 8)	**153,163**	(1,550,762)
	591,192	1,337,600

17 - INCOME TAXES

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

	2016 **$**	(Restated) 2015 $
Loss before income taxes	**(5,573,514)**	(32,610,434)
Combined federal and provincial tax rates	**26.9%**	26.9%
Computed income tax recovery	**(1,499,275)**	(8,772,207)
Share-based payment expense	**7,266**	124,987
Unrecognized tax items	**1,728,105**	8,758,784
Change in tax rate and other items	**(236,096)**	(111,564)
	–	–

Deferred tax expense consists of the following:

	2016 **$**	(Restated) 2015 $
Origination and reversal of temporary differences	**(1,492,009)**	(8,647,220)
Change in unrecognized deductible temporary differences	**1,728,105**	8,758,784
Adjustment in respect of prior years and change in tax rate	**(236,096)**	(111,564)
	–	–

The Canadian federal corporate tax rate and the Quebec provincial tax rate are 15.0% and 11.9% for a combined tax rate of 26.9%. (2015 – 15% and 11.9% for a combined tax rate of 26.9%).

(Expressed in Canadian Dollars)

17 - INCOME TAXES (continued)

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

	January 1, 2016 $	Recognized in earnings $	December 31, 2016 $
Non-capital loss carry-forward	–	–	–
Mining tax credits	–	–	–
Deferred tax assets (liabilities)	–	–	–

	(Restated) January 1, 2015 $	Recognized in earnings $	(Restated) December 31, 2015 $
Non-capital loss carry-forward	58,742	(58,742)	–
Mining tax credits	(58,742)	58,742	–
Deferred tax assets (liabilities)	–	–	–

follows:

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

	2016 $	(Restated) 2015 $
Limited Company losses through LLP	2,832,000	1,010,000
Property and equipment	1,021,000	972,000
Capital losses	1,566,000	1,566,000
Non-capital losses	39,430,000	35,924,000
Mineral exploration and evaluation expenditures	63,009,000	60,361,000
Investment in TSMC	695,000	695,000

(Expressed in Canadian Dollars)

17 - INCOME TAXES (continued)

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

	$
2027	748,000
2028	7,696,000
2029	3,241,000
2030	4,552,000
2032	241,000
2033	5,956,000
2034	5,835,000
2035	6,251,000
2036	4,910,000
	39,430,000

During the year ended December 31, 2016 and 2015, the Company earned Federal investment tax credits (ITC's) of $Nil (2015 - $98,000) which have not been recorded in these financial statements due to the uncertainty as to whether the Company will be able to utilize them.

The Company has a total of $4,961,000 of Federal ITC's that can be carried forward for 20 years and are expiring from 2028 to 2035 and $129,000 of Quebec tax credits that expire in 2017.

18 - LOSS PER SHARE

The basic and diluted loss per share for the year ended December 31, 2016 and 2015 have each been calculated using the net loss attributable to the shareholders of NML as the numerator. The weighted average number of shares for the purposes of diluted loss per share can be reconciled to the weighted average number of common shares used in the calculation of basic loss per share as follows:

	2016	2015
Weighted average numbers of shares used in diluted loss per share	181,054,146	181,054,146

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

	2016 $	2015 $
Options	4,958,917	11,047,000

(Expressed in Canadian Dollars)

19 - FINANCIAL INSTRUMENTS

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:

	2016 $	2015 $
Financial assets		
Available for sale		
Long-term investment, TSMC	10,148,595	10,148,595
Held-for-trading investments		
Short-term investments	11,865,725	13,682,779
Loans and receivables		
Cash	2,219,293	3,039,729
Other receivables	13,524	1,574,041
Due from Tata Steel	2,002,571	2,155,734
	4,235,388	6,769,504
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables except sales taxes	1,725,220	1,911,625
	1,725,220	1,911,625

The fair values of the GIC's are $11,865,725 as at December 31, 2016 (2015 - $13,682,779) and are determined by using the current market rate.

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

Fair value hierarchy

The following table presents the fair value hierarchy for the financial assets and liabilities measured at fair value in the 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
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market date (unobservable inputs)

19 - FINANCIAL INSTRUMENTS (continued)

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

As at December 31, 2016

	Level 1 $	Level 2 $	Level 3 $
Held-for-trading, short-term investments	–	11,865,725	–

As at December 31, 2015

	Level 1 $	Level 2 $	Level 3 $
Held-for-trading, short-term investments	–	13,682,779	–

Investment income

	2016 $	2015 $
Interest income calculated using the effective interest method for financial assets or financial liabilities that are not at fair value through profit or loss	209,007	559,022

20 - FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

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

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

Exchange risk

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

At December 31, 2016, the Company had $15,230 USD, converted to $17,657 CAD ($66,010 USD, converted to $87,937 CAD at December 31, 2015) in trade and other payables which have been translated to Canadian dollars using the closing exchange rate for each financial reporting period.

A $0.01 increase or decrease in the USD/CAD exchange rates would not have a material impact on comprehensive loss or equity at December 31, 2016 or December 31, 2015.

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

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

Interest rate risk

The short-term investments bear interest at fixed rates and the Company is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The risk is limited because these assets involve lower risk securities such as GIC's with relatively short maturities all backed by Canadian Federal and Provincial governments or their crown corporations.

The sensitivity analysis is based on the Company's financial assets which bear interest at fixed or variable rates. A 1% increase or decrease in interest rates would not have a material impact on comprehensive loss or equity at December 31, 2016 or 2015. The Company does not use derivative financial instruments to reduce its interest rate exposure.

Liquidity risk

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

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

Credit risk

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

The Company is also exposed to credit risk relating to its 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 are none at any of the periods presented.

(Expressed in Canadian Dollars)

21 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital items are detailed as follows:

	2016 $	(Restated) 2015 $
Sales taxes, other receivables and prepaid expenses	1,638,901	877,981
Trade and other payables	(218,423)	(602,586)
Due from Tata Steel	153,163	(2,155,734)
	1,573,641	(1,880,339)

During 2015, the loan receivable from TSMC increased $274,806 from interest earned, with the total loan amount of $5,404,579 converted into equity in TSMC. Subsequently in 2015, management impaired its long-term investment in TSMC in the amount of $26,798,589 (Note 11).

22 - RELATED PARTY TRANSACTIONS

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

Transactions with other related parties

Trading transactions

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

Related Party	**Nature of relationship**	**Nature of transaction**
DLA Piper (Canada) LLP	Partnership in which the Corporate Secretary is a partner	Legal services
Nexia Friedman LLP	Partnership in which an executive officer was a partner at the time of the transactions	Consulting
Balance Consultants Inc.	Controlled by executive officer of the Company	Consulting
Roll Harris & Associés	Partnership in which an executive officer was a partner at the time of the transactions	Consulting
TSMC	Company controlled by Tata Steel	Investment income and expenses
General (Ret.) Rick Hillier	Director at the time of the transactions	Consulting
1301738 Ontario Inc.	Company controlled by an executive officer at the time of the transactions	Consulting
Tata Steel	26.2% shareholder of NML	Advances and consulting fees
NNK Trust	20% Partner in LLP	Advances

(Expressed in Canadian Dollars)

22 - RELATED PARTY TRANSACTIONS (continued)

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

	Note	2016 $	2015 $
<u>Consolidated Statements of Comprehensive Income</u>			
General and administrative expenses	(i)	847,212	839,550
Mineral exploration and evaluation expenditures		(182,671)	376.482
Investment income		NIL	274,805

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

Other receivable related to advances to TSMC at December 31, 2016 was $13,524 (2015 - $1,574,041).

Accounts payable related to the above transactions at December 31, 2016 were $785,890 (2015 - $1,019,841).

The Due from Tata Steel at December 31, 2016 was $2,002,571 (2015 – $2,155,734).

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

Transactions with key management personnel

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

Key management personnel remuneration is comprised of the following:

	Note	2016 $	2015 $
Salaries and directors’ fees	(i), (iii)	1,905,707	2,335,342
Share-based payments	(ii), (iv)	–	–
		1,905,707	2,335,342

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

(ii) Share-based payments are the fair value of options granted to key management personnel during the year. For the year ended December 31, 2016 $2,948 (2015 - $285,554) in options became vested and was included in the consolidated Statement of Comprehensive Income.

(iii) Termination benefits incurred in 2016 amounted to $744,480 (2015 - $NIL). No post-employment benefits or other long-term benefits were incurred related to key management personnel during the years ended December 31, 2016 and December 31, 2015.

(iv) During the year ended December 31, 2016, key management personnel did not exercise any share options granted under the Company’s stock option plan, (2015 - $NIL).

(Expressed in Canadian Dollars)

23 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

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

24 - COMMITMENTS AND CONTINGENCY

Commitments

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

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 11.

Based upon management's estimated cash flows from the TSMC investment, management revised its estimates of payments to NNK and determined the revised estimated cash flow to be Nil. Consequently, in 2015, the Company adjusted the financial liability to reflect the revised estimated cash flow and the adjustment of $285,324 was reflected in the Consolidated Statement of Comprehensive Income.

As at December 31, 2016, the Company has a 4.32% (2015 - 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 December 31, 2016, 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 $182,000, 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	128,000	36,000	164,000
1 to 5 years	–	18,000	18,000
Over 5 years	–	–	–
	128,000	54,000	182,000

24 - COMMITMENTS AND CONTINGENCIES (continued)

Contingent Liability

In relation to NML's contract with the PSI described in Note 10, 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.

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.

25 - COMPARATIVE FIGURES

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

Corporate Directory

Corporate Office

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T2P 0C1

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Chairman: Howard Lutley
hlutley@hjla.ca

Executive Office

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Westmount, Quebec, Canada
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Tel: (514) 935-3204
Fax: (514) 935-9650

CEO: Ernest Dempsey
edempsey@nmliron.com

Directors and Officers

- Howard Lutley, Chairman and Director
- Kevin Bullock, Director
- Mario Caron, Director
- W. Scott Leckie, Director
- Daniel P. Owen, Director
- Sandip Biswas, Director
- Dibyendu Bose, Director
- Chanakya Chaudhary, Director

- Ernest Dempsey, Chief Executive Officer
- Mark Freedman, Chief Financial Officer
- Roy Hudson, Corporate Secretary

Auditors	Legal Counsel	Registrar and Transfer Agent
Raymond Chabot Grant Thornton LLP Chartered Accountants	**DLA Piper (Canada) LLP** Barristers and Sollicitors	**Computershare** 530, 8th Avenue SW 6th Floor Calgary, Alberta, T2P 3S8 Tel: (403) 267-6542 Fax: (403) 267-6529 Gail.Hibbs@computershare.com