

Baffinland Board Recommends Shareholders Reject Unsolicited Offer

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TORONTO, ONTARIO -- (Marketwire - Oct. 7, 2010) - [Baffinland Iron Mines Corporation](#) (TSX:BIM) ("Baffinland") announced today that its Board of Directors unanimously recommends that shareholders REJECT the unsolicited offer from Nunavut Iron Ore Acquisition Inc. (the "Offeror") to acquire all of the issued and outstanding common shares of Baffinland for \$0.80 in cash per share (the "Unsolicited Offer") and NOT TENDER their common shares to the Unsolicited Offer.

"The Board of Baffinland strongly and unanimously recommends that Baffinland shareholders reject this unsolicited offer. After careful consideration, the Board has determined that this offer significantly undervalues the Company and is not in the best interests of Baffinland shareholders," said Richard McCloskey, Chairman and Acting President and CEO of Baffinland. "The Board also believes that superior offers or other alternatives may emerge. Since the hostile offer was made, Baffinland has been approached by, and has initiated contact with, a number of third parties who have expressed an interest in considering alternative transactions. Discussions are being pursued with several of these third parties in order to generate value enhancing alternatives for our shareholders."

In making its recommendation, the Board of Directors received the unanimous recommendation of the Special Committee, comprised of Messrs. John Lydall (Chair), Grant Edey and Ronald S. Simkus. The Special Committee, with the assistance of its legal and financial advisors, carefully considered and reviewed the terms and conditions of the Unsolicited Offer and unanimously concluded that it is not in the best interests of Baffinland shareholders or Baffinland. In making its recommendation to the Board, the Special Committee considered a number of factors, including an inadequacy opinion received from CIBC World Markets Inc. ("CIBC"), its financial advisors.

The Board recommends to Baffinland shareholders that they REJECT the Unsolicited Offer and NOT TENDER their common shares for the following reasons:

- The Unsolicited Offer significantly undervalues Baffinland and its Mary River Property.
- The Unsolicited Offer is at a significant discount to precedent transaction multiples.
- The Offer Price represents an 18.4% discount to the closing price of the Baffinland common shares on October 6, 2010.
- Baffinland's financial advisors, CIBC, have delivered a written opinion stating that the consideration offered to shareholders under the Unsolicited Offer is inadequate, from a financial point of view, to shareholders.
- Discussions are being pursued with third parties and superior offers or other alternatives may emerge.
- The Unsolicited Offer is opportunistic and fails to provide full and fair value for Baffinland common shares.
- The Unsolicited Offer is not a Permitted Bid under Baffinland's Shareholder Rights Plan and is inherently coercive.
- The Unsolicited Offer is highly conditional.
- Certain shareholders including all of Baffinland's directors and officers do NOT intend to tender to the Unsolicited Offer.

The Board's recommendation to Baffinland shareholders that they REJECT the Unsolicited Offer and NOT TENDER their common shares, as well as a more detailed discussion of the reasons for rejecting the Unsolicited Offer and the inadequacy opinion provided by Baffinland's financial advisors, is contained in the Directors' Circular that is being mailed today to each of Baffinland's shareholders and filed with Canadian securities regulatory authorities. The Directors' Circular will be available on SEDAR at www.sedar.com and

on the Baffinland website at www.baffinland.com. Shareholders are advised to read the Directors' Circular carefully and in its entirety, as it contains important information regarding Baffinland, the Offeror and the Unsolicited Offer.

CIBC is acting as financial advisor to Baffinland and Stikeman Elliott LLP is acting as its legal advisor.

Conference Call and Webcast Information

A conference call hosted by Richard McCloskey, Chair and Acting President and CEO of Baffinland, and Daniella Dimitrov, Vice-Chair of Baffinland, will be held today, Thursday, October 7, 2010 at 10:00 a.m. (Eastern Time) to discuss the Directors' Circular. Details are as follows:

Toll-free North America: 1-866-551-1530

Passcode: 8635238#

The conference call will be webcast at:

<http://event.onlineseminarsolutions.com/r.htm?e=250389&s=1&k=1BF3F62FDA40F0D26454BB639EA8D6ED>

For those unable to participate, the conference call will be available for replay until November 1, 2010 at Midnight. Details for the conference call replay are as follows:

Toll-free North America: 1-866-551-4520

International Toll Access: 1-212-401-6750

Passcode: 267174#

How to Withdraw Tendered Shares

To reject the Unsolicited Offer, you should do nothing. The Unsolicited Offer is open for acceptance until October 28, 2010. Tendering your common shares before the Special Committee and its advisors have had an opportunity to explore all available alternatives may preclude the possibility of a superior strategic transaction emerging.

Shareholders who have already tendered their shares to the Unsolicited Offer can withdraw them at any time before they have been taken up and accepted for payment by the Offeror. Shareholders holding shares through a dealer, broker or other nominee should contact such dealer, broker or nominee to withdraw their common shares. Shareholders may also contact the information agent retained by Baffinland, Phoenix Advisory Partners, at 1-800-503-9445.

About Baffinland

Baffinland is a Canadian publicly-traded junior mining company that is focused on its wholly-owned Mary River iron ore deposits located on Baffin Island, Nunavut Territory, Canada. Baffinland's common shares trade on the Toronto Stock Exchange under the trading symbol BIM.

This press release contains certain information that may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of the Company. Without limitation, statements about the Company's interpretation of assay results, its completed magnetic survey including related statements about the planned release of additional assay results and metallurgical testing results, statements about the continuation of the Company's exploration program including plans relating to additional mapping, more comprehensive sampling, drilling on any of the properties comprising the Company's Mary River Project and metallurgical testing and statements about the Company's potential resources are forward-looking information.

Forward-looking information is based on certain factors and assumptions regarding, among other things, expected mineral resources, iron ore prices, the timing and amount of future exploration expenditures, the estimation of additional capital requirements, the availability of necessary financing and materials, the receipt of necessary regulatory approvals, the feasibility of constructing and operating a direct-shipping iron ore mine at the Company's Mary River project and assumptions with respect to environmental risks, title disputes or claims, weather conditions and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect

Forward looking-information is subject to certain factors, including risks and uncertainties that could cause

actual results to differ materially from what is currently expected. These factors include risks inherent in the exploration for and development of mineral deposits, risks relating to changes in iron ore prices and changes in the worldwide demand for and supply of iron ore, uncertainties inherent in the estimation of mineral reserves and resources, risks relating to the remoteness of the Mary River Property including access and supply risks, reliance on key personnel, construction and operational risks inherent in the conduct of mining activities, regulatory risks, including risks relating to the acquisition of necessary licenses and permits, financing, capitalization and liquidity risks, including the risk that the financing required to fund all currently planned exploration and related activities may not be available on satisfactory terms, or at all, environmental risks and insurance risks.

You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While the Company may elect to, the Company is under no obligation and does not undertake to update this information at any particular time, except as required by law.

Contact

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