



120 Adelaide Street West, Suite 1016  
Toronto, Ontario M5H 1T1  
Tel: (416) 364-8820  
Fax: (416) 364-0193  
E-mail: [info@baffinland.com](mailto:info@baffinland.com)  
Website: [www.baffinland.com](http://www.baffinland.com)

## **PRESS RELEASE**

**TSX SYMBOL: BIM**

### **BAFFINLAND PROVIDES UPDATE ON MARY RIVER PROJECT**

TORONTO, ONTARIO – **December 5, 2008** – Baffinland Iron Mines Corporation (“Baffinland” or the “Company”) provides today a general update on the continuing advancement of its Mary River Project.

In January 2008, Baffinland retained CIBC World Markets Inc. and Citigroup Global Markets Inc. to act as the Company’s co-financial advisors to seek a strategic partner or partners, evaluate potential transactions, assist in the course of negotiations and render such other financial advisory and investment banking services as may from time-to-time be agreed upon by the financial advisors and the Company. Baffinland has long recognized the need for strategic partnering due to the scale of its Mary River Project, particularly with regard to the expected capital cost of the project.

“The global financial crisis and deteriorating economic outlook have adversely affected both large and small companies and added a degree of complexity to our strategic partnering initiative. To date we have not received an offer which we have considered to be sufficient for our shareholders. However, there continues to be interest expressed in the Mary River Project and discussions are on-going with potential strategic partners. We have not yet reached a successful agreement but remain optimistic; however, we now anticipate that this initiative will extend into 2009”, stated Gordon McCreary, President and Chief Executive Officer of Baffinland.

Preliminary results of the bulk sample program are reported as excellent. The exceptional physical attributes of the Mary River lump ore may allow Baffinland to market a lump ore with smaller maximum size and tighter specification (+8mm-25mm), while maintaining its expected production output lump to fines ratio of 75:25 in Deposit No. 1. In addition, there are plans to utilize part of the trial cargo of the Mary River lump ore as a cooling agent in the steel plant. This is normally accomplished by use of scrap steel. If successful, this would add to the potential market for Baffinland’s lump iron ore. To date, approximately 10,000 tonnes of the lump iron ore has been consumed. Due to changes in production planning at the steel mills, it is expected that the remainder of Baffinland’s trial cargos will be consumed early in 2009.

On November 24, 2008, November 26, 2008 and December 4, 2008, Baffinland announced details regarding two concurrent private placement transactions (the “Private Placements”), being (i) a private placement of \$5 million common shares and subscription receipts to Resource Capital Fund IV L.P. and (ii) a private placement of flow-through common shares (each, a “Flow-Through Share”) for aggregate gross proceeds of approximately \$13.6 million (the “Flow-Through Private Placement”) offered for sale on a best efforts basis by a syndicate led by CIBC World Markets Inc. Resource Capital Fund IV L.P. has also been granted the option to purchase an additional \$4 million of subscription receipts exercisable at any time prior to 48 hours before the closing of the Private Placements. CIBC World Markets and the syndicate of agents have the option to increase the size of the Flow-Through Private Placement by up to an additional 30,434,000 Flow-Through Shares for additional gross proceeds of approximately \$6.4 million exercisable at any time prior to 48 hours before the closing of the Private Placements.

The Private Placements are expected to close on December 11, 2008 and are subject to the approval of the Toronto Stock Exchange (the "TSX") and all other necessary regulatory approvals. Baffinland is proceeding with the Private Placements in reliance on the financial hardship exemption in the TSX Company Manual. As a consequence of relying upon the financial hardship exemption, the TSX has informed the Company that it will, in the ordinary course, commence a continued listing review.

Successful completion of the Flow-Through Private Placement will allow Baffinland an opportunity to initiate infill drilling on Deposits No. 2 and/or No. 3 at its Mary River Project. The goal of this program is to move resources currently in the inferred category to the indicated category, and to support strategic planning which includes the evaluation of potential increases in mine life and/or future production rates for the Mary River Project. Baffinland expects that successful completion of the infill drill program would allow it to proceed with a revised definitive feasibility study.

Baffinland's 2009 work plan will be based, in part, on the availability of financing. At the beginning of December 2008, Baffinland instructed its engineering and technical service providers to reduce expenditures in order to ensure the maximum availability of cash for the 2009 program. Should the Company acquire additional sources of financing, such as through its strategic partnering initiative, Baffinland's work plans will be adjusted accordingly.

In March 2008, Baffinland submitted a project proposal to the Nunavut Planning Commission ("NPC") and the Nunavut Impact Review Board ("NIRB") to initiate the regulatory review process for the Mary River Project. The NPC has subsequently concluded that the proposal is in conformity with the North Baffin Land Use Plan. Under Article 12 of the Nunavut Land Claims Agreement, NIRB subsequently completed an environmental screening of the Mary River Project and is currently awaiting direction from the Minister of Indian and Northern Affairs Canada ("INAC") with respect to its recommendations for an environmental assessment. The timing for submission of an Environmental Impact Statement and associated steps in the review regulatory process can therefore not be determined with certainty at this time.

While Baffinland is awaiting an INAC decision, and in light of current market conditions and the current status of the strategic partner initiative, Baffinland continues to evaluate its strategy with respect to project timeline, approval and execution.

\* \* \* \* \*

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.

FOR FURTHER INFORMATION CONTACT:

GORDON A. MCCREARY  
President and CEO  
416-814-3163

RODNEY A. COOPER  
VP, Operations and COO  
416-814-3158

*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, information about the Company's strategic partnership initiative; the Private Placements; the TSX listing review; infill drilling on Deposits No. 2 and No.3; optimizing production levels; a revised definitive feasibility study; the potential for Baffinland to market lump ore with smaller maximum size and tighter specification; expected production output lump to fines ratio of 75:25 in Deposit No. 1; consummation of the remainder of the bulk sample ore in early 2009; and Baffinland's 2009 work plan is forward-looking information.*

*Forward-looking information is based on certain factors and assumptions regarding, among other things, the estimation of mineral resources and reserves, the realization of mineral reserves and resource estimates, iron ore prices, the timing and amount of future exploration expenditures, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the availability of necessary financing and materials, including financing to conduct other activities necessary to continue to develop the Company's Mary River project in the short and long-term, the progress of construction and development activities, the receipt of necessary regulatory approvals, and assumptions with respect to environmental risks, title disputes or claims, weather conditions, climate change 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.*

*Without limitation, in stating that the Company expects to successfully complete its strategic partner initiative in 2009, the Company has assumed that it will successfully conduct negotiations and improvements in the global economy and the financial position of potential strategic partners. There can be no assurance that such a strategic partnership can be completed. In stating that the Company expects to close the Private Placements on or about December 11, 2008, the Company has assumed that it will successfully conclude due diligence and receive all necessary approvals. In stating that the Company anticipates a successful conclusion to the TSX listing review, it has assumed that the closing of the Private Placements will address the "financial hardship" exemption which triggered the listing review by the TSX. In stating that the Company plans to initiate infill drilling on Deposits No. 2 and No.3, the Company has assumed that it will close the Private Placements and have sufficient funds and resources to carry out such activities. In stating that the Company anticipates being able to optimize production levels and complete a revised definitive feasibility study, it has assumed that its infill drilling program will be completed and achieve successful results. In stating that the Company may be able to market lump ore with smaller maximum size and tighter specification, that the Company continues to expect a production output lump to fines ratio of 75:25 in Deposit No. 1; that the Company anticipates the remainder of the bulk sample ore being consumed in early 2009, the Company has assumed that the production steel mills will have the necessary funding and resources to consume the remainder of the ore and that the analysis results will be as positive as the preliminary results received to date. In stating that Baffinland's 2009 work plan will be a reflection of the availability of financing and that works plans will be adjusted accordingly should additional sources of financing be realized, the Company has assumed that the Private Placements will close and it will successfully complete its strategic partner process.*

*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 and development of mineral deposits, risks relating to changes in iron ore prices and 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 project including access and supply risks, reliance on key personnel, construction and operational risks inherent in the conduct of mining activities, including the risk of changes in capital and operating costs and the risk of delays or increased costs that might be encountered during the construction and development process, the risk of fluctuations in the Canadian/U.S. dollar exchange rate, regulatory risks, including risks relating to the acquisition of the necessary licences and permits, financing, capitalization and liquidity risks, including the risk that the financing required to fund the exploration and development activities at the Mary River Property may not be available on satisfactory terms, or at all, environmental risks, including risks relating to climate change and the potential impact of global warming on project timelines and on construction and operating costs, insurance risks, and insurance risks. See the Company's public filings available at [www.sedar.com](http://www.sedar.com). 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, it is under no obligation and does not undertake to update this information except as may be required by applicable law.*