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**NEWS RELEASE**

**TSX SYMBOL: BIM**

**BAFFINLAND ANNOUNCES  
CLOSING OF PRIVATE PLACEMENT OFFERINGS**

TORONTO, ONTARIO – **December 11, 2008** – Baffinland Iron Mines Corporation (“Baffinland” or the “Company”) announced today that it has closed its previously announced concurrent private placement transactions (the “Private Placements”) for aggregate gross proceeds of approximately \$21.8 million. The Private Placements consisted of: (i) a private placement of 14,665,541 common shares and 22,176,564 subscription receipts (each, a “Subscription Receipt”) to Resource Capital Fund IV L.P. (“Resource LP”) at a price of \$0.19 per share or subscription receipt, for total gross proceeds of \$7 million (the “RCF Private Placement”) and (ii) a private placement of 70,464,805 flow-through common shares at a price of \$0.21 per flow-through share through a syndicate of agents led by CIBC World Markets Inc. for aggregate gross proceeds of approximately \$14.8 million (the “Flow-Through Private Placement”).

Each Subscription Receipt will entitle Resource LP to acquire one common share of the Company for no additional consideration at any time prior to June 1, 2009 on notice being given that the Company and its shareholders have approved certain amendments to its shareholder rights plan (the “Rights Plan”) and any other escrow release conditions described below have been met. The proceeds from the issue of the Subscription Receipts pursuant to the RCF Private Placement will be held in escrow and will not be released, and the Subscription Receipts will not be exercisable, until all escrow release conditions have been met. The Subscription Receipts will be automatically exercised as soon as all conditions have been met such that the issuance of the common shares on such exercise will be an Exempt Acquisition within the meaning of the Rights Plan, as it may be amended. The Company currently intends to call a meeting of its shareholders to approve amendments to the Rights Plan. In the event that shareholder approval has not been obtained by March 31, 2009, or any other escrow release conditions have not been met by June 1, 2009, any amounts held in escrow in respect of the Subscription Receipts will be returned to Resource LP along with interest at an annual rate of 8% earned thereon from the date hereof.

The proceeds of the Flow-Through Private Placement will be used to fund Canadian Exploration Expense, as defined by the Canadian Revenue Agency, at the Company’s 100% owned Mary River project and the proceeds of the RCF Private Placement will be used to continue exploration activities at the Mary River project and for general corporate purposes.

Pursuant to the terms of the RCF Private Placement, Baffinland has reduced the size of its board to nine directors. To accommodate this reduction in the number of directors, Michael Zurowski has resigned from the board of directors of the Company. “We appreciate Mike Zurowski’s contribution to the Board and will continue to benefit from his valued contribution as Executive Vice President of the Company”, said Gordon McCreary, President and Chief Executive Officer of Baffinland.

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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 shares trade on the Toronto Stock Exchange under the trading symbol BIM.

FOR FURTHER INFORMATION:

Please visit Baffinland's website at [www.baffinland.com](http://www.baffinland.com), email [info@baffinland.com](mailto:info@baffinland.com) or contact:

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*This press release contains certain information that may constitute forward-looking information within the meaning of securities laws. Particularly, but without limitation, information about the intended use of the proceeds of the Private Placements and the intent of Baffinland to call of meeting of shareholders to approve amendments to the Rights Plan is forward-looking information. Forward-looking information is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources, the realization of mineral reserve 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. 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 Company's 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 increases 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 licenses and permits, financing, capitalization and liquidity risks, including the risk that the financing necessary 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, 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, the Company is under no obligation and does not undertake to update this information at any particular time, except as required by law.*

*The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or any applicable exemption from the registration requirements. This press release does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.*