



120 Adelaide Street West, Suite 1016
Toronto, Ontario M5H 1T1
Tel: (416) 364-8820
Fax: (416) 364-0193
Email: info@baffinland.com
Website: www.baffinland.com

Not for distribution to U.S. newswire services or for dissemination in the United States.

NEWS RELEASE

TSX SYMBOL: BIM

**BAFFINLAND RESPONDS TO AMENDED OFFER FROM NUNAVUT AND WAIVES
APPLICATION OF ITS SHAREHOLDER RIGHTS PLAN**

TORONTO, ONTARIO (December 29, 2010) - Baffinland Iron Mines Corporation (TSX: BIM) (the "Company") announced today that it has received notice by way of press release of an amended offer (the "Amended Offer") being made to its shareholders by Nunavut Iron Ore Acquisition Inc. (the "Offeror"), a corporation wholly-owned by Iron Ore Holdings, LP, to acquire 60% of its outstanding common shares (calculated on an in-the-money fully-diluted basis) including all of the common shares owned by the Offeror at a price of \$1.40 in cash per common share.

The special committee of the board of directors is reviewing the Amended Offer with its financial and legal advisors and will respond in due course.

The Company also confirmed that, as previously announced on December 22, 2010, the Board of Directors will waive application of the Company's shareholder rights plan to all take-over bids for the Company's common shares effective as of 4:59 p.m. (Toronto time) on December 29, 2010.

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 the Baffinland website at www.baffinland.com, e-mail info@baffinland.com or contact:

Daniella Dimitrov
Vice-Chair
416-814-3172

Bruce Drysdale or Gord Forstner
Drysdale Forstner Hamilton Public Affairs
416-206-0188

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 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.