

This document is important and requires your immediate attention. If you are in doubt as to how to respond to the offers described in this Notice of Change, you should consult with your investment dealer, stockbroker, bank manager, lawyer or other professional advisor.



NOTICE OF CHANGE TO DIRECTORS' CIRCULAR

Relating to the Amended Offer by ARCELORMITTAL

to purchase 100% of the outstanding common shares and 2007 common share purchase warrants of

BAFFINLAND IRON MINES CORPORATION

FOR \$1.40 IN CASH PER COMMON SHARE

AND \$0.10 IN CASH PER 2007 WARRANT

AND

NOTICE OF CHANGE TO DIRECTORS' CIRCULAR

Relating to the Amended Partial Offer by NUNAVUT IRON ORE ACQUISITION INC.,

a corporation wholly owned by IRON ORE HOLDINGS, LP,

to purchase 60% of the common shares of

BAFFINLAND IRON MINES CORPORATION

FOR \$1.40 IN CASH PER COMMON SHARE

The Baffinland Board of Directors recommends that you
ACCEPT the Amended ArcelorMittal Offer
and TENDER your Baffinland Common Shares and 2007 Warrants
to the Amended ArcelorMittal Offer

and

REJECT the Amended Nunavut Offer
and DO NOT TENDER your Baffinland Common Shares
to the Amended Nunavut Offer.

Information contained in this Notice of Change varies and updates certain information contained in: (i) the Directors' Circular dated November 12, 2010 issued by the Board of Directors of Baffinland Iron Mines Corporation, as amended by a notice of change dated December 20, 2010, with respect to the original offer made by ArcelorMittal S.A. dated November 12, 2010 as amended by the notices of variation/extension dated December 18, 2010, December 29, 2010 and December 31, 2010 and should be read in conjunction therewith; and (ii) the Directors' Circular dated October 7, 2010 issued by the Board of Directors of Baffinland Iron Mines Corporation, as amended by the notice of change dated December 20, 2010, with respect to the original offer made by Nunavut Iron Ore Acquisition Inc. dated September 22, 2010 as amended by the notices of variation/extension dated October 28, 2010, November 8, 2010, November 22, 2010, December 2, 2010, December 13, 2010, December 15, 2010 and December 29, 2010 and should be read in conjunction therewith.

December 31, 2010

Notice to United States Securityholders: *The offers to which this Notice of Change relate are made for the securities of a Canadian issuer. The enforcement by investors of civil liabilities under United States federal securities law may be affected adversely by the fact that the issuer is located in a foreign country and that some of its officers and directors are residents of a foreign country.*

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

Certain statements in this Notice of Change may constitute forward looking information within the meaning of securities laws. These statements can be identified by expressions of belief, expectation or intention, as well as those statements that are not historical fact. In some cases, forward looking information can be identified by the use of terms such as “may”, “will”, “should”, “project”, “expect”, “believe”, “plan”, “scheduled”, “intend”, “estimate”, “forecast”, “predict”, “potential”, “continue”, “anticipate” or other similar expressions concerning matters that are not historical facts. 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 Baffinland.

Forward looking information is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources and the realization of such estimates, 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 to develop the Mary River property in the short and long-term, the progress of construction and development activities, the receipt of necessary regulatory approvals, iron ore prices, the feasibility of constructing and operating a direct shipping iron ore mine at the Mary River Project, assumptions with respect to environmental risks, title disputes or claims, weather conditions, climate change and other similar matters.

Several factors could cause actual results to differ materially from those expressed in the forward looking statements, including, but not limited to: actions taken by ArcelorMittal or Nunavut; actions taken by Shareholders of Baffinland in respect of the Amended ArcelorMittal Offer or the Amended Nunavut Offer; the possible effect of the Amended ArcelorMittal Offer or the Amended Nunavut Offer on Baffinland’s business; risks inherent in the exploration for and development of mineral deposits; financing, capitalization and liquidity risks, including the risk that the financing alternatives necessary to fund the exploration and development activities at the Mary River Property may not be available on satisfactory terms, or at all; regulatory risks, including risks relating to the acquisition of the necessary licenses and permits; uncertainties inherent in the estimation of mineral reserves and resources; risks that production estimates may be inaccurate; 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; risks relating to changes in iron ore prices and the worldwide demand for and supply of iron ore; risks relating to the remoteness of the Mary River Property including access and supply risks and reliance on key personnel; environmental risks, including risks relating to climate change and the potential impact of global warming on Mary River Project timelines and on construction and operating costs; the risk of fluctuations in the Canadian/U.S. dollar exchange rate; and insurance risks. Additional risks and uncertainties can be found in Baffinland’s Annual Information Form for the financial year ended December 31, 2009 under the captions “Cautionary Statement on Forward Looking Information” and “Risk Factors” and in Baffinland’s other filings with Canadian provincial securities commissions.

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

CURRENCY

All dollar references in this Notice of Change are in Canadian dollars, unless otherwise indicated.

TABLE OF CONTENTS

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION	i
CURRENCY	i
NOTICE OF CHANGE TO DIRECTORS' CIRCULAR	1
RECENT DEVELOPMENTS	2
DIRECTORS' RECOMMENDATION	2
ANALYSIS AND REASONS FOR THE BOARD'S CONCLUSION AND RECOMMENDATION TO ACCEPT THE AMENDED ARCELORMITTAL OFFER AND REJECT THE AMENDED NUNAVUT OFFER	3
CONCLUSION AND RECOMMENDATION	4
OTHER MATERIAL INFORMATION	4
STATUTORY RIGHTS	4
APPROVAL OF NOTICE OF CHANGE	4
CERTIFICATE	5

NOTICE OF CHANGE TO DIRECTORS' CIRCULAR

Amended ArcelorMittal Offer

This Notice of Change (this “**Notice of Change**”) relating to the directors’ circular dated November 12, 2010, as amended by a notice of change dated December 20, 2010 (the “**First Notice of Change**”) (as amended, the “**ArcelorMittal Directors’ Circular**”) is issued by the board of directors (the “**Board of Directors**” or “**Board**”) of Baffinland Iron Mines Corporation (“**Baffinland**” or the “**Corporation**”) in connection with the offer by ArcelorMittal (“**ArcelorMittal**”) to purchase all of the issued and outstanding common shares (the “**Common Shares**”) of Baffinland including Common Shares that may become issued and outstanding upon the exercise, exchange or conversion of any securities that are exercisable or exchangeable for or convertible into Common Shares, together with the associated rights outstanding under Baffinland’s shareholder rights plan, for \$1.40 in cash per Common Share and all of the outstanding common share purchase warrants issued by Baffinland on January 31, 2007 (the “**2007 Warrants**”) for \$0.10 in cash per 2007 Warrant, upon the terms and subject to the conditions set forth in ArcelorMittal’s Offer and accompanying take-over bid circular dated November 12, 2010, as amended and supplemented by the notice of variation and extension dated December 18, 2010, the notice of extension dated December 29, 2010 and the notice of variation dated December 31, 2010 (as amended and supplemented, the “**ArcelorMittal Offer and Circular**”) (the “**Amended ArcelorMittal Offer**”). This values the original ArcelorMittal Offer at approximately \$433 million and the Amended ArcelorMittal Offer at approximately \$552 million.

Defined terms used but not defined in this Notice of Change have the meanings given to them in the First Notice of Change.

The Amended ArcelorMittal Offer is being made pursuant to the terms and conditions of a support agreement dated November 8, 2010 between Baffinland and ArcelorMittal, as amended pursuant to a supplement to the Support Agreement dated December 18, 2010 (as amended, modified, supplemented or amended and restated from time to time, the “**Support Agreement**”).

ArcelorMittal has increased the consideration payable under the Amended ArcelorMittal Offer to \$1.40 in cash for each Common Share. No change was made to the conditions of the Amended ArcelorMittal Offer or to the consideration payable for 2007 Warrants.

The Amended ArcelorMittal Offer is open for acceptance until 11:59 p.m. (Toronto time) on January 10, 2011, unless extended or withdrawn. The Amended ArcelorMittal Offer is subject to a minimum tender condition of 50% of the outstanding Common Shares (on a fully-diluted basis) plus one Common Share.

Amended Nunavut Offer

This Notice of Change also relates to the directors’ circular dated October 7, 2010, as amended by the First Notice of Change (as amended, the “**Nunavut Directors’ Circular**”) issued by the Board of Directors in connection with the unsolicited offer by Nunavut Iron Ore Acquisition Inc. (“**Nunavut**”), a corporation wholly owned by Iron Ore Holdings, LP, to purchase 60% of the issued and outstanding common shares (“**Common Shares**”) together with the associated rights issued and outstanding under Baffinland’s shareholder rights plan, including Common Shares that may become issued and outstanding after September 22, 2010 but before the expiry time of the offer upon the conversion, exchange or exercise of options issued under Baffinland’s stock option plan, the issued and outstanding warrants of Baffinland, or other securities of Baffinland that are convertible into or exchangeable or exercisable for Common Shares, upon the terms and subject to the conditions set forth in the Offer and Circular dated September 22, 2010, as amended and supplemented by the notices of extension dated October 28, 2010, November 8, 2010, November 22, 2010, December 2, 2010 and December 13, 2010 and the notices of variation and extension dated December 15, 2010 and December 29, 2010 (as amended and supplemented, the “**Nunavut Offer and Circular**”) (the “**Amended Nunavut Offer**”).

On December 29, 2010, Nunavut amended the consideration payable under the Amended Nunavut Offer to \$1.40 in cash for each Common Share and changed the maximum number of Common Shares to be taken up and paid for under the Amended Nunavut Offer to the number of Common Shares which, together with any Common Shares owned by Nunavut and its affiliates, constitutes 60% of the Common Shares outstanding on an in-the-money fully diluted basis. As of December 30, 2010, this number would be 195,477,470 Common Shares, based on 393,664,783 in-the-money fully diluted Common Shares outstanding and the 40,721,400 Common Shares which, to the knowledge of Baffinland are currently owned by Nunavut and its affiliates. This values the original Nunavut

Offer at approximately \$294 million, which excludes the Common Shares already owned by Nunavut at the time, and the Amended Nunavut Offer at approximately \$274 million.

The Amended Nunavut Offer is open for acceptance until 11:59 p.m. (Toronto time) on January 10, 2011, unless extended or withdrawn.

RECENT DEVELOPMENTS

Recent Developments Concerning the ArcelorMittal Offer

On December 29, 2010, ArcelorMittal announced that it had extended the Amended ArcelorMittal Offer, and subsequently filed and mailed a notice of extension to Baffinland securityholders in respect of the extension of the Amended ArcelorMittal Offer to 11:59 p.m. (Toronto time) on January 10, 2011.

On December 31, 2010, ArcelorMittal announced the Amended ArcelorMittal Offer increasing its previous offer price for Common Shares from \$1.25 per share to \$1.40 per share and mailed a notice of variation to Baffinland securityholders in respect of the terms of the Amended ArcelorMittal Offer.

Recent Developments Concerning the Nunavut Offer

On December 29, 2010, Nunavut announced certain changes to the Amended Nunavut Offer, and subsequently filed and mailed a notice of variation and extension to Baffinland Shareholders in respect of the terms of the Amended Nunavut Offer and the extension of the Amended Nunavut Offer to 11:59 p.m. (Toronto time) on January 10, 2011.

Recent Developments Concerning the Baffinland Shareholder Rights Plan

On December 20, 2010, Baffinland adopted a new shareholder rights plan (the “**2010 Shareholder Rights Plan**”).

On December 22, 2010, ArcelorMittal requested that Baffinland waive the 2010 Shareholder Rights Plan at 4:59 p.m. on December 29, 2010, pursuant to the terms of the Support Agreement and the Ontario Securities Commission issued an order with the consent of Baffinland that, subject to the prior waiver by Baffinland, the rights issued under the 2010 Shareholder Rights Plan be cease traded as of 5:00 p.m. on December 29, 2010.

On December 29, 2010, as requested by ArcelorMittal the Board of Directors resolved to waive application of the 2010 Shareholder Rights Plan to all take-over bids made for Common Shares as of 4:59 p.m. on December 29, 2010.

DIRECTORS' RECOMMENDATION

After careful consideration, in consultation with its financial and legal advisors, of the terms and conditions of both the Amended ArcelorMittal Offer and the Amended Nunavut Offer, the Board of Directors, at a meeting held on December 31, 2010 determined that the Amended ArcelorMittal Offer remains in the best interests of Baffinland, its Shareholders and 2007 Warrantholders and the Board of Directors reaffirms its recommendation that Shareholders and 2007 Warrantholders ACCEPT the Amended ArcelorMittal Offer and TENDER their Common Shares and 2007 Warrants to the Amended ArcelorMittal Offer and REJECT the Amended Nunavut Offer and NOT TENDER their Common Shares to the Amended Nunavut Offer.

IF YOU HAVE TENDERED YOUR COMMON SHARES TO THE AMENDED NUNAVUT OFFER, YOU CAN WITHDRAW THEM. For assistance in withdrawing your Common Shares, you should contact your broker or Baffinland's information agent, Phoenix Advisory Partners at the address or phone number on the back page of this Notice of Change.

**ANALYSIS AND REASONS FOR THE BOARD'S CONCLUSION AND
RECOMMENDATION TO ACCEPT THE AMENDED ARCELORMITTAL OFFER
AND REJECT THE AMENDED NUNAVUT OFFER**

The recommendation of the Board to Baffinland securityholders to **ACCEPT** the Amended ArcelorMittal Offer and **TENDER** their Common Shares and 2007 Warrants to the Amended ArcelorMittal Offer and to **REJECT** the Amended Nunavut Offer and **NOT TENDER** their Common Shares to the Amended Nunavut Offer is based on the reasons provided in the First Notice of Change, which are incorporated by reference into this Notice of Change, *mutatis mutandis*, and for the following additional reasons:

1. *The Amended ArcelorMittal Offer provides a further significant premium and is for 100% of the Common Shares and 2007 Warrants.*

The price being offered under the Amended ArcelorMittal Offer represents a 27% increase over the price offered under the original ArcelorMittal Offer and a 75% premium over the original Nunavut Offer, which was initially made for all of the Common Shares. Detailed reasons for the Board of Directors' prior recommendation of the offer by ArcelorMittal can be found in the ArcelorMittal Directors' Circular.

The Amended ArcelorMittal Offer continues to be for **100%** of the Common Shares and 2007 Warrants of Baffinland while the Amended Nunavut Offer is being made for only **60%** of the Common Shares including the Common Shares owned by Nunavut. Accordingly, the Amended Nunavut Offer is still coercive for the reasons outlined in the First Notice of Change. By contrast, the Amended ArcelorMittal Offer is transparent and does not include any of the coercive elements of the Amended Nunavut Offer.

2. *The variations made to the Amended Nunavut Offer on December 29, 2010 would lead to significant equity dilution and likely have a negative impact on the trading value of the remaining minority held Common Shares.*

As described in the First Notice of Change, the Board, in consultation with its financial advisors, concluded that the value of the Royalty Unit was highly uncertain. This aspect of the Amended Nunavut Offer has now been replaced with a proposal by Nunavut to provide further consideration for Common Shares taken up in the form of an exchange right in respect of Common Share purchase warrants that Nunavut proposes be issued by Baffinland if the Amended Nunavut Offer is successful (the "**Warrant Proposal**"). The Warrant Proposal contemplates that warrants exercisable for 157.4 million Common Shares would be issued representing approximately 40% of the outstanding Common Shares which would lead to significant equity dilution and likely have a negative impact on the trading value of the remaining minority held Common Shares.

3. *The ArcelorMittal Offer provides greater certainty because the Amended Nunavut Offer remains highly conditional.*

As described in the First Notice of Change, the Amended Nunavut Offer remains highly conditional for the benefit of Nunavut, resulting in substantial uncertainty for Shareholders as to whether Nunavut will acquire any Common Shares under the Amended Nunavut Offer.

In particular, there is significant uncertainty with respect to the condition of the Amended Nunavut Offer that allows Nunavut to decide not to proceed with the Amended Nunavut Offer if Baffinland did not provide it with a favourable title opinion on or before December 24, 2010. No title opinion has been delivered by Baffinland since doing so would require Baffinland to breach the Support Agreement and to become potentially liable for payment of the termination fee due to such breach. As a result, there remains uncertainty as to whether or not this condition can be satisfied.

By contrast, the Amended ArcelorMittal Offer affords greater certainty as ArcelorMittal has confirmed that as at December 29, 2010, no further conditions relating to regulatory approvals are outstanding under the Amended ArcelorMittal Offer.

CONCLUSION AND RECOMMENDATION

For the principal reasons outlined above, and after receiving the advice of its financial and legal advisors, the Board recommends that securityholders ACCEPT the Amended ArcelorMittal Offer and TENDER their Common Shares and 2007 Warrants to the Amended ArcelorMittal Offer and REJECT the Amended Nunavut Offer and NOT TENDER their Common Shares to the Amended Nunavut Offer.

The Board of Directors recommends that Securityholders:

**ACCEPT the Amended ArcelorMittal Offer and TENDER their Common Shares
and 2007 Warrants to the Amended ArcelorMittal Offer**

AND

**REJECT the Amended Nunavut Offer and NOT TENDER their Common Shares
to the Amended Nunavut Offer.**

The foregoing summary of the information and factors considered by the Board in reaching its conclusion and recommendation is not intended to be exhaustive. The members of the Board evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of Baffinland, and based upon the advice of the Board's financial and legal advisors. In view of the numerous factors considered in connection with the evaluation of the Amended ArcelorMittal Offer and the Amended Nunavut Offer, the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its conclusion and recommendation. In addition, individual members of the Board may have given different weight to different factors. The conclusion and recommendation of the Board was made after considering all of the information and factors involved.

OTHER MATERIAL INFORMATION

Except as otherwise described or referred to in this Notice of Change, or otherwise publicly disclosed, no other information is known to the directors or officers of Baffinland that would reasonably be expected to affect the decision of the Shareholders to accept or reject the Amended ArcelorMittal Offer or the Amended Nunavut Offer.

STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides security holders of Baffinland with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

APPROVAL OF NOTICE OF CHANGE

The content of this Notice of Change has been approved and the delivery thereof has been authorized by the Board.

CERTIFICATE

Dated: December 31, 2010

The foregoing, together with the ArcelorMittal Directors' Circular, the Nunavut Directors' Circular and the First Notice of Change, contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

On behalf of the Board of Directors

(Signed) DANIELLA DIMITROV
Director and Vice-Chair

(Signed) JOHN LYDALL
Chairman of the Special Committee and Director



**THE BOARD OF DIRECTORS
RECOMMENDS THAT BAFFINLAND
SHAREHOLDERS**

**ACCEPT THE AMENDED ARCELORMITTAL OFFER
AND TENDER THEIR COMMON SHARES AND 2007 WARRANTS TO
THE AMENDED ARCELORMITTAL OFFER**

AND

**REJECT THE AMENDED NUNAVUT OFFER
AND NOT TENDER THEIR COMMON SHARES TO
THE AMENDED NUNAVUT OFFER**

Any questions and requests for assistance may be directed to Baffinland's Information Agent:



North American Toll Free Phone:

1-800-503-9445

Email: contactus@phoenixadvisorypartners.com

Outside North America, Banks and Brokers Call Collect: 416-385-6020