

This document is important and requires your immediate attention. If you are in doubt as to how to respond to the offer 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 Joint Offer by ARCELORMITTAL and its subsidiary 2263199 ONTARIO INC., together with NUNAVUT IRON ORE ACQUISITION INC., and its sole shareholder IRON ORE HOLDINGS, L.P., as joint offerors,

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

BAFFINLAND IRON MINES CORPORATION

**FOR \$1.50 IN CASH PER COMMON SHARE
AND \$0.10 IN CASH PER 2007 WARRANT**

The Baffinland Board of Directors recommends that you

**ACCEPT the Amended Joint Offer of
\$1.50 in Cash for 100% of the Common Shares and \$0.10 in Cash for 100% of the 2007 Warrants
and TENDER your Baffinland Common Shares and 2007 Warrants
to the Amended Joint Offer**

The following is also a

NOTICE OF CHANGE TO DIRECTORS' CIRCULAR

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

The Board recommends that shareholders not tender to the Amended Partial Offer and withdraw any shares deposited to it. Shareholders are advised that Nunavut has agreed with ArcelorMittal that it will not, except as required by law or by a regulatory authority, extend the Amended Partial Offer beyond January 25, 2011, amend such offer or waive any conditions of such offer. Nunavut has also advised shareholders who have tendered to the Amended Partial Offer to withdraw their common shares and to tender them to the Amended Joint 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 ("Baffinland"), as amended by notices of change dated December 20, 2010, December 31, 2010 and January 3, 2011, with respect to the original offer made by ArcelorMittal dated November 12, 2010 as amended by the notices of variation/extension dated December 18, 2010, December 29, 2010, December 31, 2010, January 10, 2011 and January 14, 2011 and should be read in conjunction therewith; and (ii) the Directors' Circular dated October 7, 2010 issued by the Board of Directors of Baffinland, as amended by the notice of change dated December 20, 2010, December 31, 2010 and January 3, 2011, 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, December 29, 2010, December 31, 2010 and January 10, 2011 and should be read in conjunction therewith.

January 17, 2011

Notice to United States Securityholders: *The offer to which this Notice of Change relates is 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 Joint Offer or the Amended Partial Offer; the possible effect of the Amended Joint Offer or the Amended Partial 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.

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NOTICE OF CHANGE TO DIRECTORS' CIRCULAR

Amended Joint Offer by ArcelorMittal and Nunavut

This Notice of Change (this “**Notice of Change**”) relating to the directors’ circular dated November 12, 2010, as amended by (i) a notice of change dated December 20, 2010 (the “**First Notice of Change**”), (ii) a notice of change dated December 31, 2010 (the “**Second Notice of Change**”), and (iii) a notice of change dated January 3, 2011 (the “**Third Notice of Change**”) 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 joint offer by ArcelorMittal (“**ArcelorMittal**”) and its wholly-owned subsidiary 2263199 Ontario Inc. (“**2263199**”) and Nunavut Iron Ore Acquisition Inc. (“**Nunavut**”) and its sole shareholder Iron Ore Holdings, L.P. (“**IOH**” and together with Nunavut, 2263199 and ArcelorMittal, the “**Joint Offerors**”) (the “**Amended Joint Offer**”), dated January 14, 2011, 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 \$1.50 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 initial offer and accompanying take-over bid circular dated November 12, 2010, as amended and supplemented by (a) the notice of variation and extension dated December 18, 2010, (b) the notice of extension dated December 29, 2010, (c) the notice of variation dated December 31, 2010, (d) the notice of extension dated January 10, 2011, and (e) the notice of variation and extension dated January 14, 2011 (the “**Joint Notice of Variation and Extension**”). This values the original ArcelorMittal offer at approximately \$433 million and the Amended Joint Offer at approximately \$591 million.

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

On January 14, 2011, ArcelorMittal and Nunavut issued a press release (the “**Joint Press Release**”) announcing that Nunavut and IOH have joined ArcelorMittal and 2263199 as a joint offerors under the Amended Joint Offer and that (i) the previous offer price of \$1.40 per Common Share has been increased to \$1.50 per Common Share, (ii) the minimum tender condition has been increased from 50% of the outstanding Common Shares (on a fully-diluted basis) plus one Common Share to such number of Common Shares which, together with any Common Shares beneficially owned or over which control or direction is exercised by the Joint Offerors and their respective Affiliates and joint actors, represents at least 66 $\frac{2}{3}$ % of the outstanding Common Shares (on a fully-diluted basis), and (iii) the period for accepting such offer has been extended from 11:59 p.m. (Toronto time) on January 21, 2011 to 11:59 p.m. (Toronto time) on January 24, 2011. No other changes were made to the conditions of the Amended Joint Offer and the consideration payable for the 2007 Warrants remains unchanged. **Nunavut also announced in the Joint Press Release that it was advising Baffinland shareholders who have tendered to the Amended Partial Offer (as defined below) to withdraw their Common Shares and to tender them to the Amended Joint Offer.**

The Joint Notice of Variation and Extension discloses that, upon the successful completion of the Amended Joint Offer and any Second Step Transaction (as such term is defined in the Amended Joint Offer), ArcelorMittal and Nunavut will own 70% and 30%, respectively, of Baffinland and will fund any take-up and payment of Common Shares and 2007 Warrants under such offer, any Second Step Transaction and the costs of developing the Mary River Project on the same *pro rata* basis in accordance with their respective 70% and 30% economic interests. The Joint Notice of Variation and Extension also provides that Nunavut has agreed with ArcelorMittal that it will not, except as required by law or by a regulatory authority, extend the Amended Partial Offer beyond January 25, 2011, amend the Amended Partial Offer or waive any conditions of such offer.

Amended Partial Offer by Nunavut

This Notice of Change also relates to the directors’ circular dated October 7, 2010, as amended by the First Notice of Change, the Second Notice of Change and the Third Notice of Change, issued by the Board of Directors in connection with the unsolicited offer by Nunavut (the “**Amended Partial Offer**”), a corporation

wholly-owned by IOH, to purchase 49.7% of the Common Shares (on a fully diluted basis) excluding the 10.3% of the Common Shares owned by Nunavut, 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 (i) the notices of extension dated October 28, 2010, November 8, 2010, November 22, 2010, December 2, 2010 and December 13, 2010, (ii) the notices of variation and extension dated December 15, 2010, December 29, 2010 and January 10, 2011, and (iii) the notice of variation dated December 31, 2010 (as amended and supplemented, the "**Nunavut Offer and Circular**").

On January 10, 2011, Nunavut amended and restated the consideration payable under the Amended Partial Offer to \$1.45 in cash for each Common Share which can be taken up under the Amended Partial Offer and, if the Minimum Tender Condition is met (though not if such condition is waived), one exchange right (each, an "**Exchange Right**") per Common Share which can be taken up under the Amended Partial Offer. The "**Minimum Tender Condition**", as defined in the Amended Partial Offer, means such number of Common Shares which, together with the Common Shares owned directly or indirectly by Nunavut and its affiliates constitutes at least 50.1% of the Common Shares on a fully-diluted basis (excluding Common Shares that would be outstanding on the conversion, exchange or exercise of any out-of-the-money Convertible Securities) as of 11:59 p.m. (Toronto time) on January 25, 2011, and have been validly deposited under the Amended Partial Offer and not withdrawn as of such time.

The Amended Partial Offer is open for acceptance until 11:59 p.m. (Toronto time) on January 25, 2011, unless extended or withdrawn. **Baffinland shareholders are advised that, as stated in the Joint Notice of Variation and Extension, Nunavut has agreed with ArcelorMittal that it will not, except as required by law or by a regulatory authority, extend the Amended Partial Offer beyond January 25, 2011, amend the Amended Partial Offer or waive any conditions of such offer. Nunavut has also advised Baffinland shareholders who have tendered to the Amended Partial Offer to withdraw their Common Shares and to tender them to the Amended Joint Offer.**

RECENT DEVELOPMENTS

Recent Developments Concerning the Amended Joint Offer and the Amended Partial Offer

On January 5, 2011, Nunavut settled certain matters which were the subject of an application for a hearing by Staff of the Ontario Securities Commission. Staff agreed to withdraw their application to the Commission as a result of this settlement. Pursuant to the settlement, in order for Nunavut to take up any Common Shares under the Amended Partial Offer, Nunavut was required to, either, (i) file a notice of variation and extension amending its offer for the Common Shares to provide further consideration in the form of an exchange right and extend its offer for a minimum of 10 days, or (ii) file a notice of variation and extension amending its offer for the Common Shares to clarify that it is withdrawing its proposal to provide such exchange rights and extend its offer for a minimum of 10 days.

On January 10, 2011, Nunavut announced that it had (i) amended the consideration payable under the Amended Partial Offer to \$1.45 in cash for each Common Share which can be taken up under the Amended Partial Offer and, if the Minimum Tender Condition is met (though not if such condition is waived), one Exchange Right per Common Share taken up under the Amended Partial Offer, (ii) extended the period of acceptance of the Amended Partial Offer to 11:59 p.m. (Toronto time) on January 25, 2011, and (iii) amended certain conditions of the Amended Partial Offer, as described above. Nunavut subsequently filed and mailed a notice of variation and extension to Baffinland securityholders in respect of the foregoing.

On January 10, 2011, ArcelorMittal announced that it had extended its offer to purchase all of (i) the Common Shares at a price of \$1.40 per Common Share, and (ii) the 2007 Warrants at a price of \$0.10 per 2007 Warrant, to 11:59 (Toronto time) on January 21, 2011, and subsequently filed and mailed a notice of extension to Baffinland securityholders in respect thereof.

On January 14, 2011, ArcelorMittal and Nunavut issued the Joint Press Release and subsequently prepared and filed the Joint Notice of Variation and Extension, each described above.

Recent Developments Concerning Baffinland's Mary River Project

On January 13, 2011, Baffinland issued a press release (the “**RHFS Press Release**”) announcing the results of the feasibility study on the Road Haulage Project Option (the “**RHFS**”) relating to its 100%-owned Mary River Project. The RHFS contemplates trucking iron ore northwest along the existing 100 kilometre Milne Inlet tote road 300-days per year and shipping iron ore using market vessel ships during an approximate 90-day open water season in Milne Inlet. Mining and shipping targets 3 million tonnes of lump and fine iron ore production per annum and production is expected to be 75% high quality lump iron ore and 25% premium quality fine iron ore (sinter feed). Baffinland's lump and fine iron ores are expected to grade greater than 66% iron over the twenty-year life of production. As noted in the RHFS Press Release, Baffinland expects that production would start in 2013 with approximately 1 million tonnes of iron ore being shipped. This is the earliest date that production could be achieved assuming that the environmental assessment process is complete and permits are received by the second half of 2012. Full production of 3 million tonnes per annum is expected to commence in 2014 over an anticipated mine life of 20 years.

As stated in the RHFS Press Release, the reserves set forth in the RHFS reflect a very limited conversion of in-pit measured and indicated resources to reserves; less than what was contemplated and generated in 2008 for the Rail Definitive Feasibility Study, which contemplates transporting the iron ore south to the proposed Steensby port site. The 2008 mineral reserves, as defined by the “*Technical Report of the Definitive Feasibility Study, Aker Kvaerner, February 2008*”, have been superseded by the RHFS and the new economic and technical data have rendered the 2008 reserves as no longer valid. Baffinland security-holders should read the RHFS Press Release in its entirety for further information concerning the results of the RHFS. This description of the RHFS Press Release (including the results of the RHFS set out herein) is intended to be a summary only and is qualified in its entirety by the full text of the RHFS Press Release (including the assumptions, qualifications and limitations described therein), a copy of which has been filed on SEDAR.

DIRECTORS' RECOMMENDATION

After careful consideration, in consultation with its financial and legal advisors, of the terms and conditions of the Amended Joint Offer, the Board of Directors recommends that Shareholders and 2007 Warrantholders **ACCEPT** the Amended Joint Offer and **TENDER** their Common Shares and 2007 Warrants to the Amended Joint Offer. This recommendation of the Board to Baffinland securityholders is based on the reasons provided in the First Notice of Change, the Second Notice of Change and the Third Notice of Change, and on the following additional reasons:

- The Amended Joint Offer of \$1.50 per Common Share is for 100% of the Common Shares and 2007 Warrants and represents (i) a 36% premium to the original ArcelorMittal Offer of \$1.10 for all of the Common Shares, (ii) a 7% premium to the last amended ArcelorMittal Offer of \$1.40 for all of the Common Shares, and (iii) an 88% premium to the original Nunavut Offer of \$0.80 per Common Share for all of the Common Shares other than the Common Shares owned by Nunavut at the time.
- The value of the Amended Joint Offer made for 100% of the Common Shares is approximately \$591 million compared to the value of the Amended Partial Offer made for 49.7% of the Common Shares which is approximately \$283 million plus the uncertain value of the Exchange Right plus the uncertain value of the remaining Common Shares, which will be impacted by Baffinland having a new controlling shareholder and the decreased liquidity resulting therefrom.
- In light of the fact that Nunavut has (i) agreed with ArcelorMittal that it will not, except as required by law or by a regulatory authority, extend the Amended Partial Offer beyond January 25, 2011, amend the Amended Partial Offer or waive any conditions of such offer, and (ii) advised Baffinland shareholders to withdraw any Common Shares that have been tendered to the Amended Partial Offer, there is effectively only one outstanding offer.

- The original Nunavut Offer was announced on September 22, 2010 and the original ArcelorMittal Offer was announced on November 8, 2010. Since November 8, 2010, the Board has not received any third-party acquisition proposals for Baffinland or been in discussions with any third-party regarding any acquisition proposal. However, the process overseen by the Board of Directors since September 22, 2010 has seen a total of eight (8) rounds of bidding by Nunavut and ArcelorMittal, inclusive of the current Amended Joint Offer.
- The Board of Directors has preserved the ability to respond to unsolicited Superior Proposals (as defined in the Support Agreement).

In addition, in considering the Amended Joint Offer, the Board of Directors, sought and received assurances from ArcelorMittal that, in joining as co-bidders with ArcelorMittal, Nunavut and IOH are responsible for bearing their *pro rata* share of the purchase price and all costs associated with (i) the Amended Joint Offer, and (ii) upon successful completion of the Amended Joint Offer, the development of the Mary River Project. The Board also notes that the Joint Notice of Variation and Extension, which was prepared by the Joint Offerors, contains disclosure to the same effect.

The Board also sought and received assurances that (i) for the purposes of determining Nunavut's proportionate amount of the total cost to take up and pay for Common Shares and 2007 Warrants under the Amended Joint Offer, Common Shares held by Nunavut at the date of the Amended Joint Offer are valued at the take up price per Common Share, being \$1.50, and (ii) ArcelorMittal is not providing and has not agreed to provide any financial assistance or financial incentive to Nunavut or any of its affiliates, general partners or associates under the Amended Joint Offer or the Joint Bid Agreement (as that term is defined in the Joint Notice of Variation and Extension). The Board has also received advice from its legal counsel that, accordingly, Nunavut is receiving no collateral benefit as a shareholder of Baffinland in connection with the Amended Joint Offer as prohibited under applicable Canadian securities laws.

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 and developments considered in connection with its evaluation of the Amended Joint Offer, the Board of Directors 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 of Directors may have given different weight to different factors. The conclusion and recommendation of the Board of Directors was made after careful consideration, evaluation and deliberation of all of the information and factors involved.

Shareholders and 2007 Warrantholders should consider the terms of the Amended Joint Offer carefully and should come to their own decision as to whether to accept the Amended Joint Offer. Shareholders and 2007 Warrantholders who are in doubt as to how to respond to the Amended Joint Offer should consult their own investment dealer, stockbroker, bank manager, lawyer or other professional advisor. Shareholders and 2007 Warrantholders are advised that acceptance of the Amended Joint Offer may have tax consequences and they should consult their own professional tax advisors.

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 Joint Offer or the Amended Partial 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: January 17, 2011

The foregoing, together with the ArcelorMittal Directors' Circular, the Nunavut Directors' Circular, the First Notice of Change, the Second Notice of Change and the Third 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) RICHARD D. MCCLOSKEY
Chairman of the Board of Directors,
Acting Chief Executive Officer and President

(Signed) DANIELLA DIMITROV
Director and Vice-Chair



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

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