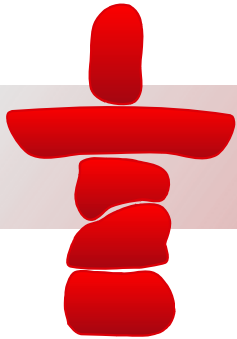




# Investor Presentation

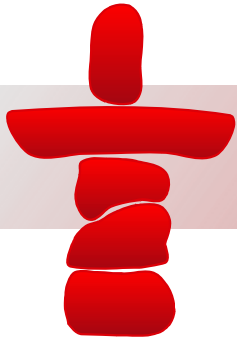
October 7, 2010



## *Forward Looking Statements*

This presentation contains 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 includes statements or information regarding the future plans, intentions, beliefs and prospects of the Company. In particular, readers are cautioned that substantially all of the information contained in and/or derived from the DFS constitutes forward-looking information. Actual results may vary. Without limitation, statements and information relating to or derived from the DFS; strategic partnering initiative; government and Inuit engagement; long-term offtake contracts; debt financing; \$37 million 2010 budget and fully fund program; 2010 drilling program, sustainable development plans and other 2010 planned activities; 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 quoting the grade, tonnage and output from the DFS, the Company has assumed that the key sensitivities of the conclusions reached in the DFS do not materially change. In stating the Company's intent to continue to pursue a strategic partner(s), debt providers and the engagement of government and the Inuit the Company has assumed that there will be some improvements to the global economy and the financial position of potential strategic partners, debt providers and the government. There can be no assurance that such a strategic partnership, debt financing and government and Inuit engagement can be completed. In stating that the Company's intends to convert its offtake letters of intent into long-term offtake contracts, the Company has assumed that it will be able to successfully negotiate the terms of such contracts and that the financial position of potential such customers will permit the entering into of such contracts. In stating that the Company's 2010 program is fully funded and other statements relating to the \$37 million 2010 budget; that the Company intends to complete an drill program to complete additional resource estimates and to undertake sustainable development programs, the Company has assumed that the \$37 million budget will be sufficient to complete such activities. 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 licenses 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. 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.

**Other Cautionary Notes** - Mineral resources which are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty that may attach to indicated mineral resources, there is no assurance that mineral resources will be upgraded to proven and probable ore reserves. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves.



## Situation Overview

The Board **UNANIMOUSLY** recommends that Shareholders **REJECT** the Unsolicited Offer and **NOT TENDER** their Common Shares to the Unsolicited Offer

- On September 22, 2010, Nunavut Iron Ore Acquisition Inc. launched an unsolicited all cash bid for Baffinland Iron Mines Corporation at a price of \$0.80 per Common Share
- The Unsolicited Offer is subject to a number of conditions, including that at least 50.1% of the Common Shares, on a fully-diluted basis, are tendered
- Baffinland’s Board of Directors has thoroughly reviewed and considered the Unsolicited Offer with the benefit of advice from its financial advisors and legal advisors
- Baffinland’s management and its financial and legal advisors are working to evaluate a range of strategic alternatives to enhance value for shareholders



## Key Reasons for Rejection

### **1. The Unsolicited Offer significantly undervalues Baffinland and its Mary River Property**

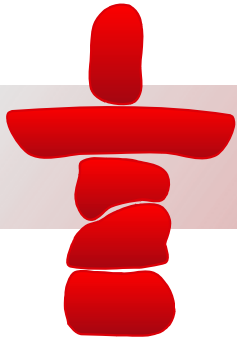
- Fails to recognize:
  - Mary River Property large tonnage size and high grade direct shipping iron ore
  - Robust project economics (2008 feasibility study for 18 mtpa completed)
  - Project flexibility (Road Haulage feasibility study for 3 mtpa commissioned) and scalability (scoping study for 30 mtpa completed)
  - Low geo-political risk

### **2. The Unsolicited Offer is at a significant discount to precedent transaction multiples**

- P/NAV multiple of the Unsolicited Offer for Baffinland is 0.24x based on analyst consensus NAV estimates, well below the average P/NAV multiples for comparable transactions of 0.94x

### **3. The Offer Price represents an 18.4% discount to the October 6, 2010 closing price**

- Performance of the Common Shares since the announcement of the Unsolicited Offer is a strong indicator that the market believes that the Unsolicited Offer undervalues the Common Shares



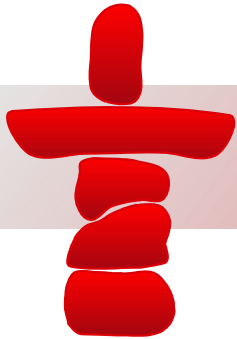
## Key Reasons for Rejection (*cont'd*)

### ***4. Baffinland's financial advisor, CIBC, has delivered a written opinion stating that the consideration offered under the Unsolicited Offer is inadequate, from a financial point of view***

- A written opinion dated October 6, 2010 has been provided by CIBC, to the effect that, as of that date and subject to the assumptions, limitations and qualifications contained therein, the Consideration offered by the Offeror was inadequate, from a financial point of view

### ***5. Superior offers or other alternatives may emerge***

- Baffinland was in advanced negotiations with one strategic party at the time of the Unsolicited Offer
- Baffinland has been approached by, and has initiated contact with, a number of third parties who have expressed an interest in considering alternative transactions



## Key Reasons for Rejection (*cont'd*)

### **6. The Unsolicited Offer is opportunistic**

- The Board believes that by making the Unsolicited Offer when the Company's negotiations with the strategic partner were in an advanced stage and prior to completing the Road Haulage DFS that the Unsolicited Offer would deprive you of the potential for near-term enhancement of the value

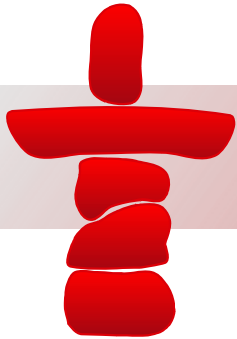
### **7. The Unsolicited Offer is not a Permitted Bid under Baffinland's Shareholder Rights Plan and is coercive**

- The Unsolicited Offer is open for acceptance for only 35 days and the Company requires a longer period of time to attract competing proposals from prospective buyers

### **8. The Unsolicited Offer is highly conditional**

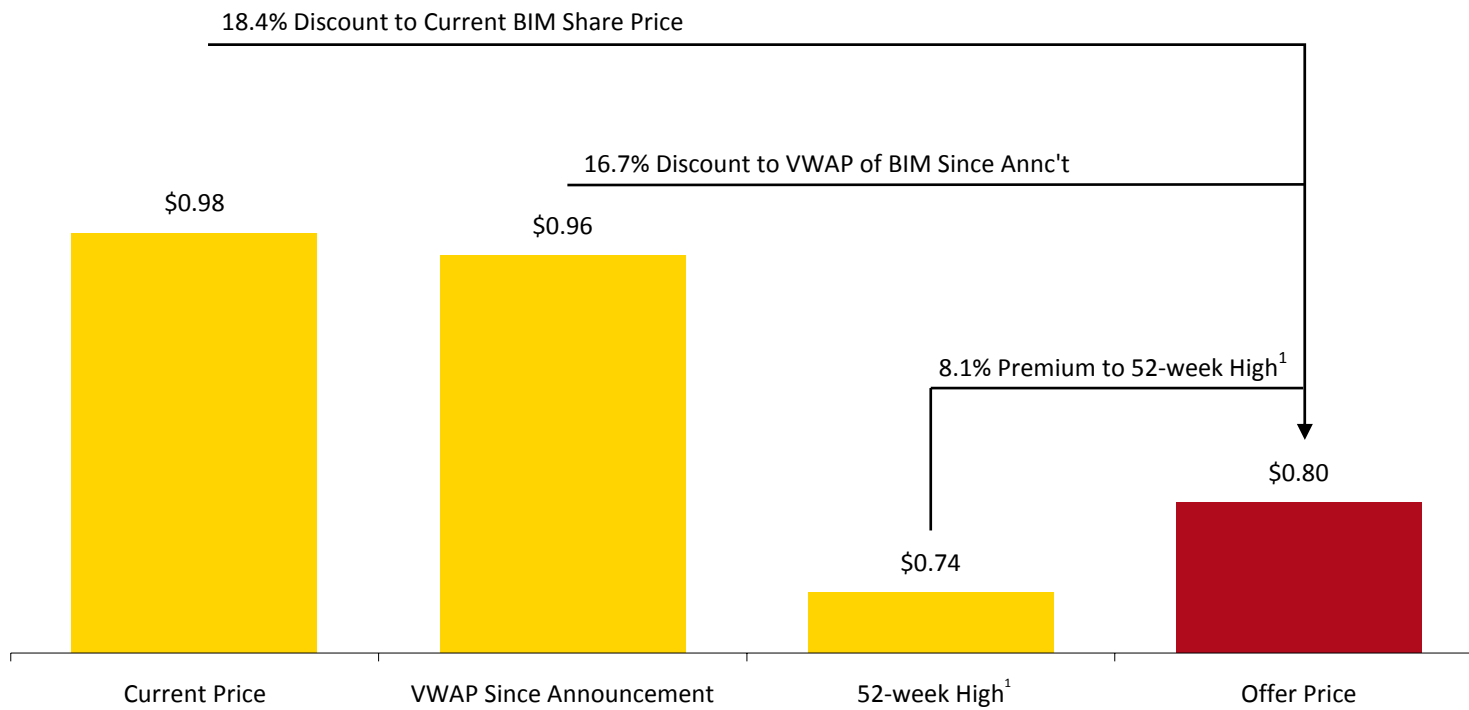
- Certain conditions are not subject to materiality thresholds or other objective criteria
- Tendering Common Shares to the Unsolicited Offer under certain circumstances would, in effect, constitute little more than the grant of an option to the Offeror to acquire Common Shares

### **9. Certain Shareholders including Baffinland's directors and officers have advised their intention NOT to tender to the Unsolicited Offer**



## Current Trading

### The Unsolicited Offer Significantly Undervalues Baffinland

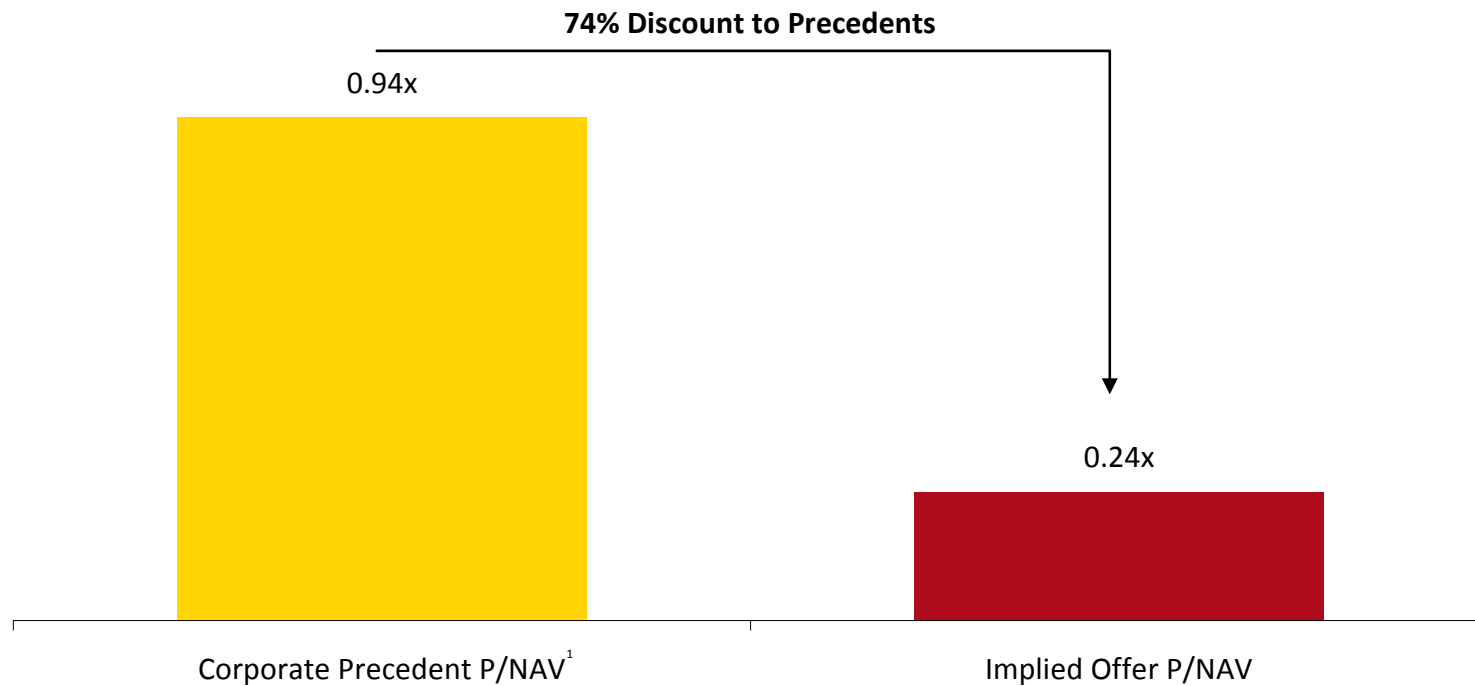


<sup>1</sup> Unaffected 52-week high prior to Nunavut Iron Ore bid announcement on September 22, 2010.



## Historic Precedents versus Offer

The Unsolicited Offer Represents a Significant Discount to Precedent Transaction Multiples



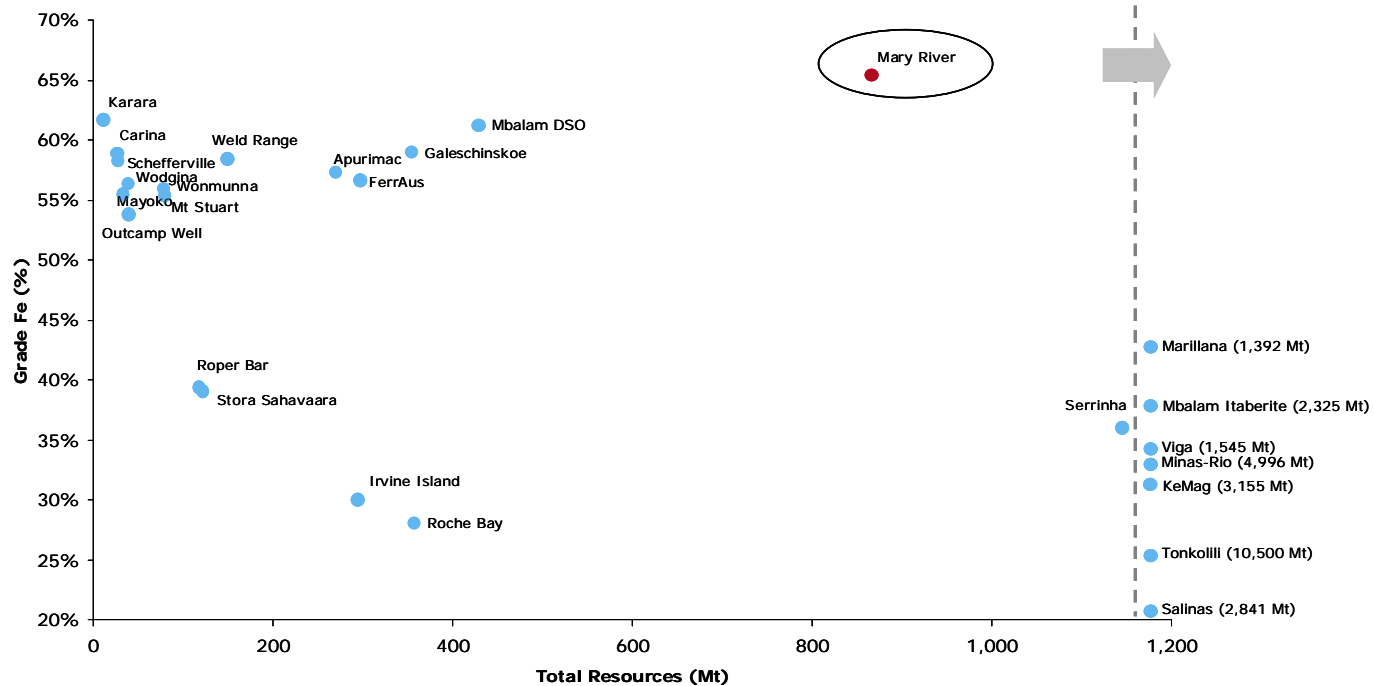
<sup>1</sup> Includes 22 transactions involving single-flagship asset companies with capital intensive development programs.



## Key Elements Supporting Rejection

- Mary River is one of the highest grade undeveloped iron ore projects in the world that remains independently owned in a low risk jurisdiction

Global Undeveloped Iron Ore Deposits (Tonnage vs. Iron Grade)





## Key Elements Supporting Rejection

### – Bulk Sampling Program Yielded Excellent Results

- Mary River lump is considered to be of the highest quality in the world amongst large blast furnace operators, in some cases can be used as a direct substitute for pellets



*“Mary River lump iron ore is the best lump iron ore we have ever used and is almost a straight swap for pellets” Quote from Steel Company Blast Furnace Manager about Bulk Sample Lump Iron Ore.*



## Key Elements Supporting Rejection

### – Definitive Feasibility Study Completed in 2008 Demonstrated Robust Economics

- Full production of 18 million tonnes per year
- Ability to expand (scoping study for 30 mtpa completed)
- Total project capital costs of \$4 billion
- Total operating costs of \$14.62/tonne
- After-tax NPV of \$2.7 billion at a 7% discount rate

### Shipping Route to Major European Port

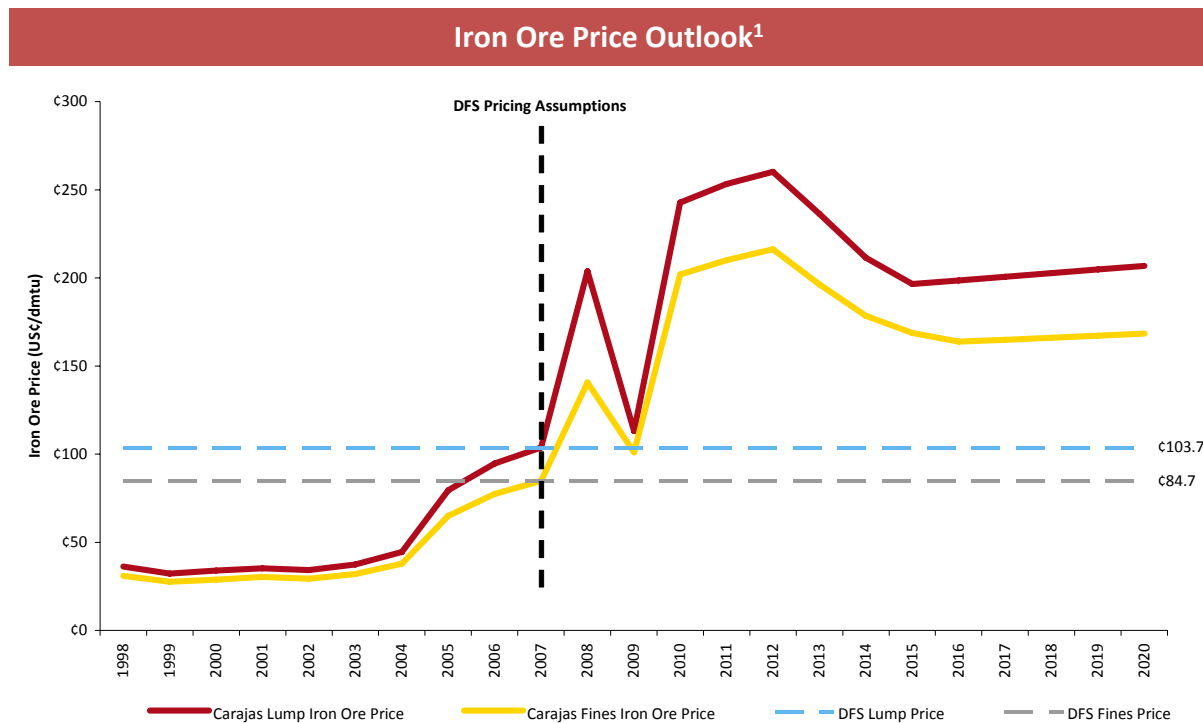




## Key Elements Supporting Rejection

### – Further Upside as DFS is based on Conservative Assumptions

- The DFS was completed using conservative Long Term (LT) Iron Ore pricing
- Market outlook has evolved and the LT price outlook for iron ore is nearly double that used in the DFS





## Key Elements Supporting Rejection

### – Significant Exploration Upside Remains at Mary River

- Drilling program on Deposit No. 5 returned high grade results:
  - Combined weighted average intersection of 114.8 m grading 62.6% iron in 5 zones, including 61.4 m grading 63.6% iron; second drill hole had a combined weighted average 74 metres grading 65.4% iron in 7 zones, including 30 metres grading 68.3% iron
- Surface sampling on recently discovered magnetite dominated deposits No. 6 & 7 returned assay results 67.1% and 66.1% iron respectively
  - Deposit No. 6 exposed at surface 1 km in strike and 170 m width
  - Deposit No. 7 exposed at surface 700 m in strike and 100 m width





## Concluding Remarks

The Board of Baffinland unanimously recommends that shareholders **REJECT** the Hostile Offer and **DO NOT TENDER** their shares

The Board also recommends that any shareholder that has tendered their shares under the Hostile Offer should **WITHDRAW** those shares