



June 28, 2010

Attention: U.S. SHAREHOLDERS

IMPORTANT TAX NOTICE

Re: 2009 PFIC Status

This statement is provided for shareholders who are United States persons for purposes of the U.S. Internal Revenue Code. It is not relevant to other shareholders.

Shareholders who are U.S. taxpayers should be aware that Baffinland Iron Mines Corporation (the "Company") expects to be a passive foreign investment company ("PFIC") for its current fiscal year ended December 31, 2009.

The attached PFIC Annual Information Statement is being provided to you pursuant to the requirements of Treasury Regulation Section 1.1295-1(g) (1). The PFIC Annual Information Statement contains information to enable you or your tax advisor to prepare your tax return if you elect to treat the Company as a qualified electing fund ("QEF").

A U.S. shareholder who makes a QEF election is required to annually include in his or her income his or her pro rata share of the ordinary earning and net capital gains for the Company. The QEF election is made by completing and attaching Form 8621 to your federal income tax return filed by the due date of the return, as extended.

WE STRONGLY URGE U.S. SHAREHOLDERS TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY DECISION TO MAKE (OR REFRAIN FROM MAKING) ANY ELECTION THAT MAY BE AVAILABLE TO THEM BECAUSE ANY SUCH DECISION WILL DEPEND UPON THEIR OWN PARTICULAR TAX SITUATION AND MAY HAVE SIGNIFICANT AND CONTINUING U.S. TAX CONSEQUENCES.

THE COMPANY IS UNABLE TO GIVE ADVICE IN THIS REGARD.

Further information on PFIC rules is available on the internet at the Internal Revenue Service website.

Detailed information about PFIC and QEF election: www.irs.gov/instructions/i8621/ch01.html

Instructions to complete Form 8621: www.irs.gov/pub/irs-pdf/i8621.pdf

Form 8621: www.irs.gov/pub/irs-pdf/f8621.pdf

PFIC Annual Information Statement

This Information Statement applies to the taxable year of Baffinland Iron Mines Corporation (the “Company”) beginning January 1, 2009 and ending December 31, 2009.

ALL AMOUNTS ARE REPORTED IN CANADIAN DOLLARS

The total ordinary earnings and net capital gains of the Company for the taxable year specified above are:

Ordinary earnings:	NONE
Net capital gains:	NONE
Your daily pro rata share of ordinary earnings is:	NONE
Your daily pro rata share of net capital gains is:	NONE
The amount of cash and the fair market value of other property distributed or deemed distributed or deemed distributed to you:	NONE

The Company will permit you to inspect and copy its permanent books of account, records, and such other documents as may be maintained by the Company to establish that the Company’s ordinary earnings and net gain, as provided in section 1293(e) of the U.S. Internal Revenue Code, are computed in accordance with U.S. income tax principles, and to verify these amounts and your pro rata share thereof.

BAFFINLAND IRON MINES CORPORATION

Date: June 30, 2010

By: Gwen Gareau, Chief Financial Officer

THIS INFORMATION IS PROVIDED IN ORDER TO ASSIST THOSE SHAREHOLDERS WHO HAVE MADE A QEF ELECTION WITH RESPECT TO THE COMPANY IN MAKING CERTAIN PFIC CALCULATIONS AND DOES NOT CONSTITUTE TAX ADVICE. THOSE SHAREHOLDERS ARE ADVISED TO CONSULT WITH THEIR OWN TAX ADVISORS CONCERNING THE OVERALL TAX CONSEQUENCES OF THE OWNERSHIP OF SHARES ARISING IN THEIR OWN PARTICULAR SITUATIONS UNDER UNITED STATES FEDERAL, STATE, LOCAL AND FOREIGN LAW.