Baffinland
Iron Mines Corporation

(formerly Glimmer Resources Inc.)

ANNUAL REPORT 2003

Contents

BAFFINLAND IRON MINES CORPORATION

(formerly Glimmer Resources Inc.)
Suite 500 – 56 Temperance Street
Toronto, Ontario
M5H 3V5

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of the Shareholders of **Baffinland Iron Mines Corporation** (the **"Company"**) will be held in the at The National Club, 303 Bay Street, Toronto, Ontario, on June 29, 2004 at 4:30 p.m. (Toronto time) for the following purposes:

(a) to receive the audited financial statements of the Company for the year ended December 31, 2003 together with the auditor's report thereon;

(b) to consider and, if thought advisable, to pass a special resolution, the full text of which is set out in Schedule "A" to this Management Information Circular, increasing the number of directors of the Company to eight.

(c) to elect directors of the Company;

(d) to appoint the auditor of the Corporation for the ensuing year and to authorize the directors to fix the auditor's remuneration; and

(e) to transact such other business as may properly be brought before the meeting or any adjournment or adjournments thereof.

Shareholders who are unable to attend the meeting in person are requested to date, sign and return the enclosed form of Proxy.

By authority of a resolution of the Board of Directors of the Company, proxies to be used at such meeting must be deposited with the Secretary of the Company or its Transfer Agent, Computershare Trust Company of Canada., 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, at least 48 hours (exclusive of Saturdays, Sundays and holidays) preceding the time of the meeting.

Dated at Toronto, Ontario this 11th day of May 2004.

APPROVED BY THE BOARD OF DIRECTORS

E.G. Dumond "signed"
Secretary Treasurer

BAFFINLAND IRON MINES CORPORATION
(formerly Glimmer Resources Inc.)
MANAGEMENT INFORMATION CIRCULAR
ANNUAL MEETING OF SHAREHOLDERS

SOLICITATION OF PROXIES

This Management Information Circular (the "Circular") is furnished in connection with the solicitation by the management of Baffinland Iron Mines Corporation (the "Company"), an Ontario corporation, of proxies to be used at the Company's Annual Meeting of shareholders (the "Meeting") to be held at the time and place and for the purposes set forth in the Notice of Meeting accompanying this Circular. All costs of solicitation will be borne by the Company. It is expected that the solicitation of proxies will be primarily by mail. The employees of the Company may also solicit proxies by telephone, facsimile or in person. The information contained herein is given as of May 11, 2004, except as otherwise noted. All dollar amounts referred to herein are in Canadian dollars.

The person specified in the enclosed form of proxy is the Chairman and Chief Executive Officer of the Company. **Each shareholder has the right to appoint a person (who need not be a shareholder) other than the person designated in the enclosed form of proxy to attend and act for and on behalf of the shareholder at the Meeting or any adjournment thereof.** This right may be exercised by inserting the name of their nominee in the blank space provided for that purpose in the enclosed form of proxy or by completing another proper form of proxy and, in either case, delivering the form of proxy to the transfer agent of the Corporation, Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at least 48 hours prior to the time of the Meeting or any adjournment thereof. In either case, the proxy form should be dated and must be executed by the shareholder, or his or her attorney authorized in writing, and returned to the transfer agent of the Company.

APPOINTMENT OF PROXYHOLDER

The persons named in the accompanying instrument of proxy are directors of the Company. **A shareholder wishing to appoint some other person (who need not be a shareholder) to represent him or her at the meeting has the right to do so, either by inserting such person's name in the blank space provided in the accompanying proxy and striking out the two printed names, or by completing another proxy. If a shareholder appoints one of the persons designated in the accompanying instrument of proxy as a nominee and does not direct the said nominee to vote either for or against or withhold from voting on a matter or matters with respect to which an opportunity to specify how the shares registered in the name of such shareholder shall be voted, the proxy shall be voted FOR such matter or matters.**

The Instrument of Proxy must be in writing and signed by the shareholder or by the shareholder's attorney duly authorized in writing or, if the shareholder is a body corporate or association, signed by any individual authorized by a resolution of the directors or governing body of the body corporate or association. An Instrument of proxy will only be valid if it is duly completed, signed, dated and received at the offices of the Company's registrar and transfer agent, Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario. M5J 2Y1, at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof, unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

If you have any questions about the procedures to be followed to vote at the Meeting or about obtaining, completing and depositing the required Instrument of Proxy, please contact Computershare Trust Company of Canada at the above noted address.

REVOCATION OF PROXY

A shareholder who has given an Instrument of Proxy may revoke it by an instrument in writing signed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation or association, signed by any individual authorized by a resolution of the directors or governing body of the body corporate or association, and delivered to the Company's transfer agent Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the Instrument of Proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof or in any other manner provided by law. A revocation of an Instrument of Proxy does not affect any matter on which a vote has take prior to the revocation.

The Chairman of the Meeting will have the discretion to accept or reject proxies otherwise deposited.

VOTING OF PROXIES

THE MANAGEMENT REPRESENTITIVES DESIGNATED IN THE ENCLOSED INSTRUMENT OF PROXY WILL VOTE OR WITHHOLD FROM VOTING THE SHARES IN RESPECT OF WHICH THEY ARE APPOINTED PROXY OR ANY POLL THAT MAY BE CALLED FOR IN ACCORDANCE WITH THE INSTRUCTIONS OF THE SHAREHOLDER AS INDICATED ON THE INSTRUMENT OF PROXY AND, IF THE SHAREHOLDER SPECIFIES A CHOICE WITH RESPECT TO ANY MATTER TO BE ACTED UPON, THE SHARES WILL BE VOTED ACCORDINGLY. WHERE NO CHOICE OR WHERE BOTH CHOICES ARE SPECIFIED IN THE INSTRUMENT OF PROXY, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED "FOR" THE MATTERS OR PERSONS DESCRIBED THEREIN AND IN THIS INFORMATION CIRCULAR.

The enclosed Instrument of Proxy confers discretionary authority upon the person, appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed Instrument of Proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, management of the Corporation knows of no such amendment, variation or other matter which may be presented to the Meeting.

NON-REGISTERED SHAREHOLDERS

Only registered shareholders or their duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased their shares. **More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the "Non-Registered Holder") but which are registered either: (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares (Intermediaries include among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("CDS")) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101, the Company has distributed copies of the Notice of Meeting, this Information Circular and the Instrument of Proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for distribution to Non-Registered Holders.**

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holder. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

(a) be given an Instrument of Proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the Instrument of Proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the Instrument of Proxy and **deposit it with Computershare Trust Company of Canada** as provided above, OR

(b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often call a "proxy authorization form") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Non-Registered holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms with to vote at the Meeting in person, the Non-Registered Holder should strike out the names of Management Proxyholders named in the form and insert the Non-Registered Holder's name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is delivered.**

VOTING SHARES AND PRINCIPAL HOLDERS THEROF

The holders of record of Shares as at the close of business on May 17, 2004 (the "Record Date") are entitled to receive notice of the Meeting and will be entitled to vote at the Meeting, except that a transferee of such Shares acquired after the Record Date will be entitled to vote the transferred Shares at the Meeting only if he or she produces properly endorsed certificates for such Shares or otherwise establishes that he or she owns such Shares and demands by written request, delivered to the Corporation at its registered office, no later than ten days before the Meeting, that his or her name be included in the list of shareholders entitled to vote at the Meeting. The Company has made a list of all persons who are registered holders of Shares as of the close of business on the Record Date and the number of shares registered in the name of each person on that date.

On the Record Date, there were 18,360,987 Shares of the Company outstanding, each Share carrying the right to one vote. To the knowledge of the President, the only persons on the Record Date who beneficially owned, directly or indirectly, or who on such date exercised control or direction over, more than 10% of the Shares issued and outstanding on the Record Date was Mr. Richard D. McCloskey.

The details of their Share ownership are set out below:

Name	Number of Shares	Percentage of Outstanding Shares
R. D. McCloskey [1]	4,704,250	25.62

(1) R. D. McCloskey owns 1,207,005 Shares directly and beneficially controls an aggregate of 3,497,245 Shares owned by Matachewan Consolidated Mines Limited, McChip Resources Inc. and Boanne Investments Limited.

QUORUM AND VOTES NECESSARY

Under the Company's Articles, the quorum for the transaction of business at the Meeting consists of two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or representative for an absent shareholder so entitled, and representing in the aggregate not less than 5% of the outstanding shares of the Company.

BUSINESS OF THE MEETING

Election of Directors

The number of directors to be elected at the Meeting is eight (8). **The persons named in the enclosed form of proxy intend to vote for the election as directors of the proposed nominees whose names are set out below (the "Nominees")**. Management does not contemplate that any of the Nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion unless the shareholder has specified in the proxy that his or her shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual meeting or until his successor is elected or appointed.

The following table provides the names of the Nominees and information concerning them.

Name and municipality of residence	Present and principal occupation[5]	Year first became director	Common Shares beneficially owned directly or indirectly, or controlled or directed [4]	Number of options held
Brian L. Acton[2] West Palm Beach, Florida	President & COO of Oxbow Corporation	2004	62,500	100,000
Graham G. Clow[2] Toronto, Ontario	Principal of Roscoe Postle Associates Inc.	2004	62,500	100,000
John W. Lydall[1][3] Oakville, Ontario	Self-employed,	2004	300,000	100,000
R.D. McCloskey[1][2] Toronto, Ontario	President, McChip Resources Inc.	1997	4,704,250	150,000
G.A. McCreary[3] Oakville, Ontario	Chairman and CEO Baffinland Iron Mines Corporation	2004	1,769,589	200,000
Gordon Watts[1][3] Toronto, Ontario	Consulting Engineer	2004	222,362	100,000
Michael T. Zurowski Toronto, Ontario	President, Baffinland Iron Mines Corporation	2004	62,500	250,000
Brian W. Penny Markham, Ontario	Chief Financial Officer Kinross Gold Corporation	nominee	62,500	nil

(1) members of the Audit Committee
(2) members of the Compensation Committee
(3) members of the Corporate Governance Committee

(4) the information as to shares beneficially owned directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.
(5) each of the foregoing individuals has held his present principal office or position set opposite his name for the past five years, except: Graham G. Clow, who from May 1998 to June 2001 was Chief Executive Officer of Manhattan Minerals Corp.; John Lydall, who from January 1981 to October 2003 was Managing Director of National Bank Financial or its predecessor, First Marathon Securities Limited; Gordon A. McCreary who from June 1993 to May 2004 was Vice President Corporate Affairs of Kinross Gold Corporation; Michael T. Zurowski, who from April 1997 to December 1998 was a Principal Geologist for Rio Tinto Mining and Exploration Ltd., and from January 1999 to January 2004 was a Consulting Geologist.

Appointment of Auditors

Unless otherwise directed, the person named in the enclosed proxy intends to vote for the appointment of the firm of Brodeur Dennis, Chartered Accountants, Richmond Hill, Ontario as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix their remuneration. Brodeur Dennis has acted as the Corporation's auditors since March 15, 2001

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation paid during periods indicated to the President of the Company during the most recently completed financial year ended December 31, 2003, December 31, 2002 and December 31, 2001. No executive officers of the Company received total salary and bonus exceeding $100,000 for the financial years ended December 31, 2003, December 31, 2002 and December 31, 2001.

	Annual Compensation				Long-Term Compensation Awards	
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation $**	**Securities Underlying Options Granted**	**All Other Compensation $**
Mr. Richard D. McCloskey President	2003	nil	nil	27,000(1)	nil	nil
	2002	nil	nil	10,800(1)	nil	nil
	2001	nil	nil	21,600(1)	nil	nil

These sums have been earned by the President but have not been paid by the Company.

Stock Options

During the last fiscal year ended December 31, 2003 there were no stock options granted and none were outstanding at the fiscal year end.

The shareholders approved a stock option plan (the "plan") at a special meeting of shareholders held January 15, 2004 in order to have a stock option plan which reflected the policies of the TSX Venture Exchange.

Stock options granted to the Directors of the Corporation are detailed in the Election of Directors section of this Notice of Meeting.

Employment Contracts

The Corporation has no employment contracts or compensatory plans or arrangements in place with the President or resulting from the resignation, retirement or termination of the President or a change in control of the Company.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance is the process and structure used to direct and manage the business and affairs of a Company with the objective of enhancing shareholder value.

Responsibility of the Board

The role of directors is to oversee the conduct of Company's business and review the performance of management which is responsible to the directors for the day-to-day conduct of the business affairs of the Corporation. The frequency of meetings and the nature of agenda items are flexible depending on the activities of the Corporation. At each meeting there is a comprehensive update of the affairs of the Company presented to the directors by management. The Board of Directors expects management of the Company to report regularly on the activities of the Company, seek its approval on any major acquisition or investment activity, act in the best interests of the shareholders generally and to monitor the financial performance of the Corporation.

Composition of the Board

The Board of Directors is presently composed of seven members, five of the seven members are independent and unrelated. Gordon A. McCreary, Chairman of the Board and Chief Executive Officer, and Michael T. Zurowski, President of the Company, are the only Board members who are related directors.

It is proposed that eight directors be elected for the coming year. The Board believes, that at this stage of the Company's development, a group of eight directors is sufficiently large to allow for the breadth of experience critical to the Board's understanding of the issues facing the Company, while still small enough to allow for effective decision-making.

Expectation of Management

The Board expects management to conduct the business and affairs of the Company effectively and in accordance with the Board's direction. The Board also expects management to provide accurate and timely reporting and analysis of the Company's performance.

Procedures of the Board

Regularly scheduled meetings of the Board, at which management reports on and analyzes corporate performance, are held throughout the year. Issues arising between meetings which require consideration by the Board are dealt with by telephone conference calls and or written board resolutions.

The Company does not have in place detailed written descriptions of the powers and responsibilities of members of management or the Board. The Board's independent directors, all of whom have considerable knowledge and experience in the mineral exploration business and business in general, are of the view that such descriptions are not necessary at this stage of the Company's development. The non-management directors believe that their majority on the Board, their knowledge of the Company's business and their independence are sufficient to facilitate the functioning of the Board independent of management.

Committees of the Board

The Company has established three committees: the Audit Committee, the Compensation Committee and the Corporate Governance Committee. Each committee operates in accordance with a committee charter which defines its stewardship responsibilities. Committee members are appointed annually following the Company's annual general meeting.

The following is a description of the composition and mandate for each of the committees of the Board.

Audit Committee

The Audit Committee is comprised of three directors, John Lydall, Richard McCloskey and Gordon Watts, all of whom are unrelated directors and independent of management of the Company.

The Audit Committee assists the Board in its oversight functions as they relate to the Company's accounting, financial reporting, auditing, risk management and internal controls. The Audit Committee has the following duties and responsibilities:

(a) assist Board oversight of:

(i) the integrity of the Company's financial statements, Management's Discussion and Analysis of Operating Performance ("MD&A) and other financial reporting;

(ii) the Company's compliance with legal and regulatory requirements;

(iii) the external auditor's qualifications, independence and performance;

(iv) communication between the external auditor, management and the Board;

(v) the review and approval of any related party transactions; and

(vi) any other maters as defined by the Board; and

(b) prepare and/or approve any report that is required by law or regulation to be included in any of the Company's public disclosure documents relating to the Committee.

As described above under the heading "Business of the Meeting", the auditors of the Company are Brodeur Dennis.

It is the responsibility of the Audit Committee to maintain an open avenue of Communications between itself, the independent auditors and management of the Company. In performing its role, the Audit Committee is empowered to investigate any matter brought to its attention, with full access to all books, records, accounts, facilities and personnel of the Company. The Audit Committee is empowered to instruct and retain independent legal counsel, accounting (other than external auditor) or other advisors as necessary, and shall not be required to obtain the approval of the Board in order to retain or compensate any such advisors. The Audit Committee meets at least quarterly and meets at least once annually with the independent auditors of the Company in the absence of management.

Compensation Committee

The Compensation Committee is comprised of three directors, Brian Acton, Graham Clow and Richard McCloskey all of whom are unrelated directors independent of management of the Company. The Chairman of the Compensation Committee is Richard McCloskey.

The Compensation Committee's primary responsibilities include developing compensation recommendations for the approval of the Board for the Company's executive officers and the Board. Compensation includes, but is not limited to, salary, bonuses, and stock option grants and other compensation as appropriate. Additionally, the Committee will review and make recommendations to the Board for all matters pertaining to bonus plans, salary policy, and stock option plan for all other employees.

The goals of the Compensation Committee are to enable the Company to attract, retain and motivate qualified personnel who will contribute to the Company's long-term success by (a) aligning compensation with the Company's business objectives and performance; and (b) aligning incentives with the interests of stockholders to maximize shareholder value.

The Compensation Committee meets at least annually or as required.

Corporate Governance Committee

The Corporate Governance Committee is comprised of three directors, John Lydall, Gordon McCreary and Gordon Watts. Messrs. Lydall and Watts are unrelated directors independent of management of the Company. The Chairman of the Corporate Governance Committee is Gordon McCreary.

The Corporate Governance Committee's mandate is to assist the Board in establishing and maintaining a sound system of corporate governance through a process of continuing assessment and enhancement. The Committee is responsible for:

(a) examining the effectiveness of the Company's corporate governance practices and proposing such procedures and policies as the Committee believes are appropriate to ensure that:

(i) the board clearly functions independently of management;

(ii) Management is clearly accountable to the board of directors of the Company, and;

(iii) Procedures are in place to monitor the effectiveness of performance of the Board, Committees of the Board and individual directors;

(b) approving where appropriate the engagement of independent counsel or advisors by individual directors;

(c) identifying and recommending to the Board suitable candidates for nomination as new directors, and reviewing the credentials of directors standing for re-election;

(d) providing an orientation program for new directors;

(e) periodically reviewing the mandates of the Board and committees of the Board and determining what additional committees of the Board, if any, are required or appropriate;

(f) developing such codes of conduct and other policies as are appropriate to deal with the confidentiality of the Company's information, insider trading and the Company's timely disclosure and other public company obligations; and

(g) taking such other steps as the Committee decides are appropriate, in consultation with the Board, to ensure that proper corporate governance practices are in place for the Company with reference to the Toronto Stock Exchange guidelines or recommendations and other regulatory requirements on corporate governance.

The Committee shall review its charter and assess annually the adequacy of its mandate, the effectiveness of its performance and, when necessary, will recommend changes to the Board of Directors for its approval.

OTHER BUSINESS

Management of the Corporation knows of no matter to come before the Meeting other than matters referred to in the Notice of Meeting. However, if matters not known to the management should come before the Meeting, shares represented by proxies solicited by management will be voted on each such matter in accordance with the best judgment of the nominees voting same.

APPROVAL

The content and sending of this Circular have been approved by the Board of Directors of the Company.

"signed"

E.G. Dumond

May 11, 2004 **Secretary Treasurer**

SCHEDULE "A"
RESOLUTION OF THE SHAREHOLDERS
OF
BAFFINLAND IRON MINES CORPORATION
(the "Company")

RESOLVED THAT:

Pursuant to section 125(3) of the Business Corporations Act (Ontario), the number of directors of the Company, between the minimum and maximum number of directors provided for in the articles of the Company, is increased from seven to eight.

Message to Shareholders

Glimmer Resources Inc. ("Glimmer") sold its interest in the Glimmer mine in 2002 and for the most part was corporately dormant in 2003; however, management reviewed numerous mineral properties in order to revitalize the company. In December 2003, a Management Proxy Circular was mailed to shareholders inviting them to participate in the exploration and development of high-grade iron ore deposits located on Baffin Island in Nunavut Territory, Canada. On January 15, 2004 shareholders unanimously approved the reverse takeover of Glimmer by Baffinland Iron Mines Limited and the name of the company was subsequently changed to Baffinland Iron Mines Corporation ("Baffinland or the "Company"). Gross proceeds of $5.5 million were raised in two private placements, the first being a $3.0 million flow-through financing completed in December by the private company, Baffinland Iron Mines Limited, in anticipation of a successful vote concerning the reverse takeover in January 2004. In addition, a $2.5 million non-flow-through private placement was completed subsequent to the reverse takeover.

This first annual report of Baffinland is meant only to meet the basic requirements since the reverse takeover became effective in early 2004. Management intends to focus modest promotional expenditures on the Company's website www.baffinland.com and a corporate brochure, rather than spend money on a glossy annual report where the majority of the document concerns financial information for 2003 that predates the reverse takeover.

Since Baffinland commenced trading on the Tier 1 of the TSX Venture Exchange in early February, much has transpired in preparation for a planned 5,000 metre diamond drill program scheduled to commence in mid-June 2004 at the Company's wholly-owned Mary River iron ore deposits. With the proceeds from the private placements, Baffinland has marshaled fuel, drilling salt and other supplies to Baffin Island and has contracted drilling, geological staff, logistical support and air transport. As I write this section of the Message to Shareholders, I am in Pond Inlet located on the shore of ice-covered Eclipse Sound approximately 160 kilometres north of the Number 1 deposit at Mary River. Pond Inlet is the closest community to Mary River and is the source of manpower and logistical support for this years drill program, through the Inuit owned co-operative. I have come to Pond Inlet to meet some of the people of the community informally and tour the area to gain some insight into local culture and attitudes about our Mary River Project. Together with three other participants and two appropriate Inuit guides, I have completed a tour on snowmobiles that took us to the "floe edge" at the entrance to Eclipse Sound at Button Point on Bylot Island, north of Baffin Island. We completed 330 kilometres over five days with four nights "out on the land", the last night actually sleeping on the sea ice of Eclipse Sound in tents. This trip is a first step for me to understand first hand the social, cultural and environmental issues that your management must fully comprehend to advance the project to development. Ultimately, the negotiation of an Inuit Impact and Benefits Agreement ("IIBA") will become a key priority and it will be important to begin these discussions concerning the IIBA early to ensure ample time to address all relevant issues.

Organizational and oversight responsibilities for the drilling program are in the capable hands of Michael Zurowski, President of Baffinland. Michael is a Geological Engineer with over 20 years of mineral exploration experience, including 15 years with a major international diversified mining company. He has been fully engaged in the Mary River project for the last six months and had been partially involved for the prior three years. By the time this letter to shareholders is published in the annual report I will have resigned my position as Vice President Corporate Affairs of Kinross Gold Corporation and assumed the role of Chief Executive Officer of Baffinland, in addition to my current duties as Chairman. My initial involvement with the Mary River iron ore deposits began almost 30 years ago while researching my M.B.A. thesis entitled "A Preliminary Discussion of Factors Relating to the Transportation of Iron Ore from the Arctic Archipelago", Queen's University, 1978. The potential for the development of the Mary River deposits was the cornerstone of my thesis and since graduating as a Mining Engineer, my career has included considerable involvement in remote and northern mining operations; consequently, I have become familiar with the risks and opportunities associated with northern mine development. Baffinland has a small but very dedicated management team and group of consultants to accomplish our initial objectives with the appropriate oversight provided by a particularly strong Board of Directors. The skill sets of your Board are steeped in geologic and mining talent augmented with an in-depth knowledge of financial and commodity markets. In addition to having access to most of the historic data from the 1960's and early 1970's, we are also fortunate to have access to several individuals who were physically involved with the project in the 1960's.

Due to the magnitude of a project of this nature, we are investigating additional financing options to allow us to supplement the present drill program with detailed metallurgical testing of all drill core at an appropriate European laboratory and the positioning of supplies for next years drill program via this summer's sealift to Pond Inlet. The 2005 drill program is proposed to be an additional 10,000 metres and the use of the sealift for shipping next year's supplies will reduce our costs considerably compared to a totally air-supported program. All of the drilling done in the 1960's was focused on the Number 1 deposit, where a strike length of approximately 1.2 kilometres was drill tested to a relatively shallow depth. The Number 1 deposit remains open along strike in both directions and at depth and has been historically surface sampled over an exposed strike length of more than 3.5 kilometres. In 2004, two drills will focus on the Number 1, Number 3 and Number 3A deposits initially.

The primary objectives of the 2004 and 2005 programs are to confirm and expand previously delineated resources and complete detailed metallurgical testing in preparation for a scoping study and ultimately a feasibility study. In addition, preliminary investigations of iron ore shipping alternatives will be undertaken, including ice-strengthened bulk carriers to extend the current ice-free shipping window from 90-100 days to eight plus months, alternative port locations and transshipment options. Conceptually, the objective is to delineate a substantial resource to support a direct-shipping iron ore operation focused on European markets with initial production of approximately 10 million tonnes per year. Justification for such an operation would require an approximate doubling of the tonnage of the resources delineated in the 1960's. Your management is confident that this is a realistic objective particularly when the untested potential of the Number 1 deposit is considered. The fact that there are four additional deposits that have been sampled but never drilled, adds to the substantial potential of Baffinland's Mary River project. The hallmark of the Mary River iron deposits is the high-grade nature of all five of the deposits and the potential to generate a significant percentage of future production as a premium lump iron ore.

Your management and Board of Directors are all significant shareholders of Baffinland and are committed to advancing the Mary River iron deposits toward development for the benefit of all stakeholders. The iron ore industry is a long cycle business that has recently returned to favour after decades of consolidation. We firmly believe that now is finally the right time for advancing the Mary River iron deposits.

On behalf of the management and Board of Directors of Baffinland I would like to thank the shareholders for the unanimous approval of the reverse takeover in January 2004 and commit that we will work diligently to advance the Mary River iron deposits to add shareholder value in as timely a manner as possible. To the new shareholders, particularly those that participated in the private placements, thank you for your vote of confidence via your financial investment in Baffinland. And finally to the longstanding shareholders of the private company, Baffinland Iron Mines Limited, I commend you on your decades of patience and sincerely hope that you will be richly rewarded.

Respectfully submitted,

"signed"
Gordon A. McCreary
Chairman and Chief Executive Officer

May 11, 2004

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

INTRODUCTION

The following discussion and analysis of the financial condition and results of operations of **Baffinland Iron Mines Corporation (**formerly Glimmer Resources Inc.) should be read in conjunction with the audited financial statements of the Company dated December 31, 2003 and December 31, 2002 which have been prepared in accordance with Canadian generally accepted accounting principles. The Company's reporting currency is the Canadian dollar. The financial data contained in this discussion and analysis is also presented in accordance with Canadian generally accepted accounting principles.

OVERVIEW

Baffinland Iron Mines Corporation (formerly Glimmer Resources Inc.) was incorporated in the Province of Ontario by Articles of Incorporation dated March 10, 1986.

At a special meeting of Glimmer Resources Inc. shareholders held on January 15, 2004, it was unanimously approved that the Company:

(a) Amend its Articles to change its name to Baffinland Iron Mines Corporation which was effected February 6, 2004 by Articles of Amendment.

(b) Consolidate its common shares on the basis of one (1) Baffinland Iron Mines Corporation common share for every three (3) Glimmer Resources Inc. common shares.

(c) Enter into a business combination with Baffinland Iron Mines Limited whereby Baffinland Iron Mines Corporation issue four (4) common shares for every three (3) common shares of Baffinland Iron Mines Limited.

Subsequent to the preceding, Baffinland Iron Mines Corporation owns three mining leases covering approximately 1,600 hectares in the Mary River area, northern Baffin Island, Nunavut, Canada. The Company is involved in the natural resource industry.

OPERATIONS

The net income recorded by the Company for the fiscal year 2003 was $1,059,239 compared to a net loss of $1,870,525 for 2002. The items that make up the 2003 profit are:

- Profit on the sale of marketable securities of $622,791. The Company received 914,291 shares of Apollo Gold Corp as a portion of the proceeds received on the sale of its interest in the Glimmer Mine joint venture. These shares were valued at $2.50 per share. During the year the Company sold 395,100 of these shares and used the balance (519,191 shares) in settlement of loans and debentures payable for a profit of $622,791.

- The Company incurred administrative expenditures of $355,872 during fiscal 2003. The detail of these expenditures can been found on the Company's Statements of Operations and Deficit for the years ended December 31, 2003, 2002, and 2001, found elsewhere in this prospectus.

- During 2003, related parties agreed to reduce and forgive loans and accounts payable due to them by the Company. The amount of the forgiven liabilities were $792,320.

Related party expenditures during fiscal 2003 amounted to $67,500 as compared to $90,000 during fiscal 2002, for management services. These related party expenditures were incurred in the normal course of business.

Set forth below is certain selected financial information in respect of the three most recently completed financial years of the Company.

BALANCE SHEETS as at
$000's

	Dec. 31 2003	Dec. 31 2002	Dec. 31 2001
ASSETS:			
Current	6	2,290	52
Capital		3	3
Resource			862
Investment in Glimmer Mine joint venture			2,798
	6	2,293	3,715
LIABILITIES AND EQUITY			
Current	289	3,636	3,187
Shareholders' equity	(283)	(1,343)	528
	6	2,293	3,715
WORKING CAPITAL (deficiency)	(283)	(1,346)	(3,135)
COMMON SHARES OUTSTANDING (000's)	6,099	6,099	6,099

STATEMENTS OF OPERATIONS for the three years ended
$000's except per share

	Dec. 31 2003	Dec. 31 2002	Dec. 31 2001
REVENUE			
Profit on sale of marketable securities	623		
LOSS ON DISPOSAL OF INVESTMENT IN GLIMMER MINE JOINT VENTURE		(1,296)	
EXPENSES			
Administrative	(355)	(575)	(549)
PROFIT (LOSS) before other items	268	(1,871)	(549)
Forgiven liabilities	792		
NET PROFIT (LOSS)	1,060	(1,871)	(549)
Per share (weighted average)	0.17	(0.31)	(0.09)

Set forth below is certain selected financial information in respect of the eight most recently completed quarters of the Company.

BALANCE SHEETS as at

$000's

	Dec. 31 2003	Sep. 30 2003	Jun. 30 2003	Mar. 31 2003	Dec. 31 2002	Sep. 30 2002	Jun. 30 2002	Mar. 31 2002
ASSETS:								
Current	6	32	1,825	1,950	2,290	2,290	65	51
Capital assets				3	3	3	3	3
Resource assets							863	863
Investment in Glimmer Mine joint venture							2,749	2,798
	6	32	1,825	1,953	2,293	2,293	3,680	3,715
LIABILITIES AND EQUITY								
Current	289	75	3,007	3,127	3,636	3,404	3,323	3,272
Shareholders' equity	(283)	(43)	(1,182)	(1,174)	(1,343)	(1,111)	357	443
	6	32	1,825	1,953	2,293	2,293	3,680	3,715
WORKING CAPITAL (deficiency)	(283)	(43)	(1,182)	(1,177)	(1,346)	(1,114)	(3,258)	(3,221)
COMMON SHARES OUTSTANDING (000's)	6,099	6,099	6,099	6,099	6,099	6,099	6,099	6,099

STATEMENTS OF OPERATIONS for the three months ended

$000's except per share

	Dec. 31 2003	Sep. 30 2003	Jun. 30 2003	Mar. 31 2003	Dec. 31 2002	Sep. 30 2002	Jun. 30 2002	Mar. 31 2002
REVENUE								
Profit on sale of marketable securities		305	66	252				
LOSS ON DISPOSAL OF INVESTMENT IN GLIMMER MINE JOINT VENTURE					(71)	(1,225)		
FORGIVEN LIABILITIES		792						
ADMINISTRATIVE EXPENSES	(240)	42	(74)	(83)	(161)	(243)	(86)	(85)
NET PROFIT (LOSS)	(240)	1,139	(8)	169	(232)	(1,468)	(86)	(85)
Per share (weighted average)	(0.04)	0.18	(0.00)	0.03	(0.05)	(0.24)	(0.01)	(0.01)

SIGNIFICANT ACCOUNTING POLICIES

a) The financial statements of the Company are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles.

b) Mining interests and exploration expenditures:

The Company has adopted the recommendation issued by the Canadian Institute of Chartered Accountants regarding the expensing of exploration expenditures as incurred. Costs attributable to property acquisitions are capitalized while exploration expenditures on the property can only be capitalized once mineral reserves have been established. Once a mineral reserve has been established, all development costs will be capitalized. These costs together with the costs of mining interests will be charged to operations on a unit-of-production method based on estimated recoverable reserves. If the mining interests are abandoned, or when an impairment in value has been determined, the capitalized costs will be charged to operations.

c) Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are made in the period in which they become known. Actual results could differ from these estimates.

d) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment. A valuation allowance is provided against future tax assets when it is more likely than not that the tax asset will not be utilized.

e) Accounting for stock-based compensation:

The Company has adopted the accounting recommendations relating to stock-based compensation and other stock based payments as detailed in the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3870. CICA 3870 establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments in exchange for goods and services, applying the fair value method of accounting to these goods and services. As permitted by CICA 3870, the Company is using the intrinsic value method of accounting for stock options awarded to its employees and directors. On the date the stock options are granted, no compensation is recorded when the exercise price of the option is equal to the market price of the shares on that date. The application of CICA 3870 had no impact on these financial statements of the Company.

LIQUIDITY AND CAPITAL RESOURCES
Current assets at December 31, 2003 were $5,628 compared to $2,290,752 at December 31, 2002, a decrease of $2,285,124. Cash decreased by $3,524, marketable securities decreased by $2,285,728, accounts receivable increased by $5,628, and prepaid expenses decreased by $1,500. The decrease in marketable securities occurred as a result of using the proceeds from the sale thereof together with the exchange of same to retire $836,687 of accounts payable, $2,000,000 of debentures payable, and $515,812 in loans payable.

Current liabilities at December 31, 2003 were $289,094 compared to $3,636,113 at December 31, 2002, a decrease of $3,347,019. Accounts payable were decreased by $836,687, debentures were redeemed in the amount of $2,000,000, and loans payable in the amount of $515,812 were settled in full.

Shareholders' equity at December 31, 2003 reflected a deficiency in assets of $283,466 compared to a deficiency of assets of $1,342,705 at December 31, 2002. This was the result of the Company earning Income for 2003 of $1,059,239.

REVERSE TAKE OVER
At a special meeting of Glimmer Resources Inc. (now Baffinland Iron Mines Corporation) shareholders held on January 15, 2004, it was unanimously approved that the Company:

- Amend its articles to change its name to Baffinland Iron Mines Corporation which was effected February 6, 2004 by Articles of Amendment.

- Consolidate its common shares on the basis of one (1) Baffinland Iron Mines Corporation common share for every three (3) Glimmer Resources Inc. common shares.

- Enter into a business combination with Baffinland Iron Mines Limited whereby four (4) common shares of Baffinland Iron Mines Corporation would be given for every three (3) common shares of Baffinland Iron Mines Limited.

- Have Baffinland Iron Mines Corporation assume an obligation of Baffinland Iron Mines Limited to issue 400,000 (300,000 "old" shares of Baffinland Iron Mines Limited) of its common shares to Arctic Iron Limited. These shares have not been issued as of the date hereof. It is anticipated that the issuance will take place by June 30, 2004. The amount of the liability to issue these shares has been recorded in accounts payable at $160,000.

RISKS AND UNCERTAINTIES
With the success of the reverse take over on February 6, 2004, Baffinland Iron Mines Corporation has now been operating and will be proceeding to explore its Baffin Island iron ore property. Our financial success is dependent upon the success of our efforts on Baffin Island. Our historical capital needs have been met by the issue of common shares. We do not have internal sources of funding to cover all of our future expenditures. We will need significant further funding to allow for the continuing exploration of the Company's Baffin Island iron ore project.

March 31, 2004

MANAGEMENT REPORT

All information contained in this Annual Report of Baffinland Iron Mines Corporation (formerly Glimmer Resources Inc.) including the financial statements, is the responsibility of management. Financial information presented throughout this report is consistent with the information presented in the financial statements which are prepared in accordance with Canadian generally accepted accounting principles and may include amounts that are based on management's best estimates and judgements, where appropriate. Management maintains a system of internal control to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable, and timely information.

The Board of Directors carries out its responsibilities for financial reporting and internal control of the Company through its Audit Committee, which is composed of three non-management Directors. The Audit Committee meets, as required, with management and the independent auditors of the Company both of whom have full and free access to management.

Brodeur Dennis, the Company's external auditors appointed by the Shareholders, provide an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes such tests and other procedures which allow the auditors to report on the fairness of the financial statements prepared by management.

With the recommendation of the Audit Committee, the Board of Directors has approved the financial statements of the Company.

AUDITORS' REPORT

To the Shareholders of
Baffinland Iron Mines Corporation
(Formerly Glimmer Resources Inc.)

We have audited the balance sheets of **Baffinland Iron Mines Corporation (Formerly Glimmer Resources Inc.)** as at December 31, 2003 and December 31, 2002 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2003 and December 31, 2002 and the results of its operations and the cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"signed"

Brodeur Dennis

Chartered Accountants

Richmond Hill, Ontario
February 12, 2004

BAFFINLAND IRON MINES CORPORATION
(Formerly Glimmer Resources Inc.)

BALANCE SHEETS
AS AT DECEMBER 31, 2003 AND DECEMBER 31, 2002

ASSETS	2003	2002
Current		
Cash	**$ -**	$ 3,524
Marketable securities (Note 3)	**-**	2,285,728
Accounts receivable (Note 7)	**5,628**	-
Prepaid expenses	**-**	1,500
	5,628	2,290,752
Capital assets - at cost less amortization	**-**	2,656
	$ 5,628	$ 2,293,408

LIABILITIES	2003	2002
Current		
Bank advances	**$ 5,480**	$ -
Accounts payable (Note 7)	**283,614**	1,120,301
Debentures payable (Note 5)	**-**	2,000,000
Loans payable (Note 7)	**-**	515,812
	289,094	3,636,113

CAPITAL STOCK AND DEFICIT	2003	2002
Capital Stock (Notes 4 and 9)		
Authorized		
Unlimited common shares		
Issued		
6,098,962 common shares	**4,328,235**	4,328,235
Deficit	**(4,611,701)**	(5,670,940)
	(283,466)	(1,342,705)
	$ 5,628	$ 2,293,408

Approved on behalf of the Board of Directors

"signed"
John W. Lydall
Director

"signed"
Richard D. McCloskey
Director

The accompanying notes form an integral part of these financial statements

BAFFINLAND IRON MINES CORPORATION
(Formerly Glimmer Resources Inc.)

STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

	2003	2002
Gain on sale of marketable securities	**$ 622,791**	$ -
Sale of interest in Glimmer Mine Joint Venture		
Proceeds	-	4,012,416
Costs	-	5,308,206
Loss on disposal	-	1,295,790
Other expenses		
Interest	**6,325**	214,554
Administrative and general	**26,673**	18,977
Management fees	**67,500**	90,000
Legal and audit fees	**220,150**	233,470
Shareholder relations	**22,785**	11,491
Transfer agent	**9,783**	6,243
Depletion and amortization	**2,656**	-
	355,872	574,735
Income (loss) before forgiven liabilities	**266,919**	(1,870,525)
Forgiven liabilities (Notes 7 and 10)	**792,320**	-
Income (loss) for the year	**1,059,239**	(1,870,525)
Deficit, beginning of year	**(5,670,940)**	(3,800,415)
Deficit, end of year	**$ (4,611,701)**	$ (5,670,940)
Income (loss) per share	**$ 0.17**	$ (0.31)
Fully diluted income (loss) per share	**$ 0.17**	$ (0.31)

The accompanying notes form an integral part of these financial statements

BAFFINLAND IRON MINES CORPORATION
(Formerly Glimmer Resources Inc.)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

	2003	2002
Operating Activities		
Net income (loss) for the year	**$ 1,059,239**	$ (1,870,525)
Items not effecting cash:		
Depletion and amortization	**2,656**	-
Loss on disposal of interest in Glimmer Mine Joint Venture	**-**	1,295,790
Gain on sale of marketable securities	**(622,791)**	-
	439,104	(574,735)
Changes in certain non-cash working capital items		
Accounts receivable	**(5,628)**	50,235
Prepaid expenses	**1,500**	-
Accounts payable	**(836,687)**	428,913
Loans payable	**(515,812)**	-
Debentures payable	**(2,000,000)**	-
	(2,917,523)	(95,587)
Investing Activities		
Proceeds on sale of marketable seurities	**2,908,519**	-
Marketable securities received	**-**	(2,285,728)
Proceeds on sale of interest in Glimmer Mine Joint Venture	-	4,012,416
Cost re sale of interest in Glimmer Mine Joint Venture	-	(1,648,153)
	2,908,519	78,535
Financing Activities		
Loans	**-**	20,000
	-	20,000
Increase(decrease) in cash	**(9,004)**	2,948
Cash position at beginning of year	**3,524**	576
Cash position (deficiency) at end of year	**$ (5,480)**	$ 3,524

The accompanying notes form an integral part of these financial statements

BAFFINLAND IRON MINES CORPORATION
(Formerly Glimmer Resources Inc.)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

1. Operations

Baffinland Iron Mines Corporation, prior to the amendment to Articles of Incorporation under the Business Corporation Act (Ontario) on February 6, 2004, was known as Glimmer Resources Inc. Glimmer Resources Inc. was incorporated in the Province of Ontario, Canada, by Articles of Incorporation dated March 10, 1986.

At December 31, 2003, the Company had no mining interests. After giving effect to the subsequent event described in Note 9, and the subsequent reverse take-over by Baffinland Iron Mines Limited of Baffinland Iron Mines Corporation (formerly Glimmer Resources Inc.), the Company has non-producing iron mining interests located on Baffin Island, Nunavut, Canada.

These financial statements have been prepared on a going-concern basis which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. The Company's continuance as a going concern is dependent on its ability to obtain adequate financing in order to continue operations.

2. Significant accounting policies

a) The financial statements of the Company are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles.

b) Mining interests and exploration expenditures:

The Company has adopted the recommendation issued by the Canadian Institute of Chartered Accountants regarding the expensing of exploration expenditures as incurred. Costs attributable to property acquisitions are capitalized while exploration expenditures on the property can only be capitalized once mineral reserves have been established. Once a mineral reserve has been established, all development costs will be capitalized. These costs together with the costs of mining interests will be charged to operations on a unit-of-production method based on estimated recoverable reserves. If the mining interests are abandoned, or when an impairment in value has been determined, the capitalized costs will be charged to operations.

2. Significant accounting policies (continued)

c) Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are made in the period in which they become known. Actual results could differ from these estimates.

d) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment. A valuation allowance is provided against future tax assets when it is more likely than not that the tax asset will not be utilized.

e) Accounting for stock-based compensation:

The Company has adopted the accounting recommendations relating to stock-based compensation and other stock based payments as detailed in the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3870. CICA 3870 establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments in exchange for goods and services, applying the fair value method of accounting to these goods and services. As permitted by CICA 3870, the Company is using the intrinsic value method of accounting for stock options awarded to its employees and directors. On the date the stock options are granted, no compensation is recorded when the exercise price of the option is equal to the market price of the shares on that date. The application of CICA 3870 had no impact on these financial statements of the Company.

3. Marketable securities

The marketable securities on hand at December 31, 2002 had a market value of $3,291,448. The marketable securities were subject to secured creditor claims.

4. Capital stock (see Note 9)

a) Issued

	Number of shares		Value
December 31, 2003 and December 31, 2002	6,098,962	$	4,328,235

b) Options

As at December 31, 2003 and December 31, 2002 there were no stock options outstanding.

c) The Company has agreed to the issuance of 300,000 (100,000 "new" shares per Note 9) of its treasury common shares to its former joint venture partner in the Glimmer Mine in settlement of a full and final mutual release. The issuance of the treasury common shares is subject to all regulatory conditions and approvals prior to issuance.

5. Debentures payable

The Company retired all of the debentures payable during the year.

6. Loans payable

During the year, the Company either paid off, or the debtors forgave, all of the obligations due under loans payable.

7. Related party transactions

Included in accounts receivable is an amount of $3,610 due from a related party.

No fees are paid to directors for acting as such. Directors, officers or companies controlled by them have charged the Company management fees of $67,500 during the year 2003 and $90,000 during the year 2002.

During the year, related parties agreed to reduce and forgive loans and accounts payable aggregating $750,751 (subject to the contingent liability per Note 10). This amount is included in the "Forgiven liabilities" recorded on the statement of operations and deficit.

8. Income taxes

The Company may not realize on any of the carried forward amounts for tax purposes as presented in this note.

The Company had $2,000,000 of non-capital losses expiring before January 1, 2010.

The Company had approximately $637,000 of Canadian Exploration Expense and $864,000 of Canadian Development Expense available, in certain circumstances, to carry forward to apply against taxable income of future years. In addition, foreign exploration expenses of $26,000 and $17,000 of Mining Depletion Allowance may be available as deductions for income tax purposes under certain circumstances.

The Company has sold its interest in the properties for which the above expenditures applied. Since there is potential of receiving a final payment of $1,167,000 (per Note 10), the carried forward amounts will be limited to this amount, and may only be used in the future to offset this potentail payment.

9. Subsequent events

At a special meeting of Glimmer Resources Inc. shareholders held on January 15, 2004, it was unanimously approved that the Company:

(a) Amend its atricles to change its name to "Baffinland Iron Mines Corporation" (Corporation) which was effected February 6, 2004 by Articles of Amendment.

(b) Consolidate its common shares on the basis of one (1) Baffinland Iron Mines Corporation common share for every three (3) Glimmer Resources Inc. common shares.

(c) Enter into a business combination with Baffinland Iron Mines Limited whereby Baffinland Iron Mines Corporation will issue four (4) common shares for every three (3) common shares of Baffinland Iron Mines Limited.

(d) Assume an obligation of Glimmer Resources Inc. to issue of 100,000 (300,000 "old" shares of Glimmer) of Corporation's common shares as referred to in Note 4(c) above.

(e) Assume an obligation of Baffinland Iron Mines Limited to issue of 400,000 (300,000 "old" shares of Baffinland Iron Mines Limited) of Corporation's common shares to Artic Iron Limited.

10. Contingencies

As part of an agreement, the Company may receive a payment of $1,167,000 from Apollo Gold Corp. if the former Glimmer Mine attains commercial production of three hundred (300) tonnes of gold bearing ore per day for a period of thirty (30) consecutive days.

Management of and companies related to the Company have agreed to reduce loans and accounts payable in the amount of $183,860 and to forgive obligations to them aggregating $566,891. If the above payment of $1,167,000 is received by the Company, it has agreed to pay the forgiven obligation of $566,891. This obligation inures to all beneficiaries and assignees of the Company.

DIRECTORS AND OFFICERS

Brian L. Acton	Director
Graham G. Clow	Director
Edward G. Dumond	Secretary - Treasurer
John Lydall	Director
A. George Matthew	Chief Financial Officer
Richard D. McCloskey	Director
Gordon A. McCreary	Director - Chairman and Chief Executive Officer
Gordon Watts	Director
Michael T. Zurowski	Director - President

CORPORATE INFORMATION

Corporate office
56 Temperance Street
Suite 500
Toronto, Ontario
Canada M5H 3V5
Telephone: 416 364 8820
Facsimile: 416 364 0193
Web site: www.baffinland.com

Auditors
Brodeur / Dennis
9050 Yonge Street
Suite 304
Richmond Hill, Ontario
Canada L4C 9S6
Telephone: 905 886 4452
Facsimile: 905 886 5648

Transfer agent and registrar
Computershare Trust Company of Canada
100 University Avenue
Toronto, Ontario
M5J 2Y1
Telephone: 1 800 564 6253

Listed
TSX Venture Exchange

Symbol
BIM

Annual meeting
The Annual meeting of the Shareholders of the Corporation will be held at The National Club, 303 Bay Street, Toronto, Ontario on June 29, 2004, at the hour of 4:30 p.m. (Toronto time).

Baffinland Iron Mines Corporation, 56 Temperance Street, Suite 500, Toronto, Ontario Canada M5H 3V5
Telephone: 416 364 8820 Facsimile: 416 364 0193
Web site: www.baffinland.com