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PRESS RELEASE

TSX SYMBOL: BIM

BAFFINLAND SIGNS FACILITY FOR ENVIRONMENTAL BONDING

Toronto, Ontario – September 1, 2009 - Baffinland Iron Mines Corporation (“Baffinland” or the “Company”) (TSX:BIM) is pleased to announce that it has entered into a definitive agreement regarding the previously announced environmental guarantee support facility that may earn conversion rights (the “Facility”) with Resource Capital Fund IV L.P. (“RCF”) in the amount of US\$13 million, maturing on December 31, 2012.

On August 31, 2009, the Company drew the equivalent of C\$10.3 million, which proceeds have been used to cover an increase in financial security to C\$16.5 million under the Company’s surface rights land lease for its Mary River Project on Baffin Island, Nunavut. The increased financial security is required as a result of the significant amount of 2008 activity, including the Company’s 113,217 tonne bulk sample, that took place at the Company’s Mary River Project.

As described previously, the total maximum number of common shares of the Company (the “Common Shares”) issuable to RCF on the conversion of the Facility and the payment of all interest and fees in common shares may be greater than 10% of the total number of Common Shares currently outstanding (the “10% Threshold”). Pursuant to applicable Toronto Stock Exchange requirements and the terms of the Facility, the Company is required to obtain shareholder approval for issuances in excess of the 10% Threshold to RCF. The Company currently proposes to request majority disinterested shareholder approval for the issuance of the full amount of the Common Shares payable in connection with the Facility to RCF at its annual general and special meeting of shareholders which it currently expects to hold prior to April 15, 2010.

For further detail on the Company’s Mary River Project environmental bonding requirements, see the Company’s Management’s Discussion and Analysis for the three and six months ended June 30, 2009 filed on SEDAR.

Baffinland is a Canadian publicly-traded junior mining company that is focused on its wholly-owned Mary River iron ore deposits located on Baffin Island, Nunavut Territory, Canada. Baffinland’s shares trade on the Toronto Stock Exchange under the trading symbol BIM.

FOR FURTHER INFORMATION:

Please visit Baffinland’s website at www.baffinland.com, email info@baffinland.com or contact:

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This press release contains certain information that may constitute forward-looking information within the meaning of securities laws. Without limitation, statements about the Company's use of the Facility and the intent of the Company to call of meeting of shareholders to approve the issuance of Common Shares to RCF in excess of the 10% Threshold are forward-looking information. Forward-looking information is based on certain factors and assumptions regarding, among other things, estimated mineral reserves and resources, iron ore prices, the timing and amount of future exploration expenditures, the estimation of additional capital requirements, the availability of necessary financing and materials, the receipt of necessary regulatory approvals, the feasibility of constructing and operating a direct-shipping iron ore mine at the Company's Mary River project and assumptions with respect to environmental risks, title disputes or claims, weather conditions 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. 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 for and development of mineral deposits, risks relating to changes in iron ore prices and changes in 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 Property including access and supply risks, reliance on key personnel, construction and operational risks inherent in the conduct of mining activities, regulatory risks, including risks relating to the acquisition of necessary licenses and permits, financing, capitalization and liquidity risks, including the risk that the financing required to fund all currently planned exploration and related activities may not be available on satisfactory terms, or at all, environmental risks, insurance risks and such other risk factors discussed in the Company's annual information form. See the Company's public filings available at www.sedar.com. You should not place undue reliance on forward-looking information and should not rely upon this information as of any other date. While the Company may elect to, the Company is under no obligation and does not undertake to update this information at any particular time, except as required by law.