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NEWS RELEASE

TSX SYMBOL: BIM

BAFFINLAND ANNOUNCES NOTICE OF EXERCISE OF PARTICIPATION RIGHTS

TORONTO, ONTARIO – **December 3, 2009** – Baffinland Iron Mines Corporation (the “Company”) announces that Resource Capital Fund IV L.P. (“RCF”) and Resource Capital Fund III L.P. (collectively, the “Resource Funds”) have given notice that they intend to exercise in full their pre-existing participation rights (the “Participation Rights”) to participate in respect of the Company’s previously announced public offering (the “Public Offering”) of 20,834,000 units of securities of the Company and its previously announced private placement of 36,400,000 flow-through units of securities of the Company. The Participation Rights were granted to the Resource Funds by the Company in the subscription agreement between the Company and Resource Capital Fund IV L.P. dated December 11, 2008 (the “Subscription Agreement”).

The issuance of units of securities of the Company (the “Units”) to the Resource Funds, which are the same as the units of securities of the Company to be issued under the Public Offering, will each be comprised of one common share of the Company (a “Common Share”) and one half of one Common Share purchase warrant (each such whole Common Share purchase warrant, a “Warrant”). Each Warrant will entitle the holder thereof to purchase one Common Share at an exercise price of \$0.70 for a period of three years commencing from the date of issuance of the Warrant, subject to adjustment in certain events. In accordance with the Subscription Agreement, the Resource Funds will not be permitted to purchase more than that number of Units such that the Resource Funds continue to hold the same *pro rata* number of securities of the Company after the closing of the applicable offerings as were held before such offerings (calculated in accordance with the Subscription Agreement on a “partially diluted” basis). The issuance of Units to the Resource Funds, which is currently expected to occur concurrently with the completion of the Public Offering, is subject to certain conditions, including, but not limited to, the receipt by the Company of all necessary approvals and consents. The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Common Shares and the Warrants comprising the Units to be issued under the Public Offering and the Units to be issued by the Company to the Resource Funds, as well as the Common Shares issuable upon exercise of the Warrants, on the TSX, subject to the Company fulfilling all of the listing requirements of the TSX on or before March 2, 2010.

The Resource Funds receive management services from RCF Management L.L.C. The Resource Funds are current securityholders of the Company and Russell Cranswick, a partner of RCF Management L.L.C., is currently a director of the Company. The issuance of Units to the Resource Funds will be conducted on an arm’s length basis. The maximum number of Units the Resource Funds may purchase pursuant to the exercise of such Participation Rights is 19,926,569 Units, such that the Resource Funds will continue to hold approximately 23.24% of the issued and outstanding Common Shares (calculated in accordance with the Subscription Agreement on a “partially diluted” basis). Closing of the issuance of Units to the Resource Funds is currently expected to occur on or about December 10, 2009. The proceeds of the issuance of Units to the Resource Funds will be used to repay amounts outstanding under the environmental guarantee support facility entered into between the Company and RCF in August 2009 (the “Facility”). The Company will use such proceeds and a portion of the proceeds of the Public Offering to repay in full all amounts currently drawn on the Facility. Following such repayment, the Company currently intends to terminate the Facility.

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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. Particularly, but without limitation, information about the terms of the Public Offering, the private placement, the intention of the Resource Funds to exercise their Participation Rights, the terms of such participation, the Company's intended use of the proceeds of the Public Offering and the concurrent offering to the Resource Funds, the Company's intended repayment of the Facility and the Company's intention to terminate the Facility is forward-looking information. Forward-looking information is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources, the realization of mineral reserve 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 explore the Company's Mary River property in the short and long-term, the progress of 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. 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 Company's Mary River property including access and supply risks, reliance on key personnel, 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 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 necessary 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, and insurance risks. See the Company's public filings available at www.sedar.com. 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, the Company is under no obligation and does not undertake to update this information at any particular time, except as required by law.