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NEWS RELEASE

TSX SYMBOL: BIM

**BAFFINLAND RETAINS CIBC WORLD MARKETS AND CITI AS
CO-FINANCIAL ADVISORS TO SEEK MINORITY STRATEGIC PARTNER(S)**

January 3, 2008 – TORONTO, ONTARIO - Baffinland Iron Mines Corporation (TSX: BIM) (“Baffinland” or the “Company”) announced today that it has engaged CIBC World Markets Inc. (“CIBC World Markets”) and Citigroup Global Markets Inc. (“Citi”) to act as the Company’s co-financial advisors in seeking a minority strategic partner or partners. Under the terms of the engagement letters, CIBC World Markets and Citi will assist Baffinland in identifying potential minority strategic partners, evaluating potential transactions, assist in the course of negotiations and render such other financial advisory and investment banking services as may from time-to-time be agreed upon by the financial advisors and Baffinland.

Baffinland currently owns 100% of the Mary River Project and has 95.1 million shares outstanding. Mitsubishi Corporation has been the Company’s first strategic investor since 2005, currently owning approximately 4% of Baffinland’s shares outstanding. The Company’s strategic shipping partner, Fednav Limited, is charged with the exclusive responsibility of delivering the iron ore shipping solutions for the Mary River Project.

Since reactivation of exploration work in 2004 on our Mary River Project we have spent over \$150 million advancing our world class project. Our Definitive Feasibility Study scheduled to be available in February 2008, is focussed on a direct-shipping iron ore operation producing 18 million tonnes per year of dominantly lump ore expected to grade 66% iron. Later in the first quarter of 2008, a “Blue Sky Study” is to investigate an increased annual production rate of 30 million tonnes per year to further demonstrate the scalability of the Mary River Project based on the development of Deposits No. 1, 2 and 3. In addition, we are well advanced on our plan to mine a 250,000 tonne bulk sample for delivery to prospective customers in Europe in the third quarter of 2008. Recently Baffinland has announced a number of Letters of Intent regarding off-take of lump and fines with various European steel companies.

“The time is now right for Baffinland to retain co-financial advisors of the calibre of CIBC World Markets and Citi to assist in engaging with potential strategic partners. We are seeking a strategic partner that shares our vision of a new, high quality lump and fines iron ore producer initially focussed primarily on the European market”, stated Gordon A. McCreary, President and Chief Executive Officer.

There can be no assurance that the engagement of financial advisors will result in an investment by one or more strategic partners, or that any such investment will be made in any specific time frame.

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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. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "believe", "plan", "scheduled", "intend", "estimate", "forecast", "predict", "potential", "continue", "anticipate" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of the Company. Without limitation, statements about the Company's plans to complete the Definitive Feasibility Study, including the scheduled timing thereof and other related statements, statements about the Company's plans to complete a "Blue Sky Study" and statements about the Company's planned bulk sample program, are forward-looking information.

Forward-looking information is based on certain factors and assumptions regarding, among other things, expected mineral resources, iron ore prices, the timing and amount of future exploration expenditures, the estimation of additional capital requirements and initial capital costs, 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. Without limitation, in stating that the Company has scheduled the completion of the Definitive Feasibility Study in February of 2008 and a "Blue Sky Study" in the first quarter of 2008, and related statements, and that the Company plans to complete a bulk sample for delivery in 2008, the Company has assumed, among other things, that iron ore prices, operating costs and capital costs will not change materially from those used in its current financial forecasts and that it will obtain the financing and regulatory approval and other authorizations required to enable the exploration, development and mining activities required in order to complete such activities.

Forward-looking information is subject to certain factors, including risks and uncertainties, which 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, including the risk of changes in capital and operating costs, regulatory risks, including risks relating to the acquisition of the necessary licences 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 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, the Company is under no obligation and does not undertake to update this information at any particular time.