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PRESS RELEASE

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BAFFINLAND ANNOUNCES 2009 DRILL PROGRAM AND CORPORATE UPDATE

TORONTO, ONTARIO – **January 29, 2009** – Baffinland Iron Mines Corporation (“Baffinland” or the “Company”) provides a general update on the plans for the continuing advancement of its Mary River Project in 2009.

Baffinland management has now refined its exploration and development plans for 2009 in a budget recently approved by the Baffinland Board. The expenditures currently planned for 2009 total almost \$30 million and will fund a 2,200 metre drill program on Deposit No. 3, complete additional resource estimation on Deposit No. 1, continue to fund progressive reclamation, maintain regulatory compliance and preserve core assets at site.

Corporate Activities

Recent global economic conditions have necessitated a reduced scale to the Company’s activities currently planned for 2009, including a 35% reduction in the full time Baffinland workforce from 40 people to 26 people. In addition, the number of full time consultants was reduced. Executive management has accepted salary reductions in 2009, and no cash bonuses were paid in respect of 2008 service.

Gordon McCreary, President and CEO of Baffinland said, “It is regrettable that we have had to downsize our organization but in this difficult financial environment it is necessary to ensure that the core team remains funded to advance our world-class Mary River project while we continue to seek strategic partners to assist in financing expanded activities in due course. In addition to staff reductions at our Mary River site and at our head office in Toronto, it was necessary to shut down small satellite offices in several locations while preserving community liaison offices in the two largest communities in North Baffin and in Iqaluit. We remain deeply committed to continued engagement with all stakeholders and are making prudent decisions that will encourage the timely development of, what we believe are, the best undeveloped iron ore deposits in the world. Baffinland is well positioned in 2009 to quickly accelerate our activities as soon as conditions are favourable.”

Additionally in January, Baffinland informed its engineering and technical service providers that due to budget constraints in 2009, the majority of their services would be suspended until such time as the Company secures additional sources of financing. Progress reports have been written to document the work completed to this point in order to facilitate an orderly resumption of work in the future.

With respect to regulatory approval for the proposed development of the Mary River Project initiated in 2008, and subject to a decision from the Minister of Indian and Northern Affairs Canada regarding the Nunavut Impact Review Board (“NIRB”) Screening Report completed in June 2008, Baffinland intends to pursue the Terms of Reference which will guide the environmental assessment process, including the submission of an Environmental Impact Statement (“EIS”). The timing of EIS submission will be contingent on the Minister’s decision and additional funding, amongst other considerations.

Baffinland's planned activities in 2009 are fully funded by year-end 2008 unrestricted cash reserves that include net proceeds of the December financing. Sealifts to Baffin Island in the summer and early fall of 2008 had positioned required supplies for anticipated programs in 2009. Only a portion of these supplies will be consumed in 2009.

Asset Backed Commercial Paper

In addition, Baffinland has received its replacement notes in settlement of the restructuring of its investments in third party asset backed commercial paper. New notes with a face value of \$19,948,998 were received by the Company on January 23, 2009. The Company will hold the replacement notes in the short term with the expectation that the market will develop and improve. On exchange of the notes, the Company received a payment of \$658,785, which was its share of the accumulated cash in the conduit trusts up to August 31, 2008. Baffinland will monitor the market for the new notes as it develops but management is not expecting to monetize the notes in 2009.

Bulk Sample

Baffinland recently received the final payment for the sale of its bulk sample to the European steel industry, bringing the total proceeds for the sale of the 113,217 tonnes of iron ore to \$19.9 million. This is \$0.7 million more than previously indicated due to the recent weakening of the Canadian dollar. To date, only a portion of the bulk sample has been consumed by the European steel industry with very encouraging results, as described in the Company's press release in December 2008. The global economic crisis has resulted in reduced steel output with many blast furnaces being idled or run at lower levels of productivity. Consequently, the timing of consumption of the remainder of Baffinland's bulk sample will be delayed further in order to ensure that the technical data is collected under appropriate operating conditions.

"As we emerge from January as a leaner organization with an approved and fully funded budget for 2009, we remain focused on achieving strategic partnering in a meaningful time frame to allow us to ramp up our activity level as soon as possible. The global economic crisis has delayed this process but in the interim, we will continue to enhance the value of our world-class project," stated Gordon McCreary.

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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.

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This press release contains certain information that may constitute forward-looking information within the meaning of securities laws. 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, information about the Company's \$30 million budget; the 2,200 metre drill program on Deposit No. 3; activities to complete additional resource estimates on Deposit No. 1; progressive reclamation activities; intent to remain in regulatory compliance; intent to preserve core assets at site; strategic partnership initiative; statement that the 2009 program is fully funded; that certain inventories at site will be consumed during 2009; intent to hold its replacement notes in the short term; and its intent to ramp up activities as soon as possible, is forward-looking information.

Forward-looking information is based on certain factors and assumptions regarding, among other things, the estimation of mineral resources and reserves, the realization of mineral reserves 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 develop the Company's Mary River project in the short and long-term, the progress of construction and 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.

Without limitation, in stating that the Company's 2009 program is fully funded and other statements relating to the \$30 million 2009 budget; that the Company intends to complete a 2,200 metre drill program on Deposit No. 3, to complete additional resource estimates on Deposit No. 1, to undertake progressive reclamation activities, to remain in regulatory compliance, to preserve core assets at site, to consume certain inventories at site during 2009, to hold its replacement notes in the short term and to ramp up activities as soon as possible, the Company has assumed that the \$30 million budget will be sufficient to complete such activities and that the Company will not encounter any unforeseen events causing it to operate over budget. In stating that the Company will continue to seek a strategic partner(s) the Company has assumed that there will be some improvements in the global economy and the financial position of potential strategic partners. There can be no assurance that such a strategic partnership can be completed.

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 Mary River project 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 and the risk of delays or increased costs that might be encountered during the construction and 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 required 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, insurance risks, 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, it is under no obligation and does not undertake to update this information except as may be required by applicable law.