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NEWS RELEASE

TSX SYMBOL: BIM

**Baffinland Reaffirms its Recommendation that Shareholders  
Reject the Amended Offer by Nunavut Iron Ore Acquisition and  
Accept the Offer by ArcelorMittal**

**January 3, 2011 - Toronto, Ontario - Baffinland Iron Mines Corporation (TSX:BIM)** (the “Baffinland”) announced today that it received notice by way of press release of an amended offer (the “Amended Nunavut Offer”) being made to its shareholders by Nunavut Iron Ore Acquisition Inc. (“Nunavut”), a corporation wholly-owned by Iron Ore Holdings, LP, to acquire 49.7% of Baffinland’s outstanding common shares (calculated on a fully-diluted basis) excluding the 10.3% of the common shares owned by Nunavut, at a price of \$1.45 in cash per common share which can be taken up pursuant to the Amended Nunavut Offer.

The board of directors of Baffinland has reviewed the Amended Nunavut Offer with its financial and legal advisors and has determined that the offer by ArcelorMittal being made for 100% of Baffinland’s Common Shares for \$1.40 in cash per share and 100% of Baffinland’s 2007 Warrants for \$0.10 in cash per 2007 Warrant (the “ArcelorMittal Offer”) remains in the best interests of Baffinland, its Shareholders and 2007 Warrantholders.

Accordingly, the Board of Directors reaffirms its recommendation that Baffinland’s securityholders ACCEPT the ArcelorMittal Offer and TENDER their Common Shares and 2007 Warrants to the ArcelorMittal Offer and REJECT the Amended Nunavut Offer and NOT TENDER their Common Shares to the Amended Nunavut Offer.

Baffinland will be filing a Notice of Change (the “Notice of Change”) to its Directors’ Circular on SEDAR (available at [www.sedar.com](http://www.sedar.com)) responding to the Amended Nunavut Offer. The Company intends to mail the Notice of Change to all securityholders of the Company as soon as practicable. A full description of the reasons for the recommendation of the Board of Directors can be found in the Notice of Change and the previously filed notices of change dated December 20, 2010 and December 31, 2010.

**About Baffinland**

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 common shares trade on the Toronto Stock Exchange under the trading symbol BIM.

**FOR FURTHER INFORMATION:**

Please visit the Baffinland website at [www.baffinland.com](http://www.baffinland.com), e-mail [info@baffinland.com](mailto:info@baffinland.com) or contact:

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Director and Vice Chair  
416-814-3172

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416-206-0118

Any questions and requests for assistance may also be directed to Baffinland's Information Agent:

**Phoenix Advisory Partners**

Toll Free  
Outside North America, Bankers and Brokers Call Collect  
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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, statements about the Company’s interpretation of assay results, its completed magnetic survey including related statements about the planned release of additional assay results and metallurgical testing results, statements about the continuation of the Company’s exploration program including plans relating to additional mapping, more*

*comprehensive sampling, drilling on any of the properties comprising the Company's Mary River Project and metallurgical testing and statements about the Company's potential resources 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, 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 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, except as required by law.*