

# Baffinland Recommends That Shareholders Accept the Joint Offer by ArcelorMittal and Nunavut Iron Ore

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TORONTO, ONTARIO -- (Marketwire - Jan. 17, 2011) - [Baffinland Iron Mines Corporation](#) (TSX:BIM) ("Baffinland") announced today that its Board of Directors has recommended that Baffinland's securityholders accept the ArcelorMittal ("ArcelorMittal") and Nunavut Iron Ore Acquisition Inc. ("Nunavut") joint offer (the "Joint Offer"), announced on January 14, 2011, to acquire all of the outstanding (a) common shares of Baffinland for C\$1.50 in cash per common share, and (b) common share purchase warrants issued under the warrant indenture dated January 31, 2007 (the "2007 Warrants") for C\$0.10 in cash per 2007 Warrant, and tender their common shares and 2007 Warrants to the Joint Offer. The Joint Offer is open for acceptance until 11:59 P.M. (Toronto time) on January 24, 2011.

The Joint Offer is subject to the same conditions as the last ArcelorMittal offer except that the minimum tender condition has been increased to such number of common shares which, together with any common shares beneficially owned or over which control or direction is exercised by ArcelorMittal, Nunavut and their respective affiliates and joint actors, represents at least 66 2/3% of the outstanding common shares of Baffinland (on a fully-diluted basis).

The Board of Directors understands that Nunavut has advised Baffinland shareholders who have tendered to Nunavut's existing partial take-over bid (the "Partial Nunavut Offer") for 49.7% of Baffinland's outstanding common shares (excluding the 10.3% of the common shares owned by Nunavut) for (i) C\$1.45 per common share which can be taken up, and (ii) if the minimum tender condition is met, one exchange right per common share which can be taken up, to withdraw their common shares and to tender them to the Joint Offer. The Board also understands that Nunavut has agreed with ArcelorMittal that it will not, except as required by law or by a regulatory authority, extend the Partial Nunavut Offer beyond January 25, 2011, amend the Partial Nunavut Offer or waive any conditions of such offer.

The recommendation of the Board of Directors is based on the reasons provided in previously filed Notices of Change to Baffinland's Directors' Circular, and on the following additional reasons:

- The Joint Offer of C\$1.50 per common share is for 100% of the common shares and 2007 Warrants and represents (i) a 36% premium to the original ArcelorMittal offer of \$1.10 for all of the common shares, (ii) a 7% premium to the last amended ArcelorMittal Offer of \$1.40 for all of the common shares, and (iii) an 88% premium to the original Nunavut offer of \$0.80 per common share for all of the common shares other than the common shares owned by Nunavut at the time.
- Nunavut's original offer to acquire all of the outstanding common shares of Baffinland was announced on September 22, 2010 and the original ArcelorMittal offer was announced on November 8, 2010. Since November 8, 2010, the Board has not received any third-party acquisition proposals for Baffinland or been in discussions with any third-party regarding any acquisition proposal. However, the process overseen by the Board of Directors since September 22, 2010 has seen a total of eight (8) rounds of bidding by Nunavut and ArcelorMittal, inclusive of the current Joint Offer.
- The Board of Directors has preserved the ability to respond to unsolicited superior proposals.
- In light of the fact that Nunavut has (i) agreed with ArcelorMittal that it will not, except as required by law or by a regulatory authority, extend the Partial Nunavut Offer beyond January 25, 2011, amend the Partial Nunavut Offer or waive any conditions of such offer, and (ii) advised Baffinland shareholders to withdraw any common shares that have been tendered to the Partial Nunavut Offer, there is effectively only one outstanding offer.

In addition, in considering the Joint Offer, the Board of Directors, sought and received assurances from ArcelorMittal that, in joining as co-bidders with ArcelorMittal, Nunavut is responsible for bearing its pro rata

share of the purchase price and all costs associated with (i) the Joint Offer, and (ii) upon successful completion of the Joint Offer, the development of the Mary River Project. The Board also notes that the Joint Notice of Variation and Extension, dated January 14, 2011, which was prepared by ArcelorMittal and Nunavut, contains disclosure to the same effect.

The Board also sought and received assurances that (i) for the purposes of determining Nunavut's proportionate amount of the total cost to take up and pay for common shares and 2007 Warrants under the Joint Offer, common shares held by Nunavut at the date of the Joint Offer are valued at the take up price per common share, being \$1.50, and (ii) ArcelorMittal is not providing and has not agreed to provide any financial assistance or financial incentive to Nunavut or any of its affiliates, general partners or associates under the Joint Offer or the Joint Bid Agreement entered into between Nunavut and ArcelorMittal. The Board has also received advice from its legal counsel that, accordingly, Nunavut is receiving no collateral benefit as a shareholder of Baffinland in connection with the Joint Offer as prohibited under applicable Canadian securities laws.

A description of the reasons for the recommendation of the Board of Directors is set out in the Notice of Change to its Directors' Circular dated January 17, 2011 which will be filed on SEDAR (available at [www.sedar.com](http://www.sedar.com)) and mailed to Baffinland's securityholders as soon as practicable.

## 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.

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

## Phoenix Advisory Partners

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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.*

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