BAJA MINING

Management's Discussion and Analysis
Quarter Ended March 31, 2015

This Management's Discussion and Analysis ("MD&A") of Baja Mining Corp. and its subsidiaries ("Baja" or the "Company") provides analysis of the Company's financial results for the quarter ended March 31, 2015. All financial information included in this MD&A, including comparatives, has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The following information should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements for the quarter ended March 31, 2015 and notes to those financial statements (the "Interim Financial Statements," which are available on the SEDAR website at www.sedar.com). Financial information is expressed in United States dollars, unless stated otherwise. This MD&A is current as of May 28, 2015.

Caution on forward-looking information

This MD&A contains certain forward-looking statements concerning anticipated developments in Baja's operations in future periods. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. These forward-looking statements may include statements regarding exploration results, mineral resource estimates, projected liquidity, capital expenditures, available capital resources and the potential availability of short-term and long-term financing, timelines, strategic plans, market prices of base metals or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of Baja may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors. Baja's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from Baja's expectations include: the impact of the loss of control of the Company's principal asset and related uncertainties regarding decisions on the further development of the Boleo Project (or the "Project"); uncertainties as to when or if the Company will realize any cash flows from the Boleo Project or generate revenues or cash flow from its own independent operations; uncertainties relating to the Company's ability to obtain additional financing to fund its future working capital and/or investment needs, including any cash call in support of the Project to avoid further dilution of the Company's ownership in the Project; uncertainties involved in fluctuations in copper and other commodity prices and currency exchange rates; uncertainty as to timely availability of permits and other governmental approvals; other uncertainties relating to the Boleo Project including it obtaining adequate funding to support working capital needs and the ramp-up of production, achieving sustainable profitability, the need for cooperation of government agencies and local groups in the exploration and development of the Project, and the issuance of required permits; and other risks and uncertainties disclosed in MD&A for the year ended December 31, 2014, and other information released by Baja and filed on SEDAR at www.sedar.com.

Cautionary note concerning reserve and resource estimates

This MD&A and other information released by Baja uses the terms "resources", "measured resources", "indicated resources" and "inferred resources". United States investors are advised that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. Under United States standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Inferred resources are in addition to measured and indicated resources and have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher category. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist, or that they can be mined legally or economically.

Baja is required to comply with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") of the Canadian Securities Administrators, which contains rules regarding the public disclosure by an issuer of scientific and technical information concerning its material mineral projects. Any reserve and resource estimates contained in this MD&A have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System. The requirements of NI 43-101 are not the same as those of the SEC; however, reserves reported by Baja in compliance with NI 43-101, also qualify as reserves under the SEC's standards.

Summarized financial results

(thousands of USD unless otherwise noted)	**March 31 2015**	**December 31 2014**
Cash and cash equivalents	1,584	1,891
Working capital	1,483	1,788
Other receivables - noncurrent (1)	1,000	1,000
Shareholder loans receivable	17,905	17,905
Subordinated debt(2)	10,000	10,000

1) MMB MSA margin receivable of $1.00 million (see "*Ongoing Discussions on New Shareholders Agreement*" on page 4).
2) Manganese Refundable Deposit Liability.

	Three months ended March 31	
(thousands of USD unless otherwise noted)	**2015**	**2014**
Loss before other items	(305)	(409)
Foreign exchange gain	1,782	787
Income for the period	1,478	380
Income per share - basic	-	-

First quarter highlights and recent events

- On January 20, 2015, the Company announced that it had been advised by Minera y Metalúrgica del Boleo, S.A.P.I. de C.V. ("MMB") and Korea Resources Corporation ("KORES") that the Boleo plant achieved first copper production on January 17, 2015. MMB also advised that commissioning of the cobalt-zinc circuit had commenced following mechanical completion (see "*Boleo Project Development Activities, Boleo Project Construction Cost, Production Schedule and Mining Update*" on page 5).
- Additionally, Baja was advised by KORES and MMB that MMB had completed the issuance of an AUD100 million corporate bond swapped for proceeds of approximately USD84 million (see "*Boleo Project Development Activities, Project Funding*" on page 7).
- During the quarter, the Company incurred expenditures of $0.03 million (2014 - $0.10 million) in connection with its Cinto Colorado option agreement (the "Agreement"), and met again with Canadian and Mexican federal government representatives in an effort to accelerate the ratification of the Cinto Colorado lease agreement (see "*Cinto Colorado Project*" on page 4).

- During the quarter, management continued to identify and evaluate a number of prospective opportunities for the Company, and visited a prospective copper project in Baja as a possible further source of ore for Boleo, and has entered into discussions with the concession owner to determine the basis on which it may conduct further due diligence.
- The Company reported income during the quarter ended March 31, 2015, of $1.48 million, including the impact of a $1.78 million foreign exchange gain during the quarter (see "*Review of Baja's operating results*" on page 7).
- On April 14-16, 2015, Baja management travelled to meet with representatives of KORES and LS Nikko in Seoul, Korea. The meetings related mainly to the negotiation of a revised MMB shareholders' agreement.
- On April 20, 2015, Tom Ogryzlo, Baja's Interim CEO, visited the Boleo Project to meet with senior management of MMB and was provided a detailed update of the status of the surface and underground mining, the process plant and support facilities.
- On April 30, 2015 the Company announced that it has been advised by KORES and MMB of further delays to the copper production ramp-up and normalization that had been scheduled to take place during 2015, and the start-up and commissioning of the cobalt-zinc circuits previously targeted to commence in March 2015 (see "*Boleo Project Development Activities, Boleo Project Construction Cost, Production Schedule and Mining Update*" on page 5).
- In addition, on April 30, 2015, the Company announced that as a result of production ramp-up delays and required modifications and/or improvements to mining and the process plant, KORES has advised that MMB will require further funding, of up to US$200 million to fund MMB's operations through the remainder of 2015, and on April 27, 2015 MMB issued a cash call to its shareholders for $63 million. On May 17, 2015, MMB issued an amended cash call for $76 million replacing the April 27, 2015 cash call. To the extent the cash call is paid for by a subscription for MMB shares, dilution of the Company's 10% ownership in MMB will depend upon the amount of the equity cash call and final resolution of the dilution formula to be applied (see "*Boleo Project Development Activities, Project Funding*" on page 7).
- On May 14, 2015, Baja management attended an MMB board meeting held at the Boleo Project and met with representatives of KORES to continue the discussions on the new shareholders agreement and the MSA margin receivable (see "*Ongoing Discussions on New Shareholders Agreement*" on page 4).

Overview

Baja Mining Corp. was incorporated on July 15, 1985, under the *Company Act* (British Columbia). The Company's principal asset is its minority investment in the Boleo Project, a copper-cobalt-zinc-manganese deposit located near Santa Rosalia, Baja California Sur, Mexico, including its shareholder loan in MMB with a carrying value of $17.9 million as at March 31, 2015. The Project achieved the production of first copper in January 2015, and is in the production ramp-up phase of operations.

As at March 31, 2015, the Company owned a 10.0% interest in the Project through its wholly owned Luxembourg subsidiary, Baja International S.à r.l., which owns 100% of a Luxembourg subsidiary, Boleo International S.à r.l., which in turn owns 10.0% of the shares of MMB. MMB holds all mineral and property rights in the Project. As at March 31, 2015, the remaining 90.0% of MMB was indirectly owned by members of a Korean consortium (the "Consortium"), comprised of KORES, LS-Nikko Copper Inc., Hyundai Hysco Co. Ltd., SK Networks Co. Ltd., and Iljin Materials Co. Ltd., which acquired an initial 30% interest in June 2008. KORES is the ultimate controlling party and parent of MMB with 74% ownership, and 16% is owned by the remaining Consortium members.

Following the loss of control of MMB on August 27, 2012, the Company is no longer the operator of the Boleo Project and no longer has day-to-day involvement in the management and development of the Project or access to timely operational or financial information, or the Project site. The Company's current focus is on addressing outstanding matters relating to the change of control in MMB, ongoing litigation and related insurance matters, and is working to identify and is evaluating alternative project opportunities with potential for near-term cash flow or value creation (see "*Cinto Colorado Project*" below).

The Company continues to advance steps to restructure and eliminate its Luxembourg subsidiaries in an effort to simplify its legal structure and reduce operating complexity and costs.

Ongoing Discussions on New Shareholders Agreement

During the quarter ended March 31, 2015, the Company was unable to advance with KORES outstanding matters relating to the proposed New Shareholders Agreement. The KORES Boleo Project Team has been focused on supporting the start-up activities at Boleo as well as the ongoing Korean legislative investigations of certain energy commodity investment projects of KORES, including the Boleo Project. However, KORES had indicated its willingness to continue discussions relating to the New Shareholders Agreement as well as amounts owing from MMB to Baja pursuant to the terminated management services agreement ("MSA") toward the end of March 2015 when the KOREA Boleo Project Team was able to shift its focus from the legislative investigation proceedings. On April 14-16, 2015, Baja management met with KORES in Seoul, South Korea. A number of key items remain under discussion with KORES and other members of the Korean Consortium following those meetings, including aspects relating to dilution and the manganese production decision and related payments (see Baja news release dated April 2, 2014), as well as the MSA margin amount owing to Baja pursuant to the MSA prior to its termination. On May 14, 2015, Baja management attended an MMB board meeting held at the Boleo Project and met with representatives of KORES to continue the discussions on the new shareholders agreement and the MSA margin.

Cinto Colorado Project

The Company and Cinto Colorado continue to pursue the Municipio of Mulege for the formal ratification of the Cinto lease to the tailings and slags. To date, the Company has attempted to minimize its expenditures relating to Cinto Colorado, including technical expenditures relating to feasibility, until such time as the formal ratification of the Cinto lease has been obtained, or the Company has derived sufficient comfort that the level of risk associated with the project is manageable and acceptable. The Company has met with Canadian and Mexican federal government officials in an effort to accelerate the ratification of the lease agreement or facilitate an alternative solution. With due diligence relating to title, licenses and environmental standing otherwise nearing completion, the Company is preparing to advance aspects of the pre-feasibility study, including a limited sampling program and further metallurgical testing of the tailings.

The Company's accounting policy is to expense exploration and evaluation expenditures as incurred. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. The Company incurred exploration and evaluation expenditures relating to the Cinto Colorado Option Agreement for the three months ended March 31, 2015 of $0.03 million (2014 - $0.10 million) on Project Colorado. Total expenditures from inception of the project are $0.98 million, covering the period from the quarter ended June 30, 2013 to the quarter ended March 31, 2015.

Legal Proceedings – Class Action

Following the announcement of the forecasted cost overruns and the resulting funding shortfall in April 2012, a shareholder of the Company commenced a class action lawsuit under the Class Proceedings Act (Ontario) (the "CPA") against the Company and certain of its present and former directors and officers.

On April 28, 2014, the Ontario Superior Court of Justice certified the action as a class proceeding under the CPA and dismissed all claims against certain individual defendants. As against Baja and the remaining individual defendants, the court granted leave to the plaintiff to proceed only with respect to statutory claims under s. 138.3 of the Securities Act (Ontario) (the "OSA") and dismissed all other claims.

The plaintiff now seeks as against Baja and the remaining individual defendants:

- a declaration that the defendants made misrepresentations with respect to the costs of the Boleo Project contrary to the OSA during a class period extending from November 1, 2010, to April 23, 2012, and a declaration that the defendants are liable for breaching s. 138.3 of the OSA;
- a declaration that Baja is liable for the acts and/or omissions of its directors, officers, servants, employees, and/or agents pursuant to Part XXIII.1 of the OSA;
- statutory damages pursuant to s. 138.3 of the OSA; and
- interest, legal costs, and costs for notice to class members and for administration of a plan of distribution.

The Company intends to defend itself and has engaged legal counsel to advise and assist the Company in its defence against this lawsuit. No amounts have been recorded for any potential liability arising from this matter as the Company cannot reasonably predict the outcome.

Corporate Outlook

The Company's current focus is on addressing outstanding matters relating to the change of control of MMB and the Boleo Project and its restructuring so as to minimize potential risks and maximize potential value for the Company and its shareholders. In addition, the Company is working to identify and is selectively evaluating alternative project opportunities, including the Cinto Colorado option.

Boleo Project Development Activities

The following description of the Boleo Project is based in part upon information set out in the March 2010 Technical Report on the Project, which is available on the Company's website or on www.sedar.com (the "March 2010 Technical Report"). The Company believes that the preparation of an updated NI 43-101 technical report, that would have otherwise superseded the March 2010 Technical Report, is no longer practical. Readers are cautioned that the Company exerts no control or influence over the Boleo mine plan redesign process or timing, or any decision by MMB or KORES to update the March 2010 Technical Report. Therefore, the Company cannot comment further as to when, or if, an updated NI 43-101 Technical Report may become available. Readers are further cautioned that information regarding the Boleo Project from the March 2010 Technical Report and its existing public disclosure may no longer be current or accurate, and may not be updated in the foreseeable future, or ever.

The Boleo Project is located on the east coast of Baja California Sur, Mexico, near the town of Santa Rosalia, some 900 kilometers south of San Diego, California. The deposit contains seven mineralized seams, called "mantos", stacked within a single formation, all dipping gently to the east towards the Sea of Cortez in a step-like fashion, due to post depositional faulting.

The Project consists of roughly 12,000 hectares of mineral concessions and 7,000 hectares of surface occupancy rights, each assembled as part of a contiguous titled block. The Project is located within the "buffer zone" of the El Vizcaíno Biosphere ("El Vizcaíno"), a Mexican National environmental reserve; and the required Environmental Impact Manifest has been approved by Mexican authorities, allowing the Project to be built and operated in the buffer zone of El Vizcaíno.

As set out in or derived from the March 2010 Technical Report, the plant at that time was expected to produce, on average, 125 million pounds of copper per year for the first 6 years from ore supplied at an average grade above 2% and an average of 84 million pounds of copper per year at an average ore grade of 1.33% for the scheduled mine life of 23 years. The above figures are subject to change as a result of the revised mine plan being developed by MMB, over which Baja has no control.

Boleo Project Construction Cost, Production Schedule and Mining Update

Information presented below is based on or derived from the latest available information provided to the Company by MMB and KORES. The Company ceased to control MMB or be the operator of the Boleo Project on August 27, 2012. Readers are cautioned that while the Company believes that the information provided to it

by MMB and/or KORES and reflected herein is materially correct, it has not independently verified the accuracy or completeness of such information and must rely on MMB and/or KORES for the provision of such information.

On January 20, 2015, the Company announced that it had been advised by MMB and KORES that prior problems relating to the acid plant had been resolved and the Boleo plant achieved first copper production on January 17, 2015. MMB also advised that commissioning of the cobalt-zinc circuit had commenced following mechanical completion. MMB was targeting the completion of copper production ramp-up and normalized production by July 2015, completion of commissioning and start-up of the cobalt-zinc circuits by March 2015, and completion of production ramp-up by October 2015.

However, on April 30, 2015, Baja announced that it has been advised by KORES and MMB of further delays to the copper production ramp-up and normalization that had been scheduled to take place during 2015, and the start-up and commissioning of the cobalt-zinc circuits previously targeted to commence in March 2015.

MMB has advised Baja that the Boleo plant can currently sustain a production rate of approximately 500 tonnes of copper per month. Modifications that were required to the heat exchangers in the acid plant and completed in late 2014 have been successful, but processing recovery and plant performance are being adversely impacted by challenges in the materials handling circuit relating to high clay content in the ore. Additionally, critical component parts of the tailings pumps have experienced high levels of erosion. Replacement parts made of more sophisticated materials are now being successfully used. During its visit to Boleo on May 14, 2015, Baja management was advised by MMB that the material handling circuit issues referenced in the April 30, 2015 news release had been corrected.

The previously targeted 24,000 tonnes of copper production forecast for 2015 has been revised by MMB and KORES to 20,000 tonnes, with annualized production for the month of December 2015 reaching about 80% of the design capacity of 51,000 tonnes. The first delivery of copper is expected to be shipped from Santa Rosalia by the end of May 2015.

Baja has been advised by MMB and KORES that cobalt and zinc production is now scheduled to commence in August 2015.

Surface mining is not presently required. Stockpiles are adequate to feed the plant for at least the next 12 months, but the ore has been substantially sourced from open pit mining and grades are lower than had been projected. Progress is being made with underground mining employing new techniques and equipment. However, significant challenges remain to be overcome with the underground mining, which remains the anticipated source for higher grade ore.

The technical content included above as referenced to the April 30, 2015 announcement was extracted from the Company's news release dated April 30, 2015, which was prepared by Baja management and approved by Dr. Thomas Glück, FSAIMM., who is a Qualified Person as defined in NI 43-101. Dr. Glück is the former Director of Process Technology at Baja and a co-author of the 2010 Boleo Technical Report. All technical information disclosed in this news release has been provided or disclosed to Baja by MMB management during the site visit of Mr. Tom Ogryzlo on April 20, 2015, and subsequently confirmed by MMB management and KORES. Baja is a minority 10% shareholder in MMB, a company indirectly controlled by Kores, a Korean state owned company. Therefore, Baja does not have direct access to information relating to the operations of MMB customary for a controlling shareholder or project operator, and it depends upon information provided by MMB and/or KORES either routinely to shareholders, or at specific request. Accordingly, Dr. Glück has been unable to verify the technical disclosures in the news release relating to current and prospective process plant production tonnages and operational performance, stockpiles and mining, and therefore cannot provide definitive assurance that the technical information disclosed is correct.

Project Funding

On January 20, 2015, the Company announced that it had been advised by MMB and KORES that MMB had issued an AUD100 million corporate bond with a fixed annual interest rate of 4.125% and repayment due December 3, 2019, fully backed by a KORES guarantee. Simultaneously, MMB entered into 5 year AUD/USD cross currency swaps for proceeds of approximately USD84 million, with a fixed annual interest rate of 2.67%. The swap proceeds were intended to fund MMB through the start-up phase of operations to the time when positive operating cash flow can be achieved, based on MMB's then current financing plan.

However, as a result of production ramp-up delays and required modifications and/or improvements to mining and the process plant, KORES has advised that MMB will require further funding in May 2015, of up to US$200 million to fund MMB's operations through the remainder of 2015. Further, Baja has been advised by KORES that it expects that funding can only be accomplished by either a cash call from MMB shareholders or possibly some combination of cash call and debt and, on April 27, 2015, MMB issued a cash call to its shareholders for $63 million to cover interest payments on the MMB bonds and KORES loan and operating expenditures for May and June 2015. On May 17, 2015, MMB issued an amended cash call for $76 million replacing the April 27, 2015 cash call. Baja will be unable to fund its portion of the amended cash call amounting to $7.60 million and consequently it is anticipated that dilution of the Company's 10% ownership in MMB will take place, to the extent the cash call is paid for by a subscription for MMB shares. The extent of such dilution will depend upon the amount of the equity cash call and final resolution of the dilution formula to be applied. In April 2014, Baja agreed an equity dilution formula in principle with KORES. This formula would result in dilution reducing Baja's ownership in MMB by approximately one percentage point for each $100 million of cash calls (see Baja News Release dated April 2, 2014).

As at March 31, 2015, MMB reported total financial indebtedness (including indebtedness to shareholders) of a nominal value of approximately $1.27 billion.

Review of Baja's operating results

Comparison of the three-month period ended March 31, 2015, to the three-month period ended March 31, 2014

For the three-month period ended March 31, 2015 ("Q1 2015"), the Company recorded income of $1.48 million or $0.00 per share (basic) as compared to income of $0.38 million or $0.00 per share (basic) for the same period in 2014 ("Q1 2014"). The income in Q1 2015 includes a foreign exchange gain of $1.78 million (gain of $0.79 million in Q1 2014).

Operating expenses during the quarter ended March 31, 2015, were $0.31 million compared to $0.41 million for Q1 2014. General and administrative expenses during Q1 2015 were $0.27 million ($0.31 million in Q1 2014). The most significant differences in operating expenses are discussed below:

- Wages, salaries and management fees: $0.22 million ($0.15 million in Q1 2014) – the increase relative to Q1 2014 reflects the payment of a contractual bonus of $0.10 million to the Interim CEO pursuant to the terms of a May 2012 agreement;
- Stock-based compensation: $0.01 million ($Nil in Q1 2014) – the Company granted stock options to directors, employees and consultants during Q3 2014;
- Professional and consulting fees: recovery of $0.06 million (recovery of $0.06 million in Q1 2014) - in both Q1 2015 and Q1 2014 the Company recovered amounts incurred in connection with defending the Louis Dreyfus actions, which was settled during Q1 2014;
- Office and administration: $0.05 million ($0.11 million in Q1 2014) – the decrease compared to Q1 2014 reflects lower insurance costs and ongoing efforts by management to reduce office costs; and
- Exploration and evaluation expenditures: $0.03 million ($0.10 million in Q1 2014) – the decrease relative to Q1 2014 reflects slowed activity as Cinto Colorado and the Company have been engaged in

discussions with the Municipio of Santa Rosalia regarding ratification of the Lease, while Q1 2014 includes higher legal due diligence and project management. The Company continued to incur certain Cinto Colorado operating costs pursuant to the option agreement;

Other items

- Foreign exchange gain: $1.78 million (gain of $0.79 million in Q1 2014) – during Q1 2015 the Canadian dollar weakened appreciably against the US dollar. In the prior year period, the Canadian dollar also weakened against the US dollar, but much less significantly. The foreign exchange gains and losses are primarily a result of Baja's (Canadian functional currency) US dollar based investment in MMB.

Selected Annual Information

	2014 USD '000s	**2013 USD '000s**	**2012 USD '000s**
(Loss) for the year attributable to shareholders of the Company	(577)	(29,319)	(270,273)
(Loss) per share			
- Basic	(0.00)	(0.09)	(0.79)
- Diluted	(0.00)	(0.09)	(0.79)
Total assets	21,135	24,076	54,376
Net working capital (deficit)[(2)]	1,788	(4,867)	(85)
Total non-current financial liabilities[(3)]	11,541	1,541	1,072

(1) The Company's annual financial results as at and for the years ended December 31, 2014, 2013 and 2012 have been prepared in accordance with IFRS. The Company's presentation currency is USD. The functional currency of Baja Mining Corp. is the Canadian dollar, the functional currency of Baja International, S.à r.l. and Boleo International, S.à r.l and MMB is the US dollar, while the functional currency of MMB's subsidiaries Desarrollos y Servicios Costeros, S.A. de C.V. and Servicios y Desarrollos Meseta Central, S.A. de C.V. is the Mexican Peso. MMB was deconsolidated on August 27, 2012.

(2) 2014 excludes (i) $1.00 million receivable from MMB (2013 – includes $1.67 million (before impairment)), which is reclassified as a non-current asset as at December 31, 2014, reflecting management's judgment that the receivable from MMB may not be realized into cash within twelve months; and (ii) $10.00 million Manganese Refundable Deposit Liability reclassified as a non-current liability as at June 30, 2014 based on agreement in principle with KORES to restructure terms relating to any possible repayment.

(3) 2014 includes $10.00 million Manganese Refundable Deposit Liability.

The significant loss attributable to shareholders and the decrease in total assets and total non-current liabilities in 2012 results from the deconsolidation of MMB during the year and reflects the significant impairments recorded following the cost overruns.

The decrease in the loss in 2013 reflects: i) the reduced level of MMB losses attributable to the Company's results in 2013, reflecting the Company's lower percentage ownership in MMB and loss of significant influence in Q2 2013; ii) the significant impairments recorded by MMB following identification of the cost overrun in Q2 2012 and iii) management's continued efforts to reduce costs in 2013.

The decrease in the loss in 2014 reflects lower general and administrative costs in 2014 and the absence of any impact of MMB on the Company's financial performance following the loss of significant influence.

Review of quarterly results

The eight most recently completed quarters up to March 31, 2015:

	Q2 Jun 30, 2013	Q3 Sep 30, 2013	Q4 Dec 31, 2013	Q1 Mar 31, 2014	Q2 Jun 30, 2014	Q3 Sep 30, 2014	Q4 Dec 31, 2014	Q1 Mar 31, 2015
Total Revenues (USD ’000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Income (loss) for the period attributable to common shareholders of the Company (USD ’000)	$(10,724)	$(1,199)	$193	$380	$(1,244)	$524	$(237)	$1,478
Basic income (loss) per share for the period	$(0.03)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Diluted income (loss) per share for the period	$(0.03)	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(1) The Company’s financial results presented above have been prepared in accordance with IFRS. The Company’s presentation currency is USD. The functional currency of Baja Mining Corp. is the Canadian dollar; the functional currency of Baja International, S.à r.l. and Boleo International, S.à r.l is the US dollar.

The fluctuations in income (loss) attributable to shareholders of the Company following Q2 2013 is primarily impacted by foreign exchange fluctuations between the Canadian and US dollars, with the largest impact attributable to Baja’s (Canadian functional currency) US dollar based investment in the Project.

Prior to the loss of significant influence on April 30, 2013, the Company’s operating losses were impacted by the operating income or losses of MMB accounted for using the equity method. Subsequent to April 30, 2013, the Company’s investment in MMB is carried as a loan receivable.

The losses in Q1 and Q2 2013 reflect the loss on dilution of interest in associate and the operating income or losses of MMB accounted for using the equity method prior to the loss of significant influence on April 30, 2013. Subsequent to April 30, 2013, the Company’s investment in MMB is carried as a loan receivable. The Company’s results in Q3 and Q4 2013 reflect the operations of the Company, and are no longer impacted by the results of MMB. The income in Q4 2013, and Q1 and Q3 2014, and the loss in Q2 and Q4 2014 reflect the impact of foreign exchange, primarily a result of Baja’s (Canadian functional currency) US dollar based investment in the Boleo Project. In addition, the Q4 2014 loss includes an impairment charge of $0.57 million. The income in Q1 2015 reflects a significant foreign exchange gain.

Liquidity and capital resources

MMB’s mineral exploration and development activities have provided the Company with no source of income, and a history of losses, working capital deficiencies and deficit positions. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities from normal operations as they become due.

The Company’s combined cash and cash equivalents and short-term deposits as at March 31, 2015, totaled $1.58 million (December 31, 2014 - $1.89 million).

The Company has working capital of $1.48 million as at March 31, 2015 (December 31, 2014 – $1.79 million).

During the quarter ended March 31, 2015, the Company utilized $0.29 million of cash in operations (2014 - $0.22 million). This was measured after taking into account adjustments for non-cash items such as an unrealized foreign exchange gain of $1.78 million (2014 – $0.79 million gain) and net changes in working capital balances that released cash of $Nil (2014 – $0.19 million).

The Company did not incur any cash expenditures on property, plant and equipment during the quarter (2014 - $Nil) nor release any restricted cash balances (2014 - $0.18 million).

The Company did not complete any equity financings during the year (2014 - $Nil), nor receive any cash proceeds (2014 - $Nil) through the exercise of stock options and share purchase warrants.

As at March 31, 2015, the Company has recorded a receivable from MMB amounting to $1.00 million (December 31, 2014 - $1.00 million) in respect of the cumulative margin on services provided to MMB since 2009 pursuant to a management services agreement ("MSA"), which was terminated by MMB during Q1 2013. The timing and amount of settlement has been under discussion with KORES and MMB for an extended period of time, and therefore, there is increased uncertainty as to what amount of this receivable and when this receivable will be realized and whether it will be realized into cash within 12 months. In view of the uncertainty and the outcome of the ongoing discussions with KORES and MMB, during the quarter ended December 31, 2014, management recorded a $0.57 million impairment charge against the MMB receivable, and reclassified the remaining receivable balance of $1.00 million from short-term to long-term assets. As at March 31, 2015, there is no change to the classification or carrying amount of the MMB receivable.

The Company believes that it has sufficient cash resources to fund its operations for the next 12 months. However, the Company may not have sufficient funds and may need to raise additional funds to successfully develop the Cinto Colorado project and exercise its option, or pursue other potential project opportunities. There can be no assurance that the Company would be able to obtain adequate financing in the near future or that such financing would be on terms acceptable to the Company.

Commitments, contingencies and contractual obligations

As at March 31, 2015, the Company had the following undiscounted contractual obligations:

Contractual Obligations	**Payments due by period (thousands of USD)**				
	Total	Less than 1 year	2-3 years	4-5 years	More than 5 years
Accounts payable	$645	$645	$nil	$nil	$nil
Operating lease obligations [1]	$47	$43	$4	$nil	$nil
Subordinated debt[2]	$10,000	$nil	$nil	$10,000	$nil
Total	$10,692	$688	$4	$10,000	$nil

1 The Company has an office lease for its corporate head office expiring in April 2016, committing the Company to an average monthly lease payment of $4.0 (CDN$4.5).

2 The Company has a refundable deposit liability of $10 million from the sale of 30% of the Company's interest in MMB to the Consortium in 2008. During the quarter ended June 30, 2014, Baja and KORES agreed that the New Shareholders Agreement will provide that once the Boleo Project has started paying cash dividends and if the MMB board has decided in good faith not to proceed with the development of manganese at the Boleo Project, Baja will pay the Korean Consortium the US$10 million out of cash flows paid to Baja from the Boleo Project. This defers the possibility of Baja having to make this payment and may ensure that it will have the funds it will need to make the refund payment if it is required. Alternatively, if the MMB board decides in good faith to proceed with the development of manganese at the Boleo Project, the Korean Consortium will pay Baja the US$13 million out of cash flows paid to the Korean Consortium from the Boleo Project. As a result of this agreement, the Company has reassessed the expected timing for the settlement of this liability and the refundable deposit liability is recorded as a non-current liability. However, the Company cannot accurately predict the timing of any future payments beyond one year. Therefore, there is uncertainty to when the $10 million will actually become due and payable, should it do so.

In addition, following the Company's announcement of the forecasted Project cost overruns on April 23, 2012, the Company has become subject to a class action lawsuit initiated by a shareholder (see "*Legal Proceedings-Class Action*" on page 4).

Off-balance sheet arrangements

In 2012, the Company entered into a lease assignment for offices no longer used by the Company. In order to induce the landlord to approve the assignment, the Company provided an indemnity agreement to the landlord. The Company will remain liable during the balance of the lease term in the event the assignee does not fulfil its obligation to the landlord. The lease expires September 30, 2020.

The future aggregate minimum lease payments by the assignee to the landlord covered by this indemnity agreement are as follows:

	(USD '000s)
Not later than one year	504
Later than one year and not later than five years	2,127
Later than five years	268
	2,899

No amount has been accrued for this indemnity as of March 31, 2015, as management has assessed that it is not probable that the Company will be required to cover any amounts under the indemnity.

The Company does not have any other material off-balance sheet arrangements, including guarantee contracts, contingent interests in assets transferred to an entity, or other derivative instruments obligations not already described herein.

Transactions with related parties

Compensation of key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel of the Company include executive officers and directors.

The compensation paid or payable to key management, or to companies in common with key management personnel, for services provided is shown below.

(USD '000s)	**Three Months ended March 31, 2015**	**2014**
Short-term employee benefits[(1)]	194	104
Stock-based compensation	10	-
	204	104

(1) Includes $100 paid to the Interim CEO pursuant to a contract effective from May 2012.

Share capital information

The Company did not grant any stock options to employees or directors of the Company during the quarter. There had been no change to the Company's issued and outstanding share capital as at the date of this report; and the Company had an unlimited amount of common shares authorized for issuance, with 340,213,025 issued and outstanding and 11,162,500 stock options outstanding.

Critical accounting estimates and judgments

The preparation of the Interim Financial Statements requires that the Company's management make assumptions and estimates of effects of various future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates.

Estimates are reviewed on an ongoing basis using historical experience and other factors that are considered relevant given the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The significant assumptions about the future and other major sources of estimation uncertainty at the end of the reporting period relate to the following:

- Recoverability of current receivables;
- Classification of receivable from MMB;
- Impairment of amounts due from MMB;
- Measurement of the refundable deposit liability;
- Income taxes;
- Contingent liabilities; and
- Going concern assumption.

Further detail is set out in note 3 the Company's audited annual consolidated financial statements for the year ended December 31, 2014.

Risk factors

Readers should carefully consider the risks and uncertainties described in the Company's MD&A for the year ended December 31, 2014 (available on the SEDAR website at www.sedar.com), before deciding whether to invest in the common shares of Baja.

Disclosure controls and procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Interim Financial Statements and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at www.sedar.com.