BAJA MINING

Management's Discussion and Analysis
Quarter Ended March 31, 2016

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, 2016. 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, 2016, including the notes to those interim financial statements (the "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 27, 2016.

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 the MD&A for the year ended December 31, 2015, and other information released by Baja and filed with the appropriate regulatory agencies.

Summarized Financial Results

(*thousands of USD unless otherwise noted*)	March 31, 2016	December 31, 2015
Cash and cash equivalents	417	651
Working capital	261	502
Other receivables – non-current[(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 3).
2) Manganese Refundable Deposit Liability.

(*thousands of USD unless otherwise noted*)	2016	Three months ended March 31 2015
Loss before other items	(243)	(305)
Foreign exchange (loss) gain	(1,216)	1,782
Net (loss) income for the period	(1,459)	1,478

First Quarter Highlights and Recent Events

- On February 19, 2016, the Ontario Superior Court of Justice approved the settlement and dismissed the class action, as previously detailed in the Company's news releases on October 6, 2015 and November 9, 2015 (see "*Legal Proceedings – Class Action*" on page 4).
- At the end of the quarter, the Company had working capital of $0.26 million. The Company will require additional funding in the near-term to cover its operating costs and any development costs at Cinto Colorado (see "*Corporate Outlook*" on page 3 and "*Liquidity, Capital Resources and Going Concern*" on page 9).
- The Company reported a net loss during the quarter ended March 31, 2016, of $1.46 million, including the impact of a $1.22 million foreign exchange loss during the quarter (see "*Review of Baja's Operating Results*" on page 8).
- Tom Ogryzlo and Wolf Seidler, a Director of Baja, visited the Boleo Mine on February 19, 2016, and met with operations management of Minera y Metalúrgica del Boleo, S.A. P.I. de C.V. ("MMB") to discuss progress at Boleo, including both the underground and open pit mining and the process plant production ramp-up (see "*Boleo Project Development Activities, February 2016 Site Visit*" on page 6).
- MMB reported to the Company that copper production for 2015 was 7,319 tonnes, and targeted production for 2016 is approximately 22,000 tonnes. Copper production for the first quarter was 3,054 tonnes, including production of over 1,500 tonnes during the month of March 2016 (see "*Boleo Project Development Activities, February 2016 Site Visit*" and "*Production and Shipments*" on pages 6 and 7).
- During the quarter, the MMB 2016 capital and operating budget was approved by all members of the MMB board of directors, including Baja. MMB management have projected a cash shortfall of $300 million for the Boleo Project in 2016 (see "*Boleo Project Development Activities, Projected Cash Shortfall 2016*" on page 7)
- On February 5, 2016, and March 23, 2016, MMB issued cash calls of $38.3 million and $90.0 million, respectively. The Company informed MMB that it would not contribute its 10%, which may give rise to dilution of the Company's 10% shareholding in MMB (see "*Boleo Project Development Activities, Projected Cash Shortfall 2016*" on page 7).
- On March 25, 2016, Baja International S.à r.l. was liquidated, completing the voluntary liquidation of the Luxembourg holding companies, which is expected to eliminate approximately $0.1 million of annual running costs. (see "*Liquidation of Luxembourg Subsidiaries*" on page 5).
- During the quarter, Baja management presented its preliminary concepts for the development of the Cinto tailings to MMB and KORES. In early April 2016, the executive management of the Company, together with a representative of SNC-Lavalin, met with senior executives of KORES in Seoul to present preliminary development concepts, including the construction of an autoclave to supply copper concentrate to Boleo and the development of the Cinto tailings (see "*Cinto Colorado Project*" on page 3).
- In early April 2016, the Company was advised by MMB that the cobalt-zinc circuits have been commissioned and the plant is now producing zinc sulphate and cobalt metal. MMB management have declared that the commissioning phase of the processing plant operations has now been completed with the operation of the plant now stabilized and achieving planned production targets (see "*Boleo Project Development Activities, February 2016 Site Visit*" on page 6).
- Planned meetings with representative of Korea Resources Corporation ("KORES") mid-May 2016 in Vancouver to continue discussions on the new shareholders agreement and the management services

agreement ("MSA") margin receivable for MMB were postponed by KORES until mid-June (see "*Ongoing Discussions on New Shareholders' Agreement*" below).

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, 2016. The Project achieved the production first copper in January 2015 and in April 2016, MMB management declared that the commissioning phase of the processing plant operations has now been completed.

As at March 31, 2016, the Company owned a 10.0% interest in the MMB. MMB holds all mineral and property rights in the Project. As at March 31, 2016, 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.

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 and is working to identify and evaluate alternative project opportunities with potential for near-term cash flow or value creation (see "*Cinto Colorado Project"* below).

Ongoing Discussions on New Shareholders' Agreement

Baja believes that significant progress has been made toward reaching a final agreement on the key issues on the revised MMB shareholders' agreement (the "Shareholders' Agreement"), including dilution, the manganese production decision and related payments (see Baja news release dated April 2, 2014), as well as the management services agreement ("MSA") margin amount owing to Baja.

Following meetings between the Company and KORES in Q4 2015 and in Seoul in early April 2016, the parties have agreed to work toward finalizing the Shareholders' Agreement and related matters at a next meeting in Vancouver in mid-June 2016.

Cinto Colorado Project

In January 2016, Baja and Cinto Colorado presented development concepts for the Cinto Colorado tailings project to a meeting of the Cabildo (elected municipal governing body) of the Municipio of Mulegé (the regional municipality where Santa Rosalia is situated, the"Municipio"). At that time, Baja and Cinto requested that the Cabildo adopt a formal resolution in support of the tailings reclamation project. Following several one-on-one meetings between the President of Cinto Colorado and members of the Cabildo in early April 2016, the members of the Cabildo have committed to call a special meeting to vote on the tailings project. A date has not yet been set for the Cabildo meeting.

On January 7, 2016, the Company announced that initial metallurgical test work on samples taken from the Cinto Colorado leach/precipitation/flotation (LPF) tailings located in Santa Rosalia, adjacent to the Boleo mine site, have yielded positive results. The Company engaged Met-Solve Laboratories ("Met-Solve") in Langley, BC to undertake and coordinate the testing, which was supervised by Dr. Dreisinger, with Dr. Thomas Glück, the former Director of Process Technology at Baja and a co-author of the 2010 Boleo Technical Report, as project manager.

Further, the Company reported that test work confirmed that the Cinto tailings are suitable for leaching. Recoveries from bench scale testing approached 70% with modest acid consumption. Ion exchange (IX) testing using a copper selective, chelating resin, produced concentrated copper solutions potentially suitable for direct addition to the Boleo plant copper recovery process or, alternatively, for direct electrolysis to copper metal. One option for direct electrolysis would be to use Electrometal's EMEW technology.

Baja has previously presented its preliminary concepts for the development of the Cinto tailings to MMB and KORES, including simply trucking the tailings on an existing haul road to be fed into the Boleo plant, or producing and supplying an enriched copper pregnant leach solution (PLS), pumped a distance of approximately 2 km from the Cinto plant to the Boleo plant. The Company agreed with KORES that it would advance these concepts for further review with KORES and MMB. A key aspect of its discussions with KORES will be to determine what level of cooperation in terms of access to infrastructure and process consumables that Baja and Cinto may be able to secure from MMB.

With the preliminary interest expressed by KORES and MMB, and the anticipated support from the Municipio, the Company commissioned SNC-Lavalin to prepare a scoping study in connection with processing a high arsenic copper concentrate in an autoclave to supply a PLS copper solution to Boleo. Additionally, the Company has undertaken some further metallurgical testing on the tailings, which may be processed in parallel with the copper concentrate. The scoping study supported the technical and commercial viability of the project concept, subject to testing in the market.

In early April 2016, the executive management of the Company, together with a representative of SNC-Lavalin, met with senior executives of KORES in Seoul to discuss the autoclave concept. The Company received feedback from KORES that the autoclave technology concept is an alternative that KORES has been evaluating and it envisages that MMB would undertake internally. The Company believes that it is in the best interest of the Boleo Project for the autoclave concept to be advanced immediately, and it has recommended concepts for KORES/MMB's consideration whereby Baja may be able to complete the preparation of a Definitive Feasibility Study, arrange financing, and then proceed with engineering design, procurement and construction management to complete the construction. If advantageous, Baja would also be willing to operate the plant.

An extension to the Cinto Colorado option agreement through December 31, 2016, has been agreed by the parties.

The Company incurred exploration and evaluation expenditures relating to the Cinto Colorado option agreement for the three months ended March 31, 2016 of $0.05 million (2015 - $0.03 million). Total expenditures from inception of the project are $1.10 million, covering the period from the quarter ended June 30, 2013, to the quarter ended March 31, 2016.

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.

On October 6, 2015, and November 9, 2015, Baja announced the execution of a settlement agreement (the "Settlement") between the parties providing among other things that the Action would be dismissed, no liability would be admitted, and the Settlement amount would be CDN $11 million, inclusive of administration and legal costs of the class, and of any other costs or expenses related to the Action or the Settlement.

The CDN $11 million settlement was paid directly by Baja's insurers to a trust account controlled by the plaintiff's legal counsel in November 2015, and accordingly no provision has been recognized by the Company at December 31, 2015.

On February 19, 2016, the Ontario Superior Court of Justice approved the Settlement and dismissed the Action.

Liquidation of Luxembourg Subsidiaries

In October 2015, the Company initiated steps to implement the liquidation of its Luxembourg holding companies, which is expected to eliminate approximately $0.1 million of annual running costs.

An extraordinary general meeting of the sole shareholder held on December 3, 2015, closed the liquidation of Boleo International S.à r.l. On December 28, 2015, at an extraordinary general meeting of the sole shareholder, Baja International S.à r.l. was placed in liquidation.

On December 29, 2015, the liquidator of Baja International S.à r.l. distributed to the sole shareholder, Baja Mining Corp., as an advance on the liquidation proceeds of Baja International S.à r.l. by way of a payment in kind, 12,749,094 shares held in MMB.

On March 25, 2016, the liquidation of Baja International S.à r.l. was completed.

Corporate Outlook

The Company's current focus continues to be 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 (see "*Ongoing Discussions on New Shareholders' Agreement*" on page 3). In addition, the Company is working to identify and is selectively evaluating alternative project opportunities, including the Cinto Colorado option. The Company does not have sufficient cash resources to fund its operations for the next 12 months and is preparing to raise additional financing to fund its ongoing overheads and to successfully develop the Cinto Colorado project and exercise its option, or pursue other potential project opportunities.

At its meeting of shareholders held on December 16, 2015, the Company was granted approval to consolidate its share capital on the basis of one new share for every 20 existing shares outstanding.

Boleo Project Development Activities

The latest available NI 43-101 compliant technical report on the Boleo Project is dated March 2, 2010 (the "March 2010 Technical Report"), 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. Readers are further cautioned that information regarding the Boleo Project set out in 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 Company's principal asset is its minority investment in the Boleo Project and related shareholder loan. Therefore, the Company's management attempts to closely follow, and wherever possible influence, developments at the Project, which are relevant to the Company's investment, and ultimately any recovery it may realize. To the best of the Company's knowledge, the key developments during the period are summarized under the sub-section headings below.

Information presented in the sub-sections "February 2016 Site Visit" and "Copper Production and Shipments", below is based on or derived from the latest available information provided to the Company by MMB and KORES at that time. 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 has no reason to believe that the information provided to it by MMB and/or KORES and reflected herein is not 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.

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.

***February 2016 Site Visit** (see Company news release dated February 29, 2016)*

Tom Ogryzlo and Wolf Seidler, a Director of Baja, visited the Boleo Mine on February 19, 2016, and met with operations management of MMB to discuss progress at Boleo, including both the underground and open pit mining and the process plant production ramp-up.

Plant

Details of the plant problems and solutions were in line with those reported in the Company’s New Release dated November 10, 2015. Some remedies, like the addition of a “Sizer” unit to deal with problems related to clay in plant feed material, have been installed and are functioning as expected, while other improvements are awaiting delivery of key items. MMB management is encouraged by the copper recoveries after reduction leaching, which it advised are currently ±70%. During the ramp-up phase, the plant continues to process lower grade material ranging between 0.70% and 0.90% copper. Baja representatives were not made aware of any process plant problems to which, in the opinion of MMB management, there were no solutions, and were advised that most, if not all of which, should be in place by the end of 2016. Delays in the delivery of key materials are impacting the timing with which outstanding improvements are achievable.

Copper cathode production in 2015 was 7,319 tonnes; the target for 2016 is 22,000 tonnes of copper cathode.

The cobalt and zinc circuits were then scheduled to be in operation sometime in March 2016. The first zinc sulphate prills were on display during Baja’s visit having been produced the night before. Cobalt metal was produced in early April 2016. At that time, MMB management declared that the commissioning phase of the processing plant operations has been completed.

MMB commenced the installation of two additional acid storage tanks at a cost of US$3.5 million.

Underground and Surface Mining

Due largely to difficult ground conditions, underground mining continues to be a serious challenge. The 2015 year end target of producing 1,000 tonnes per day (tpd) underground was achieved on the day before the visit but had not yet been demonstrated to be sustainable at that level. Plans involving new custom built mining equipment and more underground workers are in place to ramp up daily production to the forecast 3,000 tpd by year end.

Two Mexican mining contractors with experience in coal mining are working underground employing approximately 80 miners at that time. They are responsible for the mining activity in two of the underground mines.

During their site visit, Mr. Ogryzlo and Mr. Seidler observed conditions in the underground mines that they believed to be unsafe. This was brought to the attention of MMB management and the MMB Board. Assurance was given to Baja that appropriate steps would be taken to remedy these conditions.

Surface mining seemed to be working well. The only challenges relate to the high stripping ratio, which was then reaching 12:1.

Copper Production and Shipments

During the quarter ended March 31, 2016, MMB reported total copper cathode production of 3,054 tonnes, including production of over 1,500 tonnes during the month of March 2016 when the plant operated with 85% availability. In February 2016, MMB shipped 2,849 tonnes of copper cathode.

The technical and other information in respect of the Boleo operations disclosed herein has been reproduced from Company new releases as referenced, or in reports provided to the Company by MMB. The technical and other information contained in those Company news releases has been provided or disclosed to Baja by MMB management during the site visits. However, 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 and independent access to information relating to the operations of MMB customary for a controlling shareholder or project operator. Baja is dependent upon information provided by MMB and/or KORES either routinely to shareholders, or at specific request. Accordingly, the Company and its representatives have been unable to verify the technical disclosures in the news releases relating to current and prospective Boleo mine and process plant production tonnages and operational performance and therefore cannot provide definitive assurance that the technical information disclosed therein and herein is correct. The technical comments contained in the Company news releases with respect to the processing plant was reviewed and approved by Dr. David Dreisinger, Ph.D., P.Eng., F.C.I.M., F.C.A.E, who is a Qualified Person as defined in NI 43-101.

Projected Cash Shortfall 2016

MMB management have projected a cash short fall of approximately US$300 million for 2016 based on a 2016 capital and operating budget, which was approved by all members of the MMB Board of Directors, including Baja. It is unclear at this time to what extent this cash short fall will be covered by new equity and/or new shareholder or third-party loans.

On February 5, 2016, and March 23, 2016, MMB issued cash calls of $38.3 million and $90.0 million, respectively, for funding planned operations through Q2 2016. The Company has informed MMB that it would not participate in and contribute its 10% share in each of the cash calls. This may result in a further decrease in Baja's ownership of the Boleo Project, in addition to that which may arise in respect of the May 2015 MMB cash call (total advance of $76.0 million). The extent of any dilution to Baja's current 10% shareholding in MMB is pending finalization of the revised Shareholders Agreement and the ultimate form of the cash call participation (i.e. shareholder loan or equity).

On May 27, 2016, MMB issued a further cash call for $40.0 million for funding of operations through Q3 2016. The Company will communicate to MMB that it will not participate in and contribute its 10% share in the cash call.

As at December 31, 2015, MMB reported total financial indebtedness (including indebtedness to shareholders) of a nominal value of approximately $1.50 billion.

Review of Baja's Operating Results

Comparison of the three-month period ended March 31, 2016, to the three-month period ended March 31, 2015

For the three-month period ended March 31, 2016 ("Q1 2016"), the Company recorded net loss of $1.46 million or $0.00 per share (basic) as compared to income of $1.48 million or $0.00 per share (basic) for the same period in 2015 ("Q1 2015"). The net loss in Q1 2016 includes a foreign exchange loss of $1.22 million (gain of $1.78 million in Q1 2015).

Operating expenses during the quarter ended March 31, 2016, were $0.24 million compared to $0.31 million for Q1 2015. General and administrative expenses during Q1 2015 were $0.19 million ($0.27 million in Q1 2015). The most significant differences in operating expenses are discussed below:

- Wages, salaries and management fees: $0.10 million ($0.22 million in Q1 2015) – the decrease relative to Q1 2015 reflects the payment in Q1 2015 of a contractual bonus of $0.10 million and the foreign exchange impact of a stronger US$ on the C$ payroll;
- Director fees: $0.02 million ($0.03 million in Q1 2015) – the decrease relative to Q1 2015 reflects fewer director meetings held and related fees paid in the current period;
- Professional and consulting fees: $0.01 million ($0.06 million recovery in Q1 2015) – the Company incurred legal fees during the quarter in connection with the negotiation of the revised shareholders agreement and insurance coverage matters relating to the class action not recoverable as defence costs. In Q1 2015, the Company recovered amounts incurred in connection with defending the Louis Dreyfus actions, which was settled during Q1 2014;
- Exploration and evaluation expenditures: $0.05 million ($0.03 million in Q1 2015) – the increase relative to Q1 2015 reflects expenditures incurred by the Company for the preparation the technical scoping study commissioned in respect of the autoclave project. The Company continued to incur certain Cinto Colorado operating costs pursuant to the option agreement;

Other items

- Foreign exchange loss: $1.22 million (gain of $1.78 million in Q1 2015) – during Q1 2016, the Canadian dollar strengthened against the US dollar as compared to a weakening against the US dollar in Q1 2015. The foreign exchange gains and losses are primarily a result of Baja's (Canadian functional currency) US dollar based investment (shareholder loan) in the Boleo Project.

Selected Annual Information

	2015 USD '000s	**2014 USD '000s**	**2013 USD '000s**
Income (loss) for the year	2,196	(577)	(29,319)
Income (loss) per share			
- Basic	0.01	(0.00)	(0.09)
- Diluted	0.01	(0.00)	(0.09)
Total assets	19,784	21,135	24,076
Net working capital (deficit)[(2)]	502	1,788	(4,867)
Total non-current financial liabilities[(3)]	11,541	11,541	1,541

(1) The Company's annual financial results as at and for the years ended December 31, 2015, 2014 and 2013 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.

(2) 2015 and 2014 exclude (i) $1.00 million receivable from MMB (2013 – includes $1.67 million (before impairment)), which was 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) 2015 and 2014 include $10.00 million Manganese Refundable Deposit Liability.

The significant loss in 2013 reflects MMB losses attributable to the Company's results in 2013 prior to the loss of significant influence in Q2 2013 when the Company's ownership interest in MMB was diluted below 20%.

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.

The income in 2015 results from a foreign exchange gain of $3.50 million arising during the year.

Review of Quarterly Results

The eight most recently completed quarters up to March 31, 2016:

	Q2 Jun 30, 2014	**Q3 Sep 30, 2014**	**Q4 Dec 31, 2014**	**Q1 Mar 31, 2015**	**Q2 Jun 30, 2015**	**Q3 Sep 30, 2015**	**Q4 Dec 31, 2015**	**Q1 Mar 31, 2016**
Total Revenues (USD '000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Income (loss) for the period attributable to common shareholders of the Company (USD '000)	$ (1,244)	$ 524	$ (237)	$ 1,478	$ (680)	$ 1,140	$ 258	$ (1,459)
Basic and diluted income (loss) per share for the period	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(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 fluctuating income (loss) of the Company 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.

Liquidity, Capital Resources, and Going Concern

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, in the near-term, to obtain the necessary financing to meet its obligations, cover overheads, and settle its liabilities from normal operations as they become due. The Company does not expect to receive any cash flows from its shareholding in MMB or shareholder loan in the foreseeable future.

The Company's combined cash and cash equivalents and short-term deposits as at March 31, 2016, totaled $0.42 million (December 31, 2015 - $0.65 million).

The Company has working capital of $0.26 million as at March 31, 2016 (December 31, 2015 – $0.50 million).

During the quarter ended March 31, 2016, the Company utilized $0.24 million of cash in operations (2015 - $0.29 million). This was measured after taking into account adjustments for non-cash items such as an unrealized foreign exchange loss of $1.21 million (2015 - $1.78 million gain). No cash was released during the quarter from net changes in working capital balances (2015 – $Nil).

The Company did not incur any cash expenditures on property, plant and equipment during the quarter (2015 - $Nil).

The Company did not complete any equity financings during the quarter (2015 - $Nil), nor receive any cash proceeds (2015 - $Nil) through the exercise of stock options.

As at March 31, 2016, the Company has recorded a receivable from MMB amounting to $1.00 million (December 31, 2015 - $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 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, 2016, there is no change to the classification or carrying amount of the MMB receivable.

The Company does not have sufficient cash resources to fund its operations for the next 12 months and is planning to raise additional financing to fund its ongoing overheads and to successfully develop the Cinto Colorado project and exercise its option in Cinto Colorado, 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. These factors cast significant doubt on the Company's ability to continue as a going concern.

Commitments, Contingencies and Contractual obligations

As at March 31, 2016, 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	$220	$220	$nil	$nil	$nil
Operating lease obligations [1]	$4	$4	$nil	$nil	$nil
Subordinated debt[2]	$10,000	$nil	$nil	$nil	$10,000
Total	$10,224	$224	$nil	$nil	$10,000

1. The Company had an office lease for its corporate head office, which expired on April 29, 2016 and was not renewed.
2. The Company has a refundable deposit liability of $10,000 from the sale of 30% of the Company's interest in MMB to the Consortium in 2008. Terms of the manganese production decision and related payments continue to be under discussion as part of negotiations on a revised MMB shareholders' agreement (see "*Ongoing Discussions on New Shareholders Agreement*" on page 3).

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	509
Later than one year and not later than five years	1,833
	2,342

No amount has been accrued for this indemnity as of March 31, 2016, 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, 2016**	**2015**
Short-term employee benefits(1)	86	194
Stock-based compensation	3	10
	89	204

(1) 2015 Includes $100 bonus paid to the Interim CEO pursuant to a contract effective from May 2012.

Accounts payable and accrued liabilities

As at March 31, 2016, the accounts payable and accrued liabilities balance includes $0.03 million owing to key management personnel (December 31, 2015 - $Nil).

Share Capital Information

The Company did not grant any stock options to employees or directors of the Company during the quarter. As at the date of this MD&A the Company had an unlimited amount of common shares authorized for issuance, with 340,213,025 issued and outstanding and 5,300,000 stock options outstanding.

Changes in Accounting Standards

Adoption of new or revised IFRS pronouncements during the period

The Company did not adopt any new accounting standard during the quarter ended March 31, 2016.

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:

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

Further detail is set out in note 3 of the Company's audited annual consolidated financial statements for the year ended December 31, 2015 and, in respect of the going concern assumption, Note 1 of the Interim Financial Statements.

Risk factors

Readers should carefully consider the risks and uncertainties described in the Company's MD&A for the year ended December 31, 2015 (available on the SEDAR website at www.sedar.com), before deciding whether to invest in the common shares of Baja.

In addition, the reader's attention is directed to the going concern risk highlighted in Note 1 of the Financial Statements and in the "*Liquidity, Capital Resources and Going Concern*" section of this MD&A (page 9).

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.