Management's Discussion and Analysis
Quarter Ended September 30, 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 September 30, 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 September 30, 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 November 27, 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 the 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)	**September 30 2015**	**December 31 2014**
Cash and cash equivalents	972	1,891
Working capital	874	1,788
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 4).
2) Manganese Refundable Deposit Liability.

	Three months ended September 30		**Nine months ended September 30**	
(thousands of USD unless otherwise noted)	**2015**	**2014**	**2015**	**2014**
Loss before other items	(279)	(459)	(924)	(1,418)
Foreign exchange gain	1,420	982	2,862	1,073
Income (loss) for the period	1,140	524	1,938	(340)

Third quarter highlights and recent events

- On July 12, 2015, Minera y Metalúrgica del Boleo, S.A. P.I. de C.V. ("MMB") shipped 1,919 tonnes of electrolytic copper cathodes from its marine terminal at Boleo and, in late October 2015, shipped a further 2,750 tonnes of copper cathodes (see "*Boleo Project ramp-up activities*" on pages 5 and 6).
- In September 2015, access to and from the Boleo site was restricted by the local authorities, which caused significant disruption to the plant and mining operations at Boleo. On September 25, 2015, the access restrictions imposed at the Boleo mine site by the Municipio of Mulege were removed by the newly-elected President (see "*Boleo Project ramp-up activities*" on pages 5 and 6).
- During the quarter, the Company incurred expenditures of $0.03 million (2014 - $0.05 million) in connection with its Cinto Colorado option agreement and initiated metallurgical test work (see "*Cinto Colorado Project*" on page 4).
- During the quarter, management and directors continued to identify and evaluate a number of prospective opportunities for the Company.

- The Company reported net income during the quarter ended September 30, 2015, of $1.14 million, including the impact of a $1.42 million foreign exchange gain during the quarter (see "*Review of Baja's operating results*" on page 7).
- At the end of the quarter, the Company had working capital of $0.87 million. The Company expects it will require additional funding within the next 12 months to cover its operating costs and any development costs at Cinto Colorado (see "*Liquidity and capital resources*" on page 10).
- 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.
- On October 6, 2015, the Company announced that it had reached a settlement of the class action lawsuit (the "Action"), conditional on formal documentation being executed and approval of the court. On November 9, 2015, the Company announced that a final settlement agreement had been executed by all parties (the "Settlement") and that the Settlement remains subject to the approval of the Ontario Superior Court. The Settlement is made without any admission of liability and the parties have agreed to a settlement amount of CDN $11.0 million that will be covered by the Company's insurers (see "*Legal proceedings – Class Action*" on page 4).
- On October 22 and 23, 2015, Baja management met with representatives of KORES in Vancouver to continue discussions on the new shareholders agreement and the management services agreement ("MSA") margin receivable for Minera y Metalúrgica del Boleo, S.A. P.I. de C.V. ("MMB") (see see "*Ongoing discussions on New Shareholders Agreement*" on page 4).
- On October 30 and 31, 2015, Baja's executive management team (Tom Ogryzlo, Interim CEO; Dr. David Dreisinger, VP Metallurgy; Nigel Kirkwood, CFO) visited the Boleo Project to meet with senior management of MMB to discuss progress at Boleo, including the process plant production ramp-up and both the underground and open pit mining (see "*Boleo Project ramp-up activities*" on page 5 and 6).

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 September 30, 2015. The Project achieved the production of first copper in January 2015, and is in the production ramp-up phase of operations.

As at September 30, 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 September 30, 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*" on page 4).

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

Baja management met with KORES in Vancouver on October 22 and 23, 2015 to continue discussions on the revised MMB shareholders' agreement (the "Shareholders' Agreement"). Baja believes that meaningful progress has been made on the key issues, 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 pursuant to the MSA prior to its termination effective in February 2013. The parties are working to finalize the Shareholders' Agreement and related matters before the end of the year.

Cinto Colorado Project

On July 2, 2015, the Company announced that it had commenced metallurgical testwork, including leaching and recovery, solid-liquid separation and electrowinning tests, on samples taken from the Cinto Colorado tailings. The Company engaged Met-Solve Laboratories of Langley, BC to undertake and coordinate the testing. The test work is being supervised by the Company's Vice President of Metallurgy, Dr. David 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.

The results of the testwork are positive and the Company expects it will disclose further details in due course. The Company has presented potential development options for the Cinto tailings to MMB and KORES and is encouraging cooperative efforts that could benefit both MMB and Cinto Colorado. Formal response is awaited from MMB and KORES, as well as confirmation of support from the recently elected representatives of the Municipio of Mulegé (the "Municipio"), which the Company and Cinto Colorado want to have assured. In early November 2015, the President of Cinto Colorado met with the newly-elected President of the Municipio, who requested that Cinto Colorado and Baja present the tailings project to the cabildo (elected municipal governing body) of the Municipio to formally ratify support for the project. A meeting may not be possible until January 2016, after the holiday period.

The Company has and will continue to minimize its expenditures relating to Cinto Colorado, including technical expenditures relating to feasibility, until certainty exists regarding the foregoing. The Company is in discussions with the other parties to the Cinto Colorado option agreement, as amended effective November 24, 2014, to extend the term of the option agreement, which currently expires on December 31, 2015.

The Company incurred exploration and evaluation expenditures relating to the Cinto Colorado Option Agreement for the three months ended September 30, 2015 of $0.03 million (2014 - $0.05 million). Total expenditures from inception of the project are $1.12 million, covering the period from the quarter ended June 30, 2013 to the quarter ended September 30, 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) and dismissed all other claims (the "Action").

On October 6, 2015, Baja announced that it had reached a settlement of the Action, conditional on formal documentation being executed and approval of the court.

On November 9, 2015, the Company announced that a final settlement agreement had been executed by all parties (the "Settlement") and that the Settlement remains subject to the approval of the Ontario Superior Court. The Settlement is made without any admission of liability and the parties have agreed to a settlement amount of CDN $11,000,000.00, inclusive of administration and legal cost of the class, and any other costs or expenses related to the Action or the Settlement. The settlement amount will be covered by Baja's insurers. The parties have agreed to use their best efforts to effect this Settlement and to promptly secure Court approval and a complete and final dismissal with prejudice of the Action as against the Company and the other defendants.

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 ramp-up 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 Copper Shipments, Production Ramp-up 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 September 17, 2015, the Company announced that it had been advised by MMB management that access to and from the Boleo site was being restricted by the local authorities. Senior management of MMB had informed Baja that the Municipio claimed it was entitled to certain construction permit-related payments from MMB. The restrictions resulted directly from these claims. Baja and MMB believe that resolution of the legal appeal launched to resolve this matter still remains before the courts and consequently the Municipio had acted without legal authority in imposing restrictions. On September 25, 2015, the access restrictions imposed at the Boleo mine site by the Municipio were removed by the newly elected President of the Municipio.

Executive Management (Tom Ogryzlo - Interim CEO, Nigel Kirkwood – CFO, and David Dreisinger – VP Metallurgy) visited the Boleo Project on October 30 and 31, 2015, and met with operations management of MMB to discuss progress at Boleo, including the process plant production ramp-up and both the underground and open pit mining.

Copper shipment, Boleo production ramp-up

Baja has been advised by MMB that in late October 2015, Boleo shipped a further 2,750 tonnes of copper cathode, in addition to 1,919 tonnes shipped on July 12, 2015, and that MMB plant personnel have been working to address process and equipment issues, which have become apparent during the ramp-up of copper production.

The zinc-cobalt circuit is being commissioned, and Baja management was informed that zinc sulphate production is now expected to commence in December 2015, and cobalt metal production in January 2016. MMB management reported that the ramp-up and operation of the Boleo plant was significantly disrupted by the access restrictions imposed by the former President of the Municipio of Mulegé at the Boleo site in September 2015.

MMB management is working to increase copper extraction rates to design levels. The start-up of the sulphur dioxide (SO_2) circuit, which is expected to improve copper recovery, was being prepared for start-up on November 11, 2015, but is now expected to start up in December 2015. Plant management is also investigating other parameters such as operating temperature and acid dosage rates affecting copper recovery in order to make process adjustments in the leaching circuit. These adjustments are also intended to reduce high levels of gypsum present in the circuit. It may take several months to make these adjustments, particularly if plant design modifications are required.

The materials handling circuit is functioning satisfactorily and can achieve design capacity throughput rates. However, certain modifications are being introduced to address material sizing to improve the performance of the scrubber and crusher, which at times have been hampered by excessive clay in the plant feed. A fourth tailings pump has just been installed to provide added flexibility and back-up. Several minor but disruptive equipment failures have occurred, which plant management have rectified, including the replacement of a number of blades on leach tank agitators.

The plant continues to be fed from low-grade stockpiles while the operation is being ramped up. Baja management was advised that expected total copper production for 2015 will be approximately 7,500 tonnes, as compared to 20,000 tonnes previously targeted (see Baja news release dated April 30, 2015).

Underground and surface mining

New underground mining methods continue to be evaluated. MMB mining crews are advancing access tunnels in three mines at the manto level, and Mexican contract miners are carrying out trials mining using short-wall mining techniques. Underground mining currently employs approximately 140 miners on three production shifts. MMB mine management advised Baja that underground mining conditions remain constrained by very difficult ground conditions, availability of experienced personnel and equipment. Underground production is averaging approximately 450 tonnes per day. This is programmed to increase to 1,000 tonnes per day before year end with the delivery of additional equipment expected this month.

Surface mining continues to provide the bulk of the material delivered to stockpiles. Year to date through September 2015, surface mining has added approximately 260,000 tonnes to stockpiles with an average grade of 1.43%. Mining strip ratios are currently between 7:1 and 8:1, with an average haul distance of approximately six kms. Both surface and underground mining was halted by the site access restrictions imposed by the Municipio.

MMB mine management are preparing a long-term mine plan that is expected to be finalized before year end.

Baja management will be attending the next MMB Board meeting scheduled to take place at site in mid-December.

The technical content of the above was extracted from the Company's news release dated November 10, 2015, prepared by Baja management and approved by Baja's VP Metallurgy, 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. The technical information in respect of the Boleo operations disclosed in the Company's November 10, 2015 news release was provided or disclosed to Baja by MMB management during the site visit of Baja management on October 30 and 31, 2015. Baja is a minority 10% shareholder in MMB, a company indirectly controlled by KORES, a Korean state-owned company. Therefore, Baja does not have access to information relating to the operations of MMB customary for a controlling shareholder or project operator, and it is dependent upon information provided by MMB and/or KORES either routinely to shareholders, or at specific request. Accordingly, Dr. Dreisinger has been unable to verify the technical disclosures in the news release relating to current and prospective Boleo 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

There were no cash calls made by MMB during the quarter. However, the Company announced on July 20, 2015, that it had been advised by MMB and KORES that MMB has issued a further aggregate principal amount of $120 million of its 2.875% Guaranteed Notes due 2019 (the "Additional Notes"). The Additional Notes constitute a further issuance to the $340 million aggregate principal amount of 2.875% Guaranteed Notes due 2019 that MMB issued on May 7, 2014, backed by a KORES guarantee (see Baja News Release dated May 13, 2014). The proceeds will be used to fund the production ramp-up and operations through 2015, according to the latest MMB financing plan.

As at September 30, 2015, MMB reported total financial indebtedness (including indebtedness to shareholders) of a nominal value of approximately $1.48 billion.

Review of Baja's operating results

Comparison of the three-month period ended September 30, 2015, to the three-month period ended September 30, 2014

For the three-month period ended September 30, 2015 ("Q3 2015"), the Company recorded net income attributed to its shareholders of $1.14 million or $0.00 per share (basic) as compared to net income attributed to its shareholders of $0.52 million or $0.00 per share (basic) for the same period in 2014 ("Q3 2014"). The increase in net income is the result of lower operating expenses in Q3 2015 and a greater foreign exchange gain during Q3 2015.

Operating expenses during the quarter ended September 30, 2015, were $0.28 million compared to $0.46 million for Q3 2014. The most significant differences are discussed below:

- Wages, salaries and management fees: $0.13 million ($0.15 million in Q3 2014) – the decrease relative to Q3 2014 reflects the foreign exchange impact of a stronger US$ on the C$ payroll and lower administrative costs in Luxembourg. The savings from the termination of an employee during the period were offset by severance paid;
- Professional and consulting: $0.04 million ($0.07 million in Q3 2014) – the decrease compared to Q3 2014 reflects lower legal costs incurred in the absence of any specific matters during the period, the effect of which is partly offset by increased tax consulting costs associated with the implementation of the Luxembourg restructuring;
- Office and administration: $0.05 million ($0.11 million in Q3 2014) – the decrease compared to Q3 2014 reflects lower insurance costs and the ongoing efforts by management to reduce office costs;

- Stock-based compensation: $0.01 million ($0.10 million in Q3 2014) – the decrease relative to Q3 2014 reflects the grant of options in August 2014 that vested fully on the grant date. In September 2014, there was a further grant of options vesting over a two-year period, which gives rise to the expense during Q3 2015; and
- Exploration and evaluation expenditures: $0.03 million ($0.05 million in Q3 2014) – the decrease relative to Q3 2014 reflects savings from the absence of legal due diligence cost in the Q3 2015, which was partly offset by costs relating to the metallurgical testwork initiated during the quarter. The Company continued to incur certain Cinto Colorado operating costs pursuant to the option agreement.

Other items

- Foreign exchange gain: $1.42 million ($0.98 million gain in Q3 2014) – during Q3 2015, the Canadian dollar weakened (Q3 2014 – weakened) against the US dollar. The foreign exchange gains and losses are primarily a result of Baja's (Canadian functional currency) US dollar based investment in the MMB.

Comparison of the nine-month period ended September 30, 2015, to the nine-month period ended September 30, 2014

For the nine-month period ended September 30, 2015 ("9M 2015"), the Company recorded net income attributed to its shareholders of $1.94 million or $0.01 per share (basic) as compared to net loss attributed to its shareholders of $0.34 million or $0.00 per share (basic) for the same period in 2014 ("9M 2014"). The income in 9M 2015 results from a foreign exchange gain of $2.86 million.

Operating expenses during 9M 2015 were $0.92 million compared to $1.42 million in 9M 2014. The most significant differences are discussed below:

- Wages, salaries and management fees: $0.48 million ($0.47 million in 9M 2014) – 9M 2015 reflects the payment of a contractual bonus of $0.10 million to the Interim CEO pursuant to the terms of a May 2012 agreement, which offsets savings from the foreign exchange impact of a stronger US$ on the C$ payroll, lower payroll costs with reduced hourly wages paid, and lower administrative costs in Luxembourg;
- Professional and consulting: $0.03 million ($0.07 million in 9M 2014) – the decrease compared to Q3 2014 reflects lower audit costs, the effect of which is partly offset by increased tax consulting costs associated with the implementation of the Luxembourg restructuring;
- Office and administration: $0.17 million ($0.32 million in 9M 2014) – the decrease compared to 9M 2014 reflects lower insurance costs and the ongoing efforts by management to reduce office costs, as well as the foreign exchange impact of a stronger US$ on the C$ office costs;
- Shareholders information: $0.04 million ($0.10 million in 9M 2014) – the decrease relative to 9M 2014 reflects the application fees incurred in the prior year in connection with the relisting on the TSX Venture Exchange and the cost of the Company AGM held in September 2014;
- Stock-based compensation: $0.03 million ($0.10 million in 9M 2014) – the decrease relative to 9M 2014 reflects the grant of options in August 2014 that vested fully on the grant date. In September 2014, there was a further grant of options vesting over a two-year period, which gives rise to the expense during the 9M 2015; and
- Exploration and evaluation expenditures: $0.09 million ($0.31 million in 9M 2014) – the decrease relative to 9M 2014 reflects slowed activity as Cinto Colorado and the Company awaited the outcome of elections in the Municipio of Santa Rosalia and lower legal due costs incurred during the 9M 2014.

Other items

- Foreign exchange gain: $2.86 million (gain of $1.07 million in 9M 2014) – during 9M 2015 the Canadian dollar weakened appreciably (9M 2014 – weakened) against the US dollar. The foreign exchange gains or losses are primarily a result of Baja's (Canadian functional currency) US dollar based investment in the Project.

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) $1.0 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) $10.0 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 $10.0 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 September 30, 2015:

	Q4 Dec 31, 2013	**Q1 Mar 31, 2014**	**Q2 Jun 30, 2014**	**Q3 Sep 30, 2014**	**Q4 Dec 31, 2014**	**Q1 Mar 31, 2015**	**Q2 Jun 30, 2015**	**Q3 Sep 30, 2015**
Total Revenues (USD '000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Income (loss) for the period attributable to common shareholders of the Company (USD '000)	$193	$380	$(1,244)	$524	$(237)	$1,478	$(680)	$1,140
Basic income (loss) per share for the period	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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 fluctuations in income (loss) attributable to shareholders 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.

Subsequent to April 30, 2013, the Company's investment in MMB is carried as a loan receivable and the Company's results are no longer impacted by the results of MMB.

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 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 September 30, 2015, totaled $0.97 million (December 31, 2014 - $1.89 million).

The Company has working capital of $0.87 million as at September 30, 2015 (December 31, 2014 – $1.79 million).

During the nine months ended September 30, 2015, the Company utilized $0.89 million of cash in operations (2014 - $1.17 million). This was measured after taking into account adjustments for non-cash items such as an unrealized foreign exchange gain of $2.86 million (2014 – $1.08 million gain). Net changes in working capital balances released or utilized no cash during the period (2014 – released $0.14 million).

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

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

As at September 30, 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 September 30, 2015, there is no change to the classification or carrying amount of the MMB receivable.

The Company believes that it may not have sufficient cash resources to fund its operations for the next 12 months and may need to raise additional financing to fund its ongoing overheads and/or 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 September 30, 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	$282	$282	$nil	$nil	$nil
Operating lease obligations [1]	$24	$24	$nil	$nil	$nil
Subordinated debt[2]	$10,000	$nil	$nil	$nil	$10,000
Total	$10,306	$306	$nil	$ nil	$10,000

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 $10,000 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 discussion below).

During the second quarter of 2014, the Company agreed in principle with KORES that once the Boleo Project has started paying cash dividends and that the MMB board has decided in good faith not to proceed with the development of manganese at the Boleo Project, Baja will pay the Consortium the $10.0 million out of cash flows paid to Baja from the Boleo Project. If the MMB board decides in good faith to proceed with the development of manganese at the Boleo Project, the Consortium will pay Baja the $13.0 million out of cash flows paid to the Consortium from the Boleo Project. Terms of the manganese production decision and related payments continue to be under discussion as part of negotiations on a revised MMB shareholders' agreement.

As the manganese production decision is to be made by the board of directors of MMB and the Company no longer controls MMB, the Company cannot accurately predict the outcome or timing of the manganese production decision. No decision on manganese production has been made by MMB as of September 30, 2015. Should Baja be required to pay the $10.0 million refundable deposit liability, it is management's judgement as of September 30, 2015, that no repayment would be required within the next twelve months. Accordingly, the $10.0 million refundable deposit liability is recorded as a long-term liability as of September 30, 2015, and is shown above as falling after 5 years, representing management's best estimate.

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	478
Later than one year and not later than five years	2,029
	2,507

No amount has been accrued for this indemnity as of September 30, 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)	**Nine Months ended September 30,**	
	2015	**2014**
Short-term employee benefits(1)	380	326
Stock-based compensation	21	85
	401	411

(1) 9M 2015 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. 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 6,050,000 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 of the Company's audited annual consolidated financial statements for the year ended December 31, 2014 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, 2014 (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 and capital resources*" section of this MD&A.

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.