

Baja Mining Corp.

Condensed Interim Consolidated Financial Statements – Unaudited

March 31, 2015

(expressed in thousands of US dollars)

**Notice of no Auditor Review of
Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Baja Mining Corp. (the "Company") as at March 31, 2015, and for the three months ended March 31, 2015, have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Baja Mining Corp.

Consolidated Balance Sheets - Unaudited

As at March 31, 2015 and December 31, 2014

(expressed in thousands of US dollars, unless stated otherwise)

	March 31, 2015	December 31, 2014
ASSETS		
Cash and cash equivalents	1,584	1,891
Other current assets	544	330
Current assets	2,128	2,221
Other receivables	1,000	1,000
Shareholder loans receivable (note 3)	17,905	17,905
Property, plant and equipment	6	9
Total assets	21,039	21,135
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	645	433
Current liabilities	645	433
Subordinated debt	10,000	10,000
Provision for foreign withholding tax liability	1,541	1,541
Total liabilities	12,186	11,974
Share capital (note 5)	291,467	291,467
Contributed surplus	144,067	144,054
Deficit	(433,941)	(435,419)
Accumulated other comprehensive income	7,260	9,059
Total shareholders' equity	8,853	9,161
Total liabilities and shareholders' equity	21,039	21,135

Nature and continuance of operations (note 1)

Guarantees, commitments and contingencies (note 10)

Approved by the Board and authorized for issue on May 28, 2015.

/s/ C. Thomas Ogryzlo Director

/s/ Ross Glanville Director

Baja Mining Corp.

For the three months ended March 31, 2015 and 2014

(expressed in thousands of US dollars, except per share amounts and number of shares outstanding)

Consolidated Statements of Operations - Unaudited

	Three months ended March 31,	
	2015	2014
Expenses		
General and administration (note 6)	271	314
Exploration and evaluation expenditures (note 7)	34	95
Loss before other items	<u>(305)</u>	<u>(409)</u>
Foreign exchange gain	1,782	787
Finance income	2	4
Finance cost	<u>(1)</u>	<u>(2)</u>
Income before tax	1,478	380
Tax expense	<u>-</u>	<u>-</u>
Income for the period	<u>1,478</u>	<u>380</u>
Earnings per share –		
Basic and diluted	-	-
Weighted average number of shares outstanding –		
Basic and diluted	340,213,025	340,213,025

Consolidated Statements of Comprehensive Loss – Unaudited

	Three months ended March 31,	
	2015	2014
Income for the period	1,478	380
Other comprehensive loss		
Items that may be reclassified subsequently to net income		
Currency translation adjustments	<u>(1,799)</u>	<u>(871)</u>
Total comprehensive loss	<u>(321)</u>	<u>(491)</u>

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Baja Mining Corp.

Consolidated Statements of Changes in Equity - Unaudited

(expressed in thousands of US dollars, unless stated otherwise)

	Share capital		Contributed surplus	Deficit	Accumulated other comprehensive income	Total
	Number	Amount				
Balance – January 1, 2014	340,213,025	291,467	143,940	(434,842)	10,956	11,521
Income for the period	-	-	-	380	-	380
Currency translation adjustment	-	-	-	-	(871)	(871)
Balance – March 31, 2014	340,213,025	291,467	143,940	(434,462)	10,085	11,030
Loss for the period	-	-	-	(957)	-	(957)
Currency translation adjustment	-	-	-	-	(1,026)	(1,026)
Stock-based compensation expense	-	-	114	-	-	114
Balance – December 31, 2014	340,213,025	291,467	144,054	(435,419)	9,059	9,161
Income for the period	-	-	-	1,478	-	1,478
Currency translation adjustment	-	-	-	-	(1,799)	(1,799)
Stock-based compensation expense	-	-	13	-	-	13
Balance – March 31, 2015	340,213,025	291,467	144,067	(433,941)	7,260	8,853

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Baja Mining Corp.

Consolidated Statements of Cash flows - Unaudited For the three months ended March 31, 2015 and 2014

(expressed in thousands of US dollars, unless stated otherwise)

	Three months ended March 31,	
	2015	2014
Cash flows from operating activities		
Income for the period	1,478	380
Items not affecting cash		
Depreciation and accretion	3	3
Stock-based compensation expense	13	-
Unrealized foreign exchange	(1,781)	(793)
	<u>(287)</u>	<u>(410)</u>
Net changes in working capital balances		
Other current assets	(245)	458
Accounts payable and accrued liabilities	246	(265)
	<u>(286)</u>	<u>(217)</u>
Cash flows from investing activities		
Reduction of restricted cash	-	181
	<u>-</u>	<u>181</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(21)</u>	<u>(17)</u>
Decrease in cash and cash equivalents	(307)	(53)
Cash and cash equivalents - beginning of period	<u>1,891</u>	<u>3,103</u>
Cash and cash equivalents - end of period	<u>1,584</u>	<u>3,050</u>
Supplemental cash flow information (note 11)		

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Baja Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements – Unaudited

March 31, 2015

(expressed in thousands of US dollars, unless stated otherwise)

1 NATURE AND CONTINUANCE OF OPERATIONS

Baja Mining Corp. (the “Company” or “Baja”) was incorporated on July 15, 1985, under the Company Act of British Columbia. The Company’s primary asset is its minority investment in the El Boleo copper-cobalt-zinc-manganese deposit (the “Boleo Project” or the “Project”) located near Santa Rosalia, Baja California Sur, Mexico. Minera y Metalúrgica del Boleo, S.A.P.I. de C.V. (“MMB”) holds the mineral property rights to the Boleo Project. In addition, the Company intends to investigate and potentially pursue alternative project opportunities including Cinto Colorado (note 7). The Company is domiciled in Canada and its registered office is 1430 – 800 West Pender Street, Vancouver, British Columbia, V6C 2V6.

The Company is a reporting issuer in Canada and trades on the TSX Venture Exchange, the Frankfurt Stock Exchange and the OTC market.

To date, the Company has not earned significant revenues. As at March 31, 2015, the Company had working capital of \$1,483, and an accumulated deficit of \$433,941. The Company incurred negative cash flows from operations of \$287, and net income of \$1,478 for the three-month period then ended.

Management of the Company believes it has sufficient funds to pay its ongoing general and administrative expenses and to meet its liabilities, obligations, and existing commitments for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least but not limited to twelve months from the end of the reporting period. To continue its exploration and evaluation programs on its properties and its operations beyond March 31, 2016, the Company will periodically need to raise additional funds through the issuance of new debt or equity instruments. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or will be able to raise additional future funding if required.

2 BASIS OF PREPARATION AND NEW ACCOUNTING POLICIES

Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company’s most recent annual consolidated financial statement, and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2014, which were prepared in accordance with IFRS as issued by the IASB.

Baja Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements – Unaudited March 31, 2015

(expressed in thousands of US dollars, unless stated otherwise)

3 INVESTMENT IN MMB

	Shareholder loans receivable
Balance – January 1, 2015	17,905
Accretion of interest during the period	-
Balance – March 31, 2015	<u>17,905</u>

The Company's investment in MMB is a combination of shares in common stock and shareholder loans. The shareholders of MMB are required to fund their proportionate equity percentage in the Boleo Project by advances through shareholder loans or subscriptions to additional shares. The shareholder loans to MMB are subordinated debt and the shareholder loans owed by MMB to each of Baja and the Consortium members will be adjusted from time to time and as necessary to correspond with the respective equity interests of the shareholders in MMB.

At March 31, 2015, the Company has a 10% (December 31, 2014 – 10%) equity interest in MMB, with 100% of the carrying value of \$17,905 (December 31, 2014 – \$17,905) attributed to a promissory note with a face value of \$28,224, that accrues ordinary interest at 4% per annum. Upon initial recognition of the promissory note in April 2014, the Company calculated an effective interest of 14.3% using the contractual cash flows associated with a \$28,224 principal balance over the remaining term of the loan, which matures on December 31, 2018. The promissory note is subordinate to other priority debt held by MMB. In the event that on the maturity date the priority debt in MMB is still outstanding, the maturity date of the new promissory note will be automatically extended for successive one-year terms as required.

However, management considered the going concern uncertainties for MMB, and concluded not to recognize any investment income for the shareholder loans receivable for the three month period ended March 31, 2015 (\$Nil – for the three month period ended March 31, 2014.)

4 SUBORDINATED DEBT

Refundable deposit liability

A refundable deposit liability of \$10,000 was included in the cash proceeds received from the sale of 30% of the Company's interest in MMB to the Consortium in 2008. This deposit was to be refundable to the Consortium should a decision be made not to produce manganese from the Boleo Project by the economic completion date. Alternatively, additional consideration was to be paid to the Company by the Consortium of approximately \$13,000 upon a positive decision related to the production of manganese being made by the time of economic completion of the Boleo Project.

During the second quarter of 2014, the Company agreed 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 \$10,000 out of cash flows paid to Baja from the Boleo Project.

Baja Mining Corp.

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(expressed in thousands of US dollars, unless stated otherwise)

4 SUBORDINATED DEBT (continued)

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 \$13,000 out of cash flows paid to the Consortium from the Boleo Project.

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 March 31, 2015.

Should Baja be required to pay the \$10,000 refundable deposit liability, it is management's judgement as of March 31, 2015, that no repayment would be required within the next twelve months. Accordingly, the \$10,000 refundable deposit liability is recorded as a long-term liability as of March 31, 2015.

5 SHARE CAPITAL

a) Authorized share capital

The Company has been authorized to issue an unlimited number of common shares without par value.

b) Stock options

Details of the Company's stock option activity are as follows:

	Number of options	Weighted average exercise price (Cdn\$ per option)
Stock options outstanding – January 1, 2015	11,162,500	0.66
Grants	-	-
Stock options outstanding – March 31, 2015	<u>11,162,500</u>	<u>0.66</u>

The following table summarizes information about stock options outstanding and exercisable at March 31, 2015:

Range of prices (Cdn\$ per option)	Number of outstanding options	Weighted average years to expiry for outstanding options	Weighted average exercise price for outstanding options (Cdn\$)	Number of exercisable options	Weighted average exercise price for exercisable options (Cdn\$)
0.05 to 0.55	4,950,000	4.44	0.05	3,281,250	0.05
0.56 to 1.12	1,250,000	1.00	1.06	1,250,000	1.06
1.13 to 1.17	4,962,500	0.65	1.17	4,962,500	1.17
	<u>11,162,500</u>	<u>2.37</u>	<u>0.66</u>	<u>9,493,750</u>	<u>0.77</u>

Baja Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements – Unaudited March 31, 2015

(expressed in thousands of US dollars, unless stated otherwise)

5 SHARE CAPITAL (continued)

b) Stock options (continued)

The Company's stock option plan (the "Plan") allows the Company to grant stock options up to a maximum of 10% of the number of issued shares of the Company. Options granted under the Plan will vest with the right to exercise one-quarter of the options upon conclusion of every six months subsequent to the grant date, unless otherwise specified by the board of directors at the time the particular options are granted.

The total stock-based compensation recorded during the three months ended March 31, 2015 was \$13 (2014 – \$Nil). This has been recognized, based upon the work carried out by the employee or consultant, to general and administration expense with the offsetting amount recorded to contributed surplus.

6 GENERAL AND ADMINISTRATION EXPENSES

	Three months ended March 31,	
	2015	2014
Wages, salaries and management fees (i)	222	154
Directors fees	27	31
Stock-based compensation (note 5(b))	13	-
Professional and consulting fees	(55)	(57)
Office and administration	54	107
Shareholders information	7	76
Depreciation	3	3
	<u>271</u>	<u>314</u>

(i) 2015 includes \$100 bonus (2014 - \$Nil) paid to the interim CEO pursuant to the terms of a contract effective from May 2012.

7 EXPLORATION AND EVALUATION EXPENDITURES

	Three months ended March 31,	
	2015	2014
Legal and environmental due diligence	14	56
Metallurgy, operations engineering and design	6	19
Operating payments	14	20
	<u>34</u>	<u>95</u>

Baja Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements – Unaudited March 31, 2015

(expressed in thousands of US dollars, unless stated otherwise)

7 EXPLORATION AND EVALUATION EXPENDITURES (continued)

Cinto Colorado

On April 30, 2013, the Company entered into an option agreement (the “Agreement”) whereby it can earn up to an 80% interest in Cinto Colorado S. de R.L. de C.V. (“Cinto Colorado”), a private Mexican company. Cinto Colorado’s main asset is a surface lease, which entitles Cinto Colorado to process and/or sell tailings and slag now stored on the lands subject to the lease (the “Lands”). The Lands are situated within Santa Rosalia, Baja California Sur, Mexico, and are adjacent to the existing Boleo Project of MMB.

Under the terms of the Agreement, as amended effective November 24, 2014, for Baja to exercise its right to acquire the interest in Cinto Colorado it is required to:

- Pay \$72 to Cinto Colorado (already paid);
- Deliver a NI 43-101 compliant preliminary feasibility study (“PFS”) at the earlier of (i) six months following the date on which the Company receives a legal opinion from its legal counsel indicating Cinto is the holder of clear legal title to both the tailings and slags on the Lands, or (ii) December 31, 2015;
- Deliver a NI 43-101 compliant definitive feasibility study (“DFS”) on or before eight months following the completion of the PFS; and if needed, complete a financing on or before six months following the delivery of the DFS, equal to the minimum amount estimated in the DFS needed to implement the DFS’ recommendations.

8 RELATED PARTY TRANSACTIONS

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.

	Three months ended	
	March 31,	
	2015	2014
Short-term employee benefits (note 6(i))	194	104
Stock-based compensation	10	-
	<u>204</u>	<u>104</u>

9 SEGMENTED INFORMATION

The Company currently operates in one business segment, being the acquisition, exploration, development and operation of resource properties.

Baja Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements – Unaudited March 31, 2015

(expressed in thousands of US dollars, unless stated otherwise)

10 GUARANTEES, COMMITMENTS AND CONTINGENCIES

- a) In 2012, the Company entered into a lease assignment for offices no longer being 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 fulfill its obligations to the landlord. The lease expires September 30, 2020.

At March 31, 2015, total future aggregate minimum lease payments over the remaining lease term by the assignee to the landlord covered by this indemnity agreement are \$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.

- b) Future commitments under non-cancellable operating leases for offices are as follows:

Not later than one year	43
Later than one year and not later than five years	4
	<u>47</u>

- c) Following the announcement of the forecasted cost overruns and the resulting funding shortfall, 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 court 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.

Baja Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements – Unaudited March 31, 2015

(expressed in thousands of US dollars, unless stated otherwise)

11 SUPPLEMENTAL CASH FLOW INFORMATION

	March 31, 2015	March 31, 2014
Cash in bank	74	139
Cash equivalents	1,510	2,911
	<u>1,584</u>	<u>3,050</u>

During the three month period ended March 31, 2015, the Company received interest in cash of \$2 (2014 - \$4).