

Baja Mining Corp.

Condensed Interim Consolidated Financial Statements – Unaudited
September 30, 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 September 30, 2015, and for the three and nine months ended September 30, 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 September 30, 2015 and December 31, 2014

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

	September 30, 2015	December 31, 2014
ASSETS		
Cash and cash equivalents	972	1,891
Other current assets	184	330
Current assets	1,156	2,221
Other receivables	1,000	1,000
Shareholder loans receivable (note 3)	17,905	17,905
Property, plant and equipment	-	9
Total assets	20,061	21,135
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	282	433
Current liabilities	282	433
Subordinated debt	10,000	10,000
Provision for foreign withholding tax liability	1,541	1,541
Total liabilities	11,823	11,974
Share capital (note 5)	291,467	291,467
Contributed surplus	144,080	144,054
Deficit	(433,481)	(435,419)
Accumulated other comprehensive income	6,172	9,059
Total shareholders' equity	8,238	9,161
Total liabilities and shareholders' equity	20,061	21,135

Nature of operations and going concern (note 1)

Guarantees, commitments and contingencies (note 11)

Approved by the Board and authorized for issue on November 27, 2015.

/s/ C. Thomas Ogryzlo Director

/s/ Ross Glanville Director

Baja Mining Corp.

For the three and nine months ended September 30, 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 September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Expenses				
General and administration (note 6)	248	470	831	1,170
Exploration and evaluation expenditures (note 7)	31	52	93	311
Impairment recovery (note 8)	-	(63)	-	(63)
Loss before other items	(279)	(459)	(924)	(1,418)
Foreign exchange gain	1,420	982	2,862	1,073
Finance income	-	2	3	9
Finance cost	(1)	(1)	(3)	(4)
Income (loss) before tax	1,140	524	1,938	(340)
Tax expense	-	-	-	-
Income (loss) for the period	1,140	524	1,938	(340)
Earnings per share –				
Basic and diluted	-	-	\$0.01	-
Weighted average number of shares outstanding –				
Basic and diluted	340,213,025	340,213,025	340,213,025	340,213,025

Consolidated Statements of Comprehensive Loss – Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Income (loss) for the period	1,140	524	1,938	(340)
Other comprehensive loss				
Items that may be reclassified subsequently to net income				
Currency translation adjustments	(1,431)	(1,062)	(2,887)	(1,172)
Total comprehensive loss	(291)	(538)	(949)	(1,512)

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
Loss for the period	-	-	-	(340)	-	(340)
Currency translation adjustment	-	-	-	-	(1,172)	(1,172)
Stock-based compensation expense	-	-	101	-	-	101
Balance – September 30, 2014	340,213,025	291,467	144,041	(435,182)	9,784	10,110
Loss for the period	-	-	-	(237)	-	(237)
Currency translation adjustment	-	-	-	-	(725)	(725)
Stock-based compensation expense	-	-	13	-	-	13
Balance – December 31, 2014	340,213,025	291,467	144,054	(435,419)	9,059	9,161
Income for the period	-	-	-	1,938	-	1,938
Currency translation adjustment	-	-	-	-	(2,887)	(2,887)
Stock-based compensation expense	-	-	26	-	-	26
Balance – September 30, 2015	340,213,025	291,467	144,080	(433,481)	6,172	8,238

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 nine months ended September 30, 2015 and 2014

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

	Nine months ended September 30,	
	2015	2014
Cash flows from operating activities		
Income (loss) for the period	1,938	(340)
Items not affecting cash		
Depreciation and accretion	8	10
Stock-based compensation expense	26	101
Unrealized foreign exchange	(2,860)	(1,078)
	<u>(888)</u>	<u>(1,307)</u>
Net changes in working capital balances		
Other current assets	109	174
Accounts payable and accrued liabilities	(107)	(38)
	<u>(886)</u>	<u>(1,171)</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>(33)</u>	<u>(13)</u>
Decrease in cash and cash equivalents	(919)	(1,003)
Cash and cash equivalents - beginning of period	<u>1,891</u>	<u>3,103</u>
Cash and cash equivalents - end of period	<u>972</u>	<u>2,100</u>
Supplemental cash flow information (note 12)		

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 September 30, 2015

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

1 NATURE OF OPERATIONS AND GOING CONCERN

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.

These condensed interim consolidated financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations. The Company’s ability to continue as a going concern is dependent on its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities from normal operations when they become 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 date, the Company has not earned significant revenues. As at September 30, 2015, the Company had working capital of \$874, and an accumulated deficit of \$433,481. The Company incurred negative cash flows from operations of \$888, and net income of \$1,938 for the nine-month period then ended. The Company expects to incur further losses in the development of its business. The Company will require additional financing in order to meet its ongoing corporate overhead, and to continue its exploration and evaluation programs. 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. These factors cast doubt on the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements do not include the adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

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*.

Baja Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements – Unaudited September 30, 2015

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

2 BASIS OF PREPARATION AND NEW ACCOUNTING POLICIES (continued)

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual consolidated financial statements, 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.

3 INVESTMENT IN MMB

	Shareholder loans receivable
Balance – January 1, 2015	17,905
Accretion of interest during the period	-
Balance – September, 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.

At September 30, 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 and nine month period ended September 30, 2015 (\$Nil – for the three and nine month period ended September 30, 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.

Baja Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements – Unaudited September 30, 2015

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

4 SUBORDINATED DEBT (continued)

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 \$10,000 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 \$13,000 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 \$10,000 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 \$10,000 refundable deposit liability is recorded as a long-term liability as of September 30, 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
Forfeited	(56,250)	0.05
Stock options outstanding – September 30, 2015	<u>11,106,250</u>	<u>0.66</u>

Baja Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements – Unaudited September 30, 2015

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

5 SHARE CAPITAL (continued)

b) Stock options (continued)

The following table summarizes information about stock options outstanding and exercisable at September 30, 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	4,893,750	3.94	0.05	3,818,750	0.05
0.56 to 1.12	1,250,000	0.50	1.06	1,250,000	1.06
1.13 to 1.17	4,962,500	0.15	1.17	4,962,500	1.17
	11,106,250	1.86	0.66	10,031,250	0.73

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 and nine months ended September 30, 2015, was \$6 (2014 – \$101), and \$26 (2014 – \$101), respectively. 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 September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Wages, salaries and management fees (i)	126	146	484	468
Directors fees	25	34	83	103
Stock-based compensation (note 5(b))	6	101	26	101
Professional and consulting fees	37	68	29	70
Office and administration	51	108	165	322
Shareholders information	1	10	36	96
Depreciation	2	3	8	10
	248	470	831	1,170

(i) During the quarter ended March 31, 2015, the Company paid a \$100 bonus to the interim CEO pursuant to the terms of a contract effective from May 2012. No bonuses were paid in 2014.

Baja Mining Corp.

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

7 EXPLORATION AND EVALUATION EXPENDITURES

	Three months ended September 30,		Nine Months ended September 30,	
	2015	2014	2015	2014
Legal and environmental due diligence	-	24	15	181
Metallurgy, operations engineering and design	17	13	37	52
Operating payments	14	15	41	72
Travel Expenses	-	-	-	6
	<u>31</u>	<u>52</u>	<u>93</u>	<u>311</u>

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.

Subsequent to the quarter ended September 30, 2015, the Company commenced negotiations with Cinto Colorado to extend the term of the Agreement.

8 IMPAIRMENT RECOVERY

During the quarter ended September 30, 2014, the Company recovered \$63 in receivables previously impaired in 2012 from a former related party.

Baja Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements – Unaudited September 30, 2015

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

9 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 September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Short-term employee benefits (note 6(i))	87	109	380	326
Stock-based compensation	5	85	21	85
	<u>92</u>	<u>194</u>	<u>401</u>	<u>411</u>

10 SEGMENTED INFORMATION

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

11 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 September 30, 2015, total future aggregate minimum lease payments over the remaining lease term by the assignee to the landlord covered by this indemnity agreement are \$2,507.

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.

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

Not later than one year	<u>24</u>
	<u>24</u>

Baja Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements – Unaudited September 30, 2015

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

11 GUARANTEES, COMMITMENTS AND CONTINGENCIES (continued)

- c) 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 million, 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.

12 SUPPLEMENTAL CASH FLOW INFORMATION

	September 30, 2015	September 30, 2014
Cash in bank	220	346
Cash equivalents	752	1,754
	<u>972</u>	<u>2,100</u>

During the nine month period ended September 30, 2015, the Company received interest in cash of \$3 (2014 - \$9).