BAJA MINING CORP
Management Discussion and Analysis
QUARTERLY REPORT – September 30, 2005

This Management's Discussion and Analysis of Baja Mining Corp provides analysis of Baja Mining Corp's financial results for the second quarter ended September 30, 2005. The following information should be read in conjunction with the accompanying unaudited interim consolidated financial statements and the notes to the unaudited interim consolidated financial statements.

1.1 Date of Report: November 29, 2005

1.2 Overall Performance

Nature of Business and Overall Performance

Baja Mining Corp. (the "Company") is involved in the development of the Boleo copper-cobalt-zinc-manganese deposit, Mexico. The Company commenced operations upon incorporation in 1985 and engaged primarily in exploration and development of mineral and natural resource properties.

On April 20, 2004, the Company completed a business combination with Mintec International Corporation ("Mintec") and completed a $10 million equity financing in conjunction with the business combination. The business combination resulted in a change of control of the Company whereby Mintec is deemed to be the acquirer. The transaction is accounted for under the purchase method, on a reverse take-over basis ("RTO"). Mintec, through its wholly owned Mexican subsidiary, Minera y Metalurgica del Boleo S.A. de C.V. ("MMB"), owns a 100% interest in a copper-cobalt-zinc-manganese mineral deposit (the Boleo property). Since the completion of the above-mentioned financing, the Company has been focused on completing a Definitive Feasibility Study on the Boleo property.

The Boleo Project

The Boleo Project is located on the east coast of the Baja California Peninsula, some 900 kilometres south of San Diego and near the town of Santa Rosalia Baja California Sur, Mexico. Over the last twelve years, approximately CAD $33 million has been spent on exploration and pre-feasibility studies on the Boleo Project. Since completing a $10 million financing in April 2004, the Company has been actively proceeding to complete a Definitive Feasibility Study ("DFS"), under the direction of Bateman Engineering Inc. Canada ("Bateman"), with assistance primarily from Bateman's office in Brisbane, Australia. The DFS is scheduled to be completed in June 2006. The DFS is focused on the development of an underground mine, supplemented in some years with partial production from a series of low strip ratio open pits, at a currently estimated production rate of 2.6 million dry tonnes of run-of mine ore to produce up to 50,000 tonnes per year of cathode copper, 2,000 tonnes per year of cobalt (either as high grade cobalt cathode or possibly as a high quality cobalt carbonate), up to 23,000 tonnes of zinc sulphate per year, and possibly 35,000 to 65,000 tonnes of manganese (as manganese carbonate) per year.

Current Development in the Third quarter ended September 30, 2005

Preliminary Economic Assessment

In August 2005, a "Preliminary Assessment"[1] of the El Boleo Project was published which included the results of a Preliminary Economic Assessment ("PEA") of the El Boleo Property (see News

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[1] The PEA is contained within a National Instrument 43-101 report dated August 12, 2005 entitled "A Preliminary Assessment of the El Boleo Copper Cobalt Project", Baja California South, Mexico, prepared for

Release dated September 13th, 2005). The PEA of the El Boleo project indicates that the project is sufficiently robust that it warrants continuing development to completion of the Definitive Feasibility Study ("DFS").

The PEA of the El Boleo project is based upon the following:

- the Mineral Resource Estimate for copper, cobalt and zinc prepared by independent geological consultants Hellman and Schofield Pty Ltd of Sydney, Australia;
- the process flowsheet developed by independent consultants Bateman Engineering Pty Ltd., of Brisbane, Australia, and recoveries of copper, cobalt and zinc achieved during the Phase 1 pilot plant testing program at SGS Lakefield Research Ltd., Lakefield, Ontario, conducted under the guidance of Bateman and factored plant capital and operating costs developed by Bateman;
- the Mine Design and Preliminary Production Schedule (utilizing base case metal prices) and mine capital and operating costs developed by independent mining consultants Australian Mine Design and Development ("AMDAD") of Sydney, Australia; and
- Base case metal prices of copper - US$0.95 per pound, cobalt – US$12.00 per pound and zinc - US$0.45 per pound .

Financial modeling based on the current, un-optimized preliminary mine schedule indicates that the project is potentially attractive at base case metal prices. Modeling at base case metal prices shows that the project could generate net after tax profit of US$761.3 million, with a discounted present value of US$307.6 million at a 6% discount rate, over an initial projected 20 year mine life.

The current base case is for annual mine production to deliver 3.5 million wet tonnes (2.6 million dry tonnes) of run-of mine ore per year to the process facility; with maximum annual metal production of 50,000 tonnes of copper, 2000 tonnes of cobalt and 23,000 tonnes of zinc sulphate. Capital cost of the construction of the mine and mill complex is currently estimated at US$292 million and total operating costs (including general and administrative expenses) at US$19.90 per dry tonne of ore feed. The current PEA does not include economics for the production of manganese carbonate as an additional by-product which is currently under a technical, marketing (off-take) and financial review.

A financial model was created utilizing the current mine production schedule over an initial 20 years, the associated diluted metal grades based on the H&S geological resource and AMDAD mine schedule, metal recoveries from the Phase I pilot plant, capital and operating costs as set out herein and base case metal prices of copper US$ 0.95/lb, cobalt US$ 12.00/lb and zinc US$ 0.45/ lb. In addition, sensitivity analysis was also conducted at various increased metal prices.

The effective sensitivity of the project to metal price is summarized in the following sensitivity table.

Baja Mining Corp. by independent Qualified persons, William Yeo, MAusIMM, PhD., and Phillip Hellman, FAIG, PhD., of Hellman & Schofield, John Wyche, MAusIMM, MMICA,CPMin, of AMDAD, Michael Holmes, MSAIMM, PrEng., of Bateman, John Greenslade, BASc, M.Eng., P.Eng., LLB, and Don Hunter, FAusIMM, MIOM,CPEng, C.Eng. (the "Bateman Preliminary Assessment"). The Preliminary Economic Assessment (the "PEA") contained in the Bateman Preliminary Assessment was prepared by John Greenslade, President of the Company and a non-independent Qualified Person. The PEA was reviewed by Don Hunter, FAusIMM, MIOM,CPEng, C.Eng., to provide for necessary independence under N.I. 43-101. The entire report is available under the Company's profile at www.sedar.com or on its website www.bajamining.com.

SENSITIVITY TO METAL PRICES						
Metal price US$/pound			**IRR (%)**	**Net Present Value Million US$**		
Copper	**Cobalt**	**Zinc**		**6% discount**	**8% discount**	**10% discount**
$0.95	$12.00	$0.45	21.2	$307.6	$226.2	$164.3
$1.05	$14.00	$0.55	25.6	$418.1	$317.0	$239.9
$1.15	$16.00	$0.65	29.7	$528.0	$407.3	$314.9
$1.64*	$13.10	$0.54	37.6	$715.1	$564.1	$448.4

*Note : Current cash prices as of July 13, 2005 – Copper US$ 1.64/lb, Cobalt US$ 13.10/lb, Zinc US$ 0.54/lb.

The potential revenue stream from cobalt and zinc sulphate (based upon contained zinc metal content), at base-case metal prices, generates sufficient revenue to cover all operating costs resulting in net annual copper metal production cost of zero cents ($0.00) per pound of LME grade copper produced. The following table provides base case highlights of the PEA.

Preliminary Economic Assessments – Base Case Highlights	
Preliminary Mine Production Schedule	2,600,000 dry tonnes per year (7,246 dry tonnes per day
Cut-off grade (with dilution)	1.1% copper equivalent
Average grade	2.5% copper equivalent
Capital Cost	US$292 million
Operating Cost	US$19.90/tonne of ore
Metal Prices	Copper – US$0.95/lb. Cobalt – US$12.00/lb Zinc - US$0.45/lb
(After tax) Internal rate of return (IRR)	21.2%
(After tax) Present Value (Millions)	US$307.6 @6% discount rate US$226.2 @8% discount rate US$164.3 @10% discount rate

The Preliminary Economic Assessment includes the use of inferred resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. Thus there is no certainty that the preliminary assessment will be realized.

Underground Mine Trial

As part of the Definitive Feasibility Study on the El Boleo Property management has elected to conduct a trial underground mine at the property. Initial portal development was completed earlier in the year and underground mining equipment was sourced during the third quarter for the test mine. The test mine will consist of approximately 400 meters of development headings (development headings are actually 244 meters + 165 meters of production crosscuts for 409 total meters) from which a series of test panels will be mined utilizing a bord and pillar mining method. Development headings are being driven primarily in the ore horizon utilizing a continuous mining machine (a 54 tonne DOSCO 1300 roadheader), similar to those used in coal, potash and salt mines. For more information on this method please visit: http://www.bajamining.com/projects/mining_methods.

The test mining area selected represents most of the underground conditions likely to be encountered during actual mining operations over the initial 20 year mine life and will provide the Company with valuable information on how this high production, mechanized method will work, as well as providing valuable insight into equipment selection and possible modifications needed to conventional continuous mining machines to adequately deal with the high clay content of the mineralized material being mined and processed.

Inspection of the mantos (a flat lying, bedded, sedimentary deposit) in drill core and in recent underground exposures by geotechnical consultants and mining experts retained by the Company suggests that conventional continuous miners should be able to achieve very high production rates. The Company recognised the importance of understanding how the proposed systems will perform through a range of conditions such as in previously mined areas and in areas of steeper dips, undulating floors or faulting. The test mine site is in Manto 3.

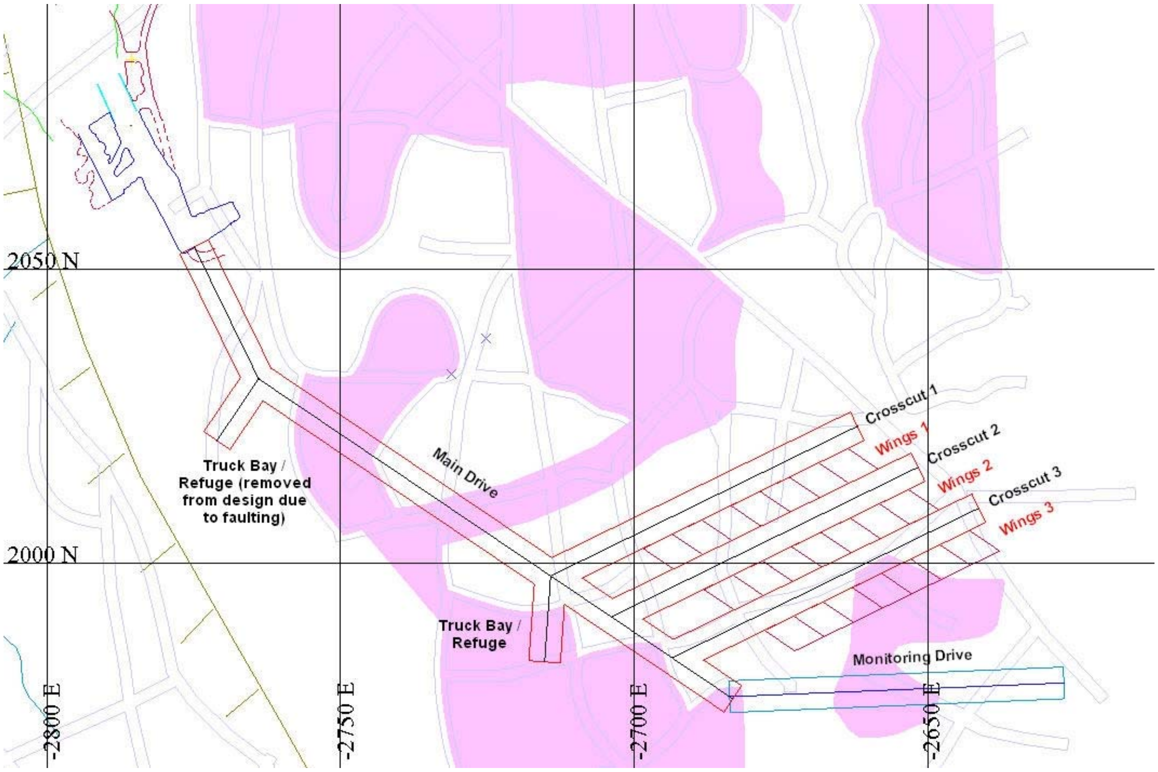
The site was selected because:

- Manto 3 in this area has a range of working heights similar to the proposed initial production areas.
- The entries are off a steep hillside so that a reasonable working depth of 60 to 70 metres can be reached with minimal development.
- The local manto dips of 8° to 10° are similar to the proposed production areas.
- The planned development and pillar extraction sites include both virgin ground and previously mined areas.
- It is adjacent to a major regional fault which has a vertical displacement of 7 metres. It is planned to drive at least one heading through the fault to assess ground stability.

The test mine was designed by Australian Mine Design & Development (AMDAD), a consultant specialising in the design of high production Australian coal mines - utilising continuous miners and both longwall and shortwall production units. The test is being conducted with the assistance of Agapito Associates, a specialist geotechnical and mining consultant. It is designed to provide information regarding:

- Mining geotechnical conditions. Monitoring of the roof, floor and side walls during and after mining will provide data for qualitative and numerical modelling of the manto and surrounding strata. This will provide a basis for designing development and production pillar sizes and extraction sequences and will assist in determining the suitability of the mantos for shortwall mining.
- Assessment of ground support requirements. In particular it will gauge the effectiveness of rock bolting as the primary support mechanism.
- Continuous miner productivity. Cutting rates will be measured by AMDAD and used for modelling production designs and calibrated against similar conditions in currently operating mines.
- Assessment of the manto material response to mining. This is to gauge the potential issues for mine production, trafficability of the underground roadways and materials handling on the conveyors.

Development of an approximate 5 meter wide by 4.5 meter high main access and development drift was commenced in late October 2005. It is expected that the main drive (approximately 169 metres) will be completed in early December. Mining of a 60 metre monitoring drift will commence thereafter followed by an initial 58 metre crosscut drift to develop the first set of mining panels ("Wings"). Three parallel crosscut drifts will be sequentially developed and mine panels mined as part of the test mine. See schematic mine plan below.



Legend

Backfill (which comprises part of the mineral resource) from previously mined areas

Portal opening

The Main Drive commenced in the mineralized zone of Manto 3, mining both the mineralized clay zone that is in contact with the conglomerate bed on the floor and a mineralized breccia zone immediately above the clay horizon. At approximately 30 meters of advance from the portal an area of old workings and a localised fault were encountered. The fault displaced the mineralized manto and breccia downward approximately 2.5 - 3.0 metres exposing an un-mineralised sandstone horizon in the face of the drift. Development has continued in the sandstone, through development headings from earlier mining operations and areas of previous mining that have been backfilled (pink zones in the above map) with what in the original mine was mineralized material below the then economic grade for mining (approx 3.4 – 4% copper). The Main Drive has advanced approximately 75-80 metres and will be driven a further 80 metres before commencing the 60 metre Monitoring Drive and the 58 metre crosscut 3. Mining of "Wings 3" is not expected to occur until early to mid- January 2006. Development has progressed slower than originally anticipated as a result of numerous equipment failures and related mechanical difficulties.

Work to date has demonstrated that the continuous mining machine is easily able to mine the mineralized mantos and un-mineralized hangingwall waste that may also be mined in development of mineralized areas. In addition, in most areas of development the "back" (the roof above the development) has been relatively competent and has only required minimal ground support (by roof bolting). Areas of localized faulting that have also included voids beside the Main Drive from previous mining as well as old underground roadways required more significant ground support to be installed but can be mined, albeit at a slower rate.

The clayey nature of the mineralized mantos has presented challenges in material handling with the equipment being utilized as the moist nature of the clay tends to cause it to build up on conveying surfaces on the continuous mining machine. Being aware of this problem will allow modifications to be made to the design of production equipment.

Representatives of AMDAD and Agapito will be on site during December to commence the installation of ground monitoring equipment to provide geotechnical data to assist in mine design and to conduct various studies to extrapolate development and production rates achieved in the test mine to rates that should be achievable with appropriately designed equipment in actual mining operations.

US$1.5 million has been budgeted for the trial.

As of September 30, 2005, the Company had working capital of $759,516 which is not sufficient to satisfy the costs related to the completion of the DFS and current general and administrative activities for the 2005 fiscal year. Subsequent to September 30th, 2005 the Company announced that it is proceeding with a combination of brokered and non-brokered private placements to raise up to $3.2 million. The placement is being closed in tranches and it is expected the offering should be concluded by early December 2005.

1.3 Results of Operations For the Third Quarter Ended September 30, 2005

Operations

The Company is still at the exploration and development stage at its Boleo Project and has no revenue generating activities. For the third quarter ended September 30, 2005, the Company recorded a net loss of $2,313,964 or $0.04 loss per share. Cumulatively for the nine month period, the Company had net loss of $5,827,632 or $0.10 loss per share. In comparison, the Company had net loss of $2,436,996 and $2,937,680 respectively for the third quarter and nine month period last year. The results show the effect of substantially higher exploration and administrative activities in 2005 compared with the comparative period last year.

Exploration Expenses

The Company incurred $1,496,653 of exploration expenses in the quarter ended September 30, 2005 and $3,967,963 for the nine month period. With the completion of the $10 million financing in April 2004, the Company has been focused on completing the DFS on the Boleo Property. The majority of the exploration expenses in the current quarter related to environmental consulting, feasibility studies, drilling and other professional or consulting fees in connection with the Boleo property.

General and Administrative Expenses

In this third quarter, the Company granted 1,520,000 stock options to directors and consultants of the company at an exercise price of $0.35. A further 350,000 stock options were granted to investor relations consultants at an exercise price of $0.35. The fair value of options granted was estimated using the Black-Scholes option pricing model. As a result, stock based compensation expenses in the amount of $918,674 have been recognised and charged to general and administrative expenses, accounting for 50% of the total general and administrative expenses. The exercise price of stock options granted prior to September 15, 2005 was amended from $0.75 to $0.35, subject to the approval of disinterested shareholders of the company. A revaluation of options, granted but not yet exercised, and which are subject to this amendment, has been performed. In the opinion of the directors, no adjustment to the contributed surplus is necessary.

The Company incurred $90,708 in management and consulting fees in the third quarter of 2005 and $256,707 for the nine month period. A consulting fee of $80,818 was paid to a financial consulting firm in connection with general corporate financial advice with respect to construction financing and development of the Boleo project. Consequently, management and consulting fees for the nine month period increased from the comparable nine month period last year.

1.4 Transactions with Related Parties

For the nine month period ended September 30, 2005, the Company paid $348,492 management and consulting fees to companies controlled by officers and directors of the Company. Of this amount, $95,933 was included in general and administrative expenses and the balance included in exploration expenses. The Company also paid $32,754 of rent expense to related companies, which are controlled by directors and officers, for shared office facilities.

All the above charges are on terms and conditions similar to non-related parties.

1.5 Summary of Quarterly Information

Quarterly financial data for the eight most recently completed quarters is provided below.

	Q4 Dec 31, 2003	**Q1 Mar 31, 2004**	**Q2 June 30, 2004**	**Q3 Sept 30, 2004**	**Q4 Dec 31, 2004**	**Q1 Mar 31, 2005**	**Q2 June 30, 2005**	**Q3 Sept 30, 2005**
Total Revenues	$-	$-	$-	$-	$-	$-	$-	$-

Income or loss before discontinued operations and extraordinary items:

Total	$(143,094)	$(47,428)	$(453,256)	$(2,436,996)	$(2,454,005)	$(2,017,441)	$(1,496,227)	$(2,313,964)
Per Share	$(0.005)	$(0.00)	$(0.01)	$(0.04)	$(0.04)	$(0.03)	$(0.02)	$(0.04)
Per Share Fully Diluted	$(0.005)	$(0.00)	$(0.01)	$(0.04)	$(0.04)	$(0.03)	$(0.02)	$(0.04)

Net income or loss:

Total	$(143,094)	$(47,428)	$(453,256)	$(2,436,996)	$(2,454,005)	$(2,017,441)	$(1,496,227)	$(2,313,964)
Per Share	$(0.005)	$(0.00)	$(0.01)	$(0.04)	$(0.04)	$(0.03)	$(0.02)	$(0.04)
Per Share Fully Diluted	$(0.005)	$(0.00)	$(0.01)	$(0.04)	$(0.04)	$(0.03)	$(0.02)	$(0.04)

General Discussion of Quarterly Results

Net Income (Loss)

The Company carried out exploration activities on the Boleo property in Mexico. Factors that caused fluctuations in the Company's quarterly results are the amount and extent of exploration and operating activities in the quarters. Since completion of the $10 million equity financing on April 20, 2004, exploration and operating activities increased significantly as reflected in higher net loss in each quarter thereafter.

1.6 <u>Liquidity and Capital Resources</u>

For the quarter ended September 30, 2005, the Company had negative cash outflow of $1,699,859 from exploration and administrative activities compared to negative cash outflow of $1,253,091 in the comparable quarter. The increase in cash outflow was attributed to significantly higher exploration and commencement of a test mine operation on the Boleo property.

In terms of investment activities, the Company utilized $208,005 to acquire mining equipment for use at and to develop the test mine site. The Company also repaid $7,401 from amounts due from a related company during the third quarter of 2005.

In the third quarter ended September 30, 2005, the Company received $400,172 from the exercise of share purchase warrants.

As an exploration stage company, the Company continues to rely on equity or debt financing to meet the ongoing cash requirements of the Company. The Company is investigating the possibility of raising additional capital through debt or equity financing arrangements and subsequent to September 30, 2005 has placed 1,976,678 units at $0.35. Although management has successfully raised significant amounts of capital in the past, there can be no assurance that it will be able to raise additional capital in the future.

1.7 <u>Off-Balance Sheet Arrangements</u>

The Company has no material off-balance sheet arrangement such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations and any obligations that trigger financing, liquidity, market or credit risk to the Company.

1.8 <u>Contractual Obligations and Commitments</u>

The Company has no long-term debts, material capital lease obligations and purchase obligations. The Company has management and consulting contracts with officers and directors of the Company for services rendered with future commitments under these contracts totalling $54,000 in fiscal 2005 and $72,000 in fiscal 2006.

The Company has committed to an operating lease for office space for a term of 63 months from July 2005 to September 2010 with minimum lease payment of $74,480 per annum.

The Company also signed an agreement with Bateman Engineering Ltd. Canada for the completion of DFS budgeted at approximately CDN $8.9 million. The Bateman Agreement does not include the costs of in-fill drilling, the test mining program, or management costs related to the DFS. The completed DFS is estimated to cost approximately US$10,992,000 (CDN$13,700,000), of which approximately CDN$5,700,000 has been incurred to date.

1.9 Financial instruments and Risk Factors

As of September 30, 2005 the Company was not exposed to any financial instruments risks since their fair value approximates their carrying values because of the short-term maturity of those instruments.

The Company operates internationally, which gives rise to the risk of that cash flows may be adversely impacted by exchange rate fluctuations. The Company has not entered into foreign currency contracts to hedge its risk against foreign currency fluctuations.

Mineral exploration and development involves a high degree of risk since few properties are developed into producing mines. There is no assurance that the Company's mineral exploration activities will result in the discovery of resources that would be economical for commercial production. The commercial viability of the mineral deposits is dependent upon a number of factors, which are beyond the Company's control. Some of these factors are attributable to commodity prices, government policy and regulation and environmental protection.

Resource estimates involves degree of uncertainty in the calculation of reserves and the corresponding grades. Resource estimates are dependent partially on statistical inferences drawn from drilling, sampling and other data. The indicated and inferred resources figures set forth by the Company is estimates, and there is no certainty that the level of resources will be realized. In addition, decline in the market price for copper, zinc and cobalt may adversely affect the economics of a reserve and may require the Company to reduce its estimates.

1.10 Outlook

The Company is actively proceeding with the DFS of the Boleo Property in order to develop a mine at the Boleo Property with an overall objective of maximizing production output and minimizing capital and operating costs.

1.11 Caution on Forward-Looking Information

This report contains certain "forward-looking statements". Such forward-looking statements are subject to risks, uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements.