

# Developing Boleo

John Greenslade

PRESIDENT & CEO



BAJA MINING

# Forward Looking Statement

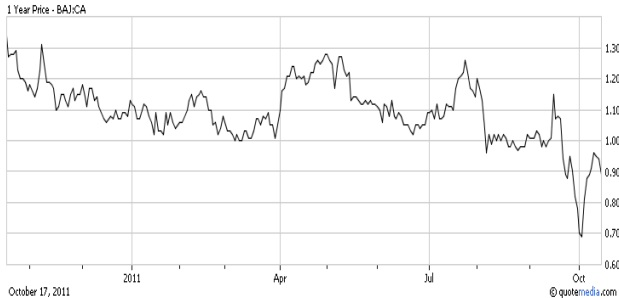
This presentation includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties. All statements within, other than statements of historical fact, are to be considered forward looking. Such forward-looking information and statements are based on current expectations, estimates and projections about global and regional economic conditions as well as industries that are major markets for Baja Mining Corp. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. Further, to the best of management's knowledge the information throughout the presentation is revised and up to date. Economic assumptions contained herein are based upon a Definitive Feasibility Study with updated cost estimates released in January 2010, under the provisions of National Instrument 43-101, that includes scheduling of inferred resources and accordingly is only indicative in nature and should not be relied upon for investment purposes.

# The Boleo Project Advantage

- Large, high-grade, long-life copper deposit located in Baja California Sur, Mexico
- Fully funded - raised over US\$ 1 Billion in 2010
- Recommended construction in November 2010
- Production anticipated in first half of 2013 (26-28 month construction)
- Strong minority partners in Korean Consortium (30% in the project)
- Experienced management team

# Financials & Shareholders Structure

## 52 WEEK BAJ STOCK CHART



## MARKET DATA - Oct. 13, 2011

Price	C\$0.95
Shares Outstanding	338.5M
Fully Diluted Shares	389.7M
Market Cap	C\$ 321.60M
High-Low (52 wk)	C\$1.38-C\$0.63
Avg. Daily Vol (3 m)	670,542

## KEY SHAREHOLDERS - Oct. 13, 2011

(To the best of the Company's knowledge)

Mt. Kellett	>19%
Manulife AM (US) LLC	7%
Louis Dreyfus	5%
Manulife AM Ltd.	4%
JPMorgan AM	2%
Directors, Officers & Founder	5%

# Self-Sufficient Project



BOLEO LOCATION MAP

## PORT - ROAD

- Port located 500 m from plant site
- Project on main highway 500 miles from US

## WATER

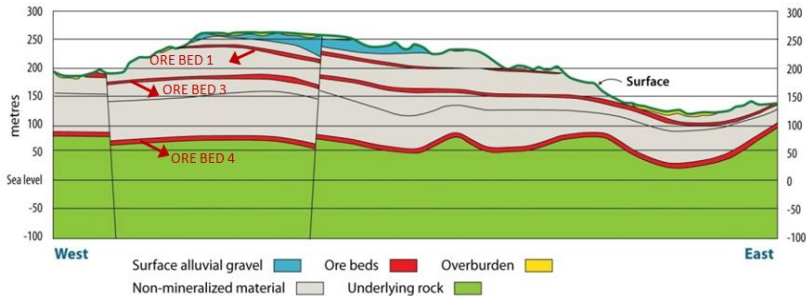
- Majority of process to run on sea water
- Fresh and potable water from steam of acid plant and desalinization plant

## POWER

- 62 MW – 72+ MW of power requirement
- Acid plant to generate 44 MW
- Additional power from diesel based generators

# Near Surface Underground Mine

- Clay ore body lends itself to high-rate underground mining similar to coal, potash
- 7 ore beds, flat-lying, close to surface and accessible from surface
- 7 months test mining indicates costs comparable to open pit methods
- May 2011 – near surface mining commenced with ore from tailings pond area
- Sep 2011 – underground mining commenced on time



BOLEO DEPOSIT CROSS SECTION

# Robust Economics



PROCESS PLANT CONSTRUCTION AT BOLEO – SEP 2011

Mine life	23 years
LOM cash costs (net of by-products)	Negative US\$ 0.29/lb Cu
After tax NPV (8%)	US\$ 1.3 Billion
After tax IRR	26%

## Y1-Y6

Copper grade	Above 2.00%
Avg annual production	Cu 125Mlb, Co 3.7Mlb, Zn 25.4Kt
After tax avg annual cashflow	US\$ 302 M

## LIFE of MINE

Copper grade	1.33%
Avg annual production	Cu 84Mlb, Co 3.6Mlb, Zn 28.4Kt
Revenue distribution	Cu 66%, Co 25%, Zn 9%

Source: March 2010 Technical Report, Metal prices: Cu US\$2.91/lb, Co US\$26.85/lb, Zn US\$0.53/lb

# Team of Proven Mine Builders & Operators

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**Michael Shaw**

COO &  
VP Construction

- 40+ years construction & operation experiences, mostly in Latin America
- Involved in Andacollo gold mine (Chile), El Abra copper mine (Chile), Jerritt Canyon gold mine (Nevada), and Cerro Colorado copper deposit (Panama)

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**David Dreisinger, PhD**

VP Metallurgy

- Professor at UBC - Hydrometallurgical Industrial Chair
- Co-invented the Mt. Gordon and Sepon Copper Processes for copper recovery
- Actively involved in the development of the Boleo's metallurgical flowsheet

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**Scott Britton**

GM Mining

- 30+ years experience in coal and soda ash underground mine engineering
- Soft rock mining expert

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**Terry Hodson**

GM Geology

- 30+ years experience in exploration, resource evaluation and operations
- Most recently with Teck Resources as Assistant Manager, Advanced Projects

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**Thomas Glück, PhD**

Director Process Tech.

- 30 years experience as process engineer, of which 23 at Manganese Metal Company, a subsidiary of Samancor (BHPBilliton)

# Strong Minority Partner: Korean Consortium



**LS**-Nikko Copper



Materials



# Fully Funded For Construction

US\$ in Millions

Capex <sup>1</sup>	889.5
Cost Overrun	100.0
Finance, Reclamation & Non Leasing Costs	154.1
<b>TOTAL FUNDING REQUIRED</b>	<b>1,143.64</b>

- Korean Consortium provided US\$ 50M shareholder loan + 30% of construction costs
- Louis Dreyfus provided US\$ 35 M convertible cost overrun facility. If drawn converts into shares of Baja (C\$1.10/share), if not drawn 7,408,727 warrants become exercisable (C\$1.375/share)
- Debt financing signed in September 2010
- Equity financing closed in November 2010 167,325,000 shares issued at C\$ 1.10 (inclusive of the over-allotment option)

US\$ in Millions

Korean Consortium	146.3
Louis Dreyfus	35.0
Baja - Debt	822.5
Baja - Equity (C\$ 184.1M)	180.7 <sup>2</sup>
<b>TOTAL FUNDING RAISED</b>	<b>1,184.50</b>

(1) Includes US\$ 92.3M of contingencies (2) C\$ 1= US\$ 0.9816 as of November 22, 2010

# 2010 Construction Financing - Debt

US\$ in Millions		TERMS
Export-Import Bank US <sup>1</sup>	419.6	14 y
Export Development Canada <sup>2</sup>	149.5	14 y
Korea Development Bank	90.0	12 y
Commercial Banks	50.0	10 y
<b>Senior Debt</b>	<b>709.1</b>	
Korea Development Bank <sup>3</sup>	63.4	
<b>Subordinated Debt</b>	<b>63.4</b>	
Commercial Banks	50.0	
<b>Cost Overrun</b>	<b>50.0</b>	
<b>TOTAL DEBT</b>	<b>822.5</b>	

- Commercial Banks: Barclays Capital, Standard Bank, Standard Chartered Bank, UniCredit Bank and WestLB
- Senior debt drawdown subject to:
  - ✓ Hedging of 50% of 2014-2016 Cu production (Closed in December 2010)  
Put options: US\$ 5,291/tonne (US\$ 2.40/lb)  
Call options: US\$ 8,760/tonne (US\$ 3.97/lb)
  - ✓ US EXIM loan operative (Closed in January 2011)  
Interest rate fixed at 3.02% in January 2011
  - ✓ Completed first draw of US\$123.5 million in October 2011

Include rolled up interest of (1) US\$ 19.6M (2) US\$ 9.5M (3) US\$ 13.4M

# 2010 Construction Financing - Equity

Bought deal financing	145,500,000
Over-allotment option	21,825,000
<b>TOTAL SHARES ISSUED</b>	<b>167,325,000</b>

C\$ in Millions		
Louis Dreyfus	39.6	22%
Institutional Investors, <i>of which</i>	144.5	78%
<i>Canada</i>		41%
<i>Europe</i>		33%
<i>US</i>		26%
<b>TOTAL EQUITY RAISED</b>	<b>184.1</b>	

- 167,325,000 shares issued at C\$ 1.10 (inclusive of the over-allotment option)
- Louis Dreyfus subscribed equity lead order as per off-take agreement (June 2010)
- Off-take agreement: 70% of copper and cobalt production at LME prices for 10 years

# Milestones



UNDERGROUND MINING – SEP 2011

## Q2 2011

- ✓ Poured first concrete (thickener wells & chutes)
- ✓ Commenced surface mining activities
- ✓ Receive initial power generators (7.5MW)

## Q3 2011

- ✓ Received underground mining equipment
- ✓ Commenced ROM stockpile & infrastructure
- ✓ Commenced underground mining
- ✓ Initiated operation of first desalination plant

# Milestones (contd.)



DESALINATION PLANT PIPING CELLS – SEP 2011

## Q4 2011

- ✓ First draw of senior loans
- Initial power plant to become operational
- Substantial completion of engineering
- Arrival of process plant grinding mills & scrubbers; commence mechanical installation
- Commence tailings dam construction

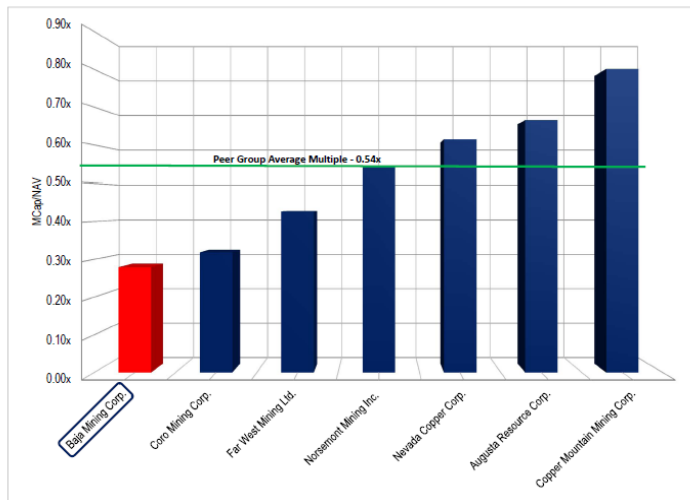
## 2012

- Completion of Marine Terminal
- Mechanical completion of copper circuits

## 2013

- Commence operations
- First copper scheduled 1<sup>st</sup> half of year
- Cobalt & zinc sulphate - 2<sup>nd</sup> half

# Undervalued Compared to Copper Developers



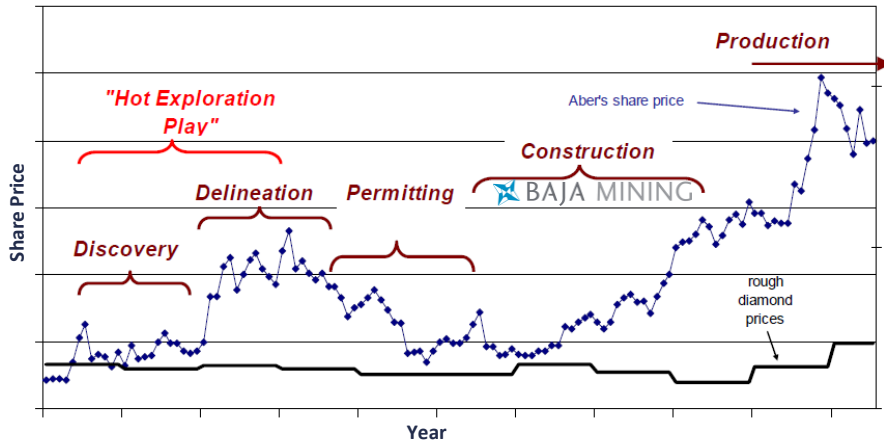
# Significant NAV Upside Potential



MINING TEAM IN FRONT OF PORTAL ENTRANCE – SEP 2011

- Production of manganese concentrate onsite, with off-site metal production
- 50+ year potential mine life based on current resource
- Exploring additional years of production at +2.0% Cu head-grade
- Potential Offtake Agreement with Mn Refinery

# History of a Mining Play



Source: Salman Partners - Aber Diamond stock chart, diamond prices are annual averages of a US\$ index of rough diamond prices, Jan 1970=100, measured by Salman Partners off chart published by De Beers Group, February 11, 2009)

# Two year comparison – Copper Mountain & Baja

## Charts for Copper Mountain Mining Corporation (CUM)

**\$ 7.14**      0.00 (0.00%)      Volume: 316,924      3:59 PM EDT Jul 20, 2011

2 Year Price - CUM



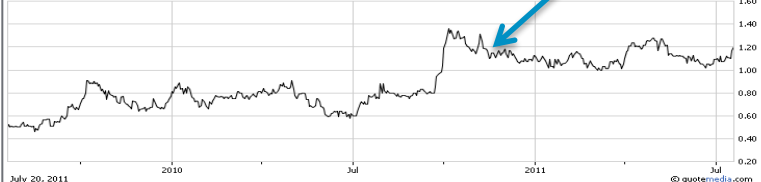
Nov. 15, '10  
\$1.17 –  
Commences  
construction

Oct. 8, '09 \$1.40 –  
Commences  
construction

## Charts for Baja Mining Corp. (BAJ)

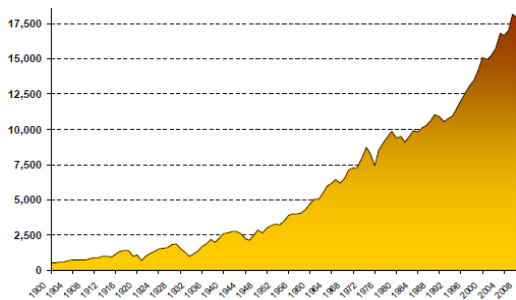
**\$ 1.20**      ▲ 0.03 (+2.56%)      Volume: 704,500      4:00 PM EDT Jul 20, 2011

2 Year Price - BAJ

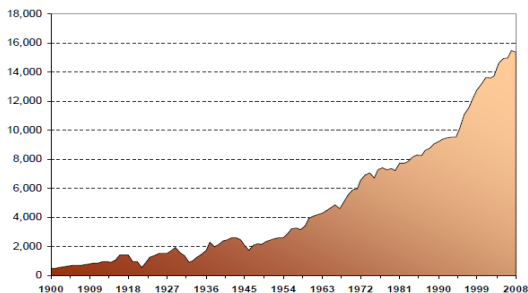


# Global Copper Shortage

- Since 1900, world demand for refined copper increased from less than 500 kt to around 18 Mt in 2008. Average annual growth rate since 1900: 4%
- World production – 1900: 495 kt; 2008: over 15 Mt



WORLD COPPER CONSUMPTION 1900-2008 (K TONNES)



WORLD COPPER PRODUCTION 1900-2008 (K TONNES)

Source: International Copper Study Group – The World Copper Fact Book 2009

# Why to Invest in Baja Mining



UNDERGROUND MINING TRAINING

- Fully funded and to be in production ahead of most of its peers
- Supported by an outstanding team of lenders and top experts
- One of the world's lowest cost copper mines at negative US\$0.29/lb cash costs
- Robust economics, long-life producer
- Excellent federal, state and local support
- Undervalued versus its peer group, mainly due to its obscurity in the market

# Appendix

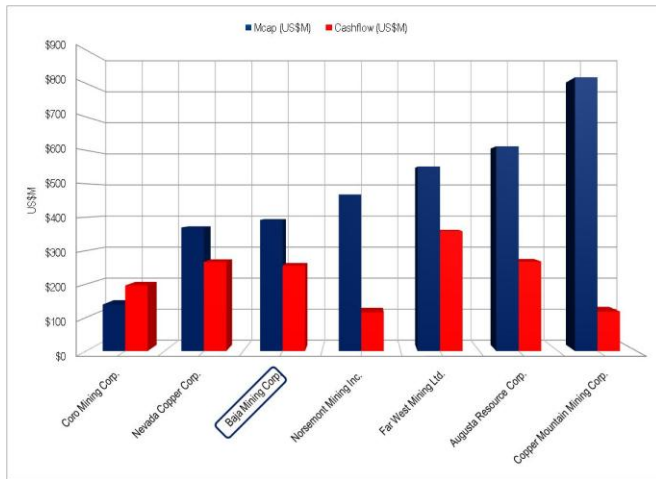


# NPV's at Various Metal Prices

	<b>SEC PRICE</b>	<b>SPOT PRICE</b>
	<b>2008-2010</b>	<b>FEB 2011</b>
Copper (US\$/lb)	2.98	4.52
Cobalt (US\$/lb)	23.77	18.00
Zinc Sulphate (US\$/tonnes)	1,100	1,100
<b>JAN 2011</b>	<b>US\$ Million</b>	<b>US\$ Million</b>
Pre-tax NPV (7%)	1,378	2,204
After-tax NPV (7%)	986	1,595
<b>FIRST COPPER JAN 2013</b>	<b>US\$ Million</b>	<b>US\$ Million</b>
Pre-tax NPV (7%)	2,337	3,304
After-tax NPV (7%)	1,879	2,591

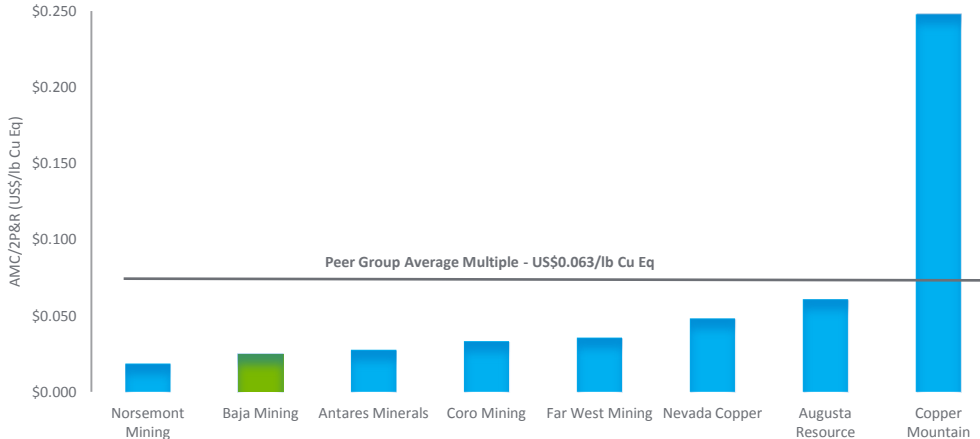
Economics based on Baja's 70% interest

# Comparable Copper Developers



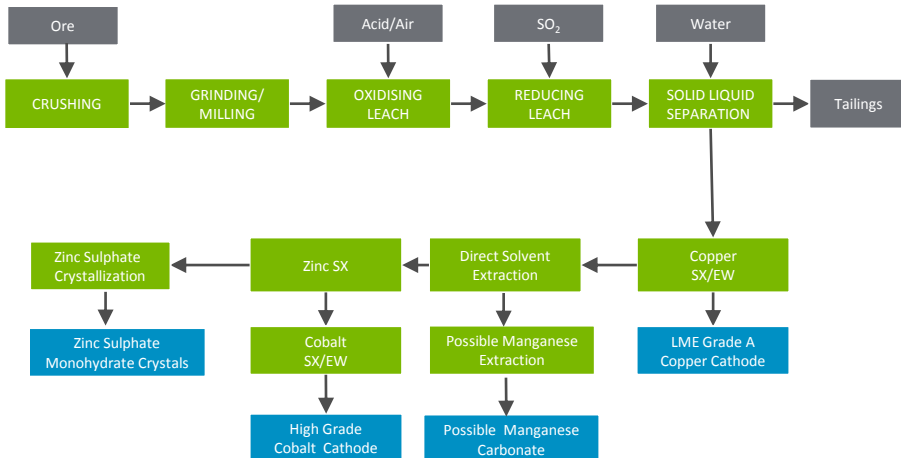
Source: Raymond James Ltd. - All figures as at May 27, 2011 - Cashflow based on first full production year - Data sourced from company reports and consensus research, using Cu Eq Prices: US\$2.50/lb Cu.

# Comparable Copper Developers



Source: Raymond James - Prices: November 23, 2010 - FD o/s: based on treasury method – Cu Eq Prices: US\$2.50/lb Cu, US\$1.10/lb Zn, US\$14.00/oz Ag, US\$1,000.00/oz Au, US\$0.72/lb Pb, US\$0.50/lb Mn, US\$10.50/lb Co – AMC: Mkt Cap + long term debt- working capital

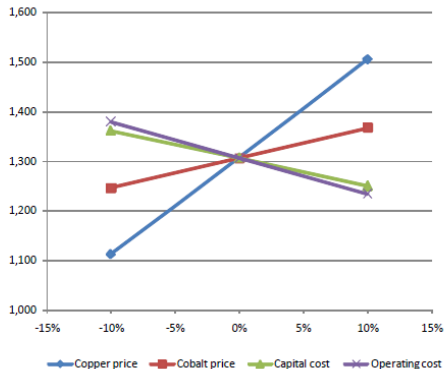
# Process Flowsheet



# Proven Process Flowsheet

- Process design and engineering included:
  - David Dreisinger - recognized world expert in hydrometallurgy
  - SGS Lakefield
  - Bateman Engineering
- Key feature is the use of high-rate thickeners for Solid Liquid Separation
- Flowsheet has been successfully pilot tested in 2004 and 2006 at SGS Lakefield
- Commercially proven unit operation of the flowsheet:
  - Solid liquid separation: 20+ commercial operations, including Sepon Project (formerly Oxiana's company)
  - Copper leaching: Marcona Project (formerly Chariot Resources)

# Price Sensitivity Analysis



	Case 1	Case 2	Case 3
Copper (US\$/lb)	2.91	2.25	3.40
Cobalt (US\$/lb)	26.85	20.00	21.17
Zinc (US\$/lb)	0.53	0.50	0.45
IRR	25.6%	20.4%	27.9%
NPV 5% (US\$M)	1,922	1,230	2,122
NPV 8% (US\$M)	1,306	815	1,473

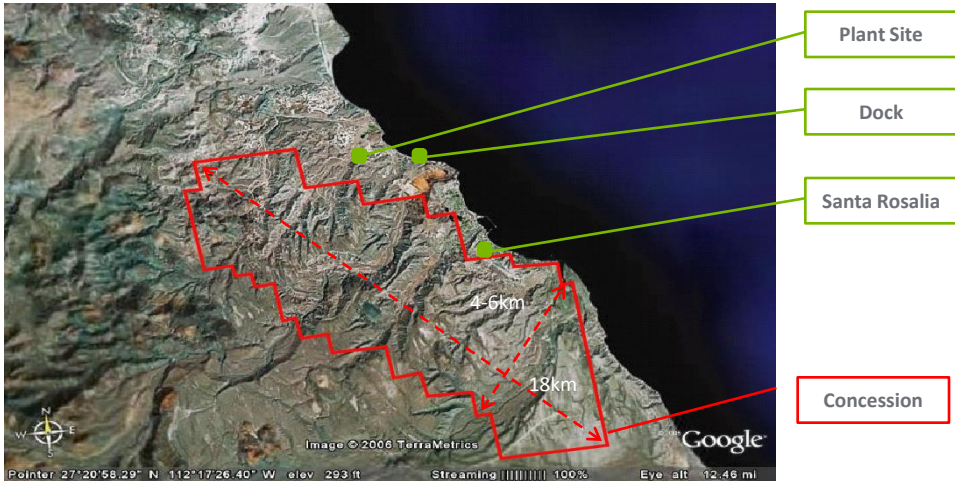
## CASE 1 – PRICING AT NPV 8%

Case 1: SEC Guidelines (March 2010 Technical Report ), Case 2: Custom Pricing, Case 3: Jan 8, 2010

# Resource & Reserve

	TONNES M	GRADE				CONTAINED METALS			
		Cu %	Co %	Zn %	Mn %	Cu M lb	Co M lb	Zn M lb	Mn M lb
Underground	67.4	1.49	0.08	0.59	2.93	2,218.1	111.2	873.8	4,348.1
Open Cut	17.6	0.73	0.09	0.41	2.88	283.8	34.5	160.8	1,111.9
<b>P+P RESERVES</b>	<b>85.0</b>	<b>1.33</b>	<b>0.08</b>	<b>0.55</b>	<b>2.92</b>	<b>2501.9</b>	<b>145.7</b>	<b>1034.5</b>	<b>5459.9</b>
<b>M+I RESOURCES</b>	<b>264.7</b>	<b>0.76</b>	<b>0.06</b>	<b>0.64</b>	<b>3.23</b>	<b>4,434.5</b>	<b>350.1</b>	<b>3,734.3</b>	<b>18,846.8</b>
<b>INFERRED RESOUR.</b>	<b>159.9</b>	<b>0.47</b>	<b>0.05</b>	<b>0.70</b>	<b>2.93</b>	<b>1,656.3</b>	<b>158.6</b>	<b>2,466.8</b>	<b>10,325.5</b>

# Site Layout



# Santa Rosalia: Supportive Local Community

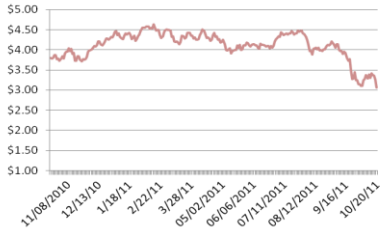


SANTA ROSALIA - HARBOUR

- ❑ Originally built by the French as a mining town in 1885
- ❑ Population of approximately 12,000 and an available work force
- ❑ Baja involvement:
  - ❑ 2004-2006: Cleaning & Re-construction after two hurricanes
  - ❑ 2008: Donation of fire trucks & water tanks
  - ❑ 2009: Construction of landfill (El Goto)
  - ❑ Ongoing training of teams responding to fires and emergency

# Market Price Comparison

### Copper prices Oct. 2010 -2011



### Baja Prices Oct. 2010-2011



### Baja and Copper Prices

