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April 7<sup>th</sup>, 2007

**Attention: U.S. SHAREHOLDER**

**IMPORTANT TAX NOTICE**

Re: 2007 PFIC status

**This statement is provided for shareholders of Baja who are required to file a United States federal income tax return. It is not relevant to our other shareholders.**

Baja Mining Corp. ("Baja") should be considered a passive foreign investment company ("PFIC") under Section 1297 of the United States Internal Revenue Code (the "Code") for the taxable year ended December 31, 2007. For shareholders of Baja that are subject to U.S. federal income tax ("U.S. Shareholders"), certain significant and potentially adverse United States federal income tax consequences result from this designation. These consequences may be generally mitigated by making a timely and effective election to treat Baja as a Qualified Electing Fund under Section 1295 of the Code (a "QEF Election").

Pursuant to the requirements of Treasury Regulation Section 1.1295-1(g)(1), the attached PFIC Annual Information Statement is being provided to US Shareholders who have made or intend to make a QEF Election. The attached PFIC Annual Information Statement contains information to enable you or your tax advisor to prepare your tax return if you make the QEF Election.

A U.S. shareholder who makes a QEF election is required to annually include in his or her income his or her pro rata share of the ordinary earnings and net capital gains of Baja. The QEF election is made by completing and attaching Form 8621 to your federal income tax return filed by the due date of the return, as extended.

**WE STRONGLY URGE BAJA SHAREHOLDERS TO CONSULT WITH THEIR OWN TAX ADVISOR REGARDING WHETHER THEY ARE SUBJECT TO U.S. FEDERAL INCOME TAX, AND IF SO, WHETHER THEY ARE ELIGIBLE TO MAKE ANY APPLICABLE ELECTIONS PERTAINING TO THE COMPANY'S STATUS AS A PFIC. ANY DECISION TO MAKE (OR REFRAIN FROM MAKING) ANY ELECTION THAT MAY BE AVAILABLE TO THEM WILL DEPEND UPON THEIR OWN PARTICULAR**



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TAX SITUATION AND MAY HAVE SIGNIFICANT AND CONTINUING US TAX CONSEQUENCES. THE COMPANY IS UNABLE TO GIVE ADVICE IN THIS REGARD.

Further information on PFIC rules is available on the internet at the Internal Revenue Service website.

Detailed information about PFICs and the QEF election:

[www.irs.gov/instructions/i8621/ch01.html](http://www.irs.gov/instructions/i8621/ch01.html)

Instructions to complete Form 8621: [www.irs.gov/pub/irs-pdf/i8621.pdf](http://www.irs.gov/pub/irs-pdf/i8621.pdf)

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