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## BOARD MANDATE

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### 1.0 Introduction

The Board of Directors (the "Board") of Baja Mining Corp. (the "Company") is responsible for the stewardship of the Company and supervising the management of its business and affairs. The Board shall review, discuss and approve various matters relating to the strategic direction, business, operations and organizational structure of the Company, with a view to the best interests of the Company.

### 2.0 Board Composition

The Board shall be composed of directors ("Directors") elected by shareholders of the Company at the Annual Meeting of shareholders and Directors appointed by the Board between Annual Meetings in accordance with applicable law.

The Board of Directors supervises management, and in that regard the independent directors provide an important function. The Board will be comprised of a majority of independent directors.

"Independence" is defined as set forth in National Instrument 52-110.

The composition of the Board, including the qualifications of its members, shall comply with all other applicable requirements of corporate legislation, the stock exchanges (the "Exchange(s)") on which the Company's securities are listed and securities regulatory authorities, as adopted or amended and in force from time to time.

The Board will annually appoint an independent director as Chairperson of the Board.

### 3.0 Executive Board Committees

The Board may constitute such committees (the "Committees") as it deems necessary or desirable from time to time, including:

- an Audit Committee,
- a Nominating and Corporate Governance Committee ("NCG Committee"); and
- a Compensation Committee

With respect to the Committees, the Board may:

- a) Delegate to the Committees matters for which the Board is responsible, to the extent such delegation is permitted by law. Notwithstanding the delegation of any of its responsibilities to a Committee, the Board retains its oversight function and ultimate responsibility for all delegated matters. All matters recommended by individual committees only take full force and effect once reviewed and approved by the Board.

- b) Appoint only independent directors to each of the Committees of the Board.
- c) In the case of the Audit Committee, appoint only independent directors who are, also financially literate to serve as members and/or the chairperson of the Committee.
- d) Re-appoint Committee members on an annual basis.
- e) Ratify each Committee's selection and appointment of Committee Chair annually.
- f) Adopt written charters for each of the Committees, setting out the responsibilities of the Board that are delegated to the Committees.
- g) Review and approve each Committee charter annually. In advance of the annual Board approval of individual Committee charters, each Committee is responsible for reviewing its respective charter and recommending any changes to the Board for final approval.
- h) Determine and re-evaluate, from time to time, the compensation of Committee members and each Committee Chair, taking into account recommendations from the Compensation Committee.

#### **4.0 Specific Board Duties**

There are specific roles and responsibilities that must be carried out by the Board in order to ensure the stewardship of the Company in a profitable, sustainable and responsible manner.

In order to carry out its fiduciary duty, as well as its duty of care and loyalty to the Company and its shareholders, the members of the Board will do the following:

##### **4.1 Leadership**

- a) Provide leadership in setting and upholding the mission, vision, principles and values of the Company, in conjunction with the Chief Executive Officer (CEO).
- b) Provide leadership and vision in the supervision of management of the Company.

##### **4.2 Board Meetings**

- a) Meet a minimum of four times per year and as many additional times per year as necessary in order to carry out its duties effectively. Attendance via conference call is considered full and effective attendance at Board meetings.
- b) Meet in separate, independent and non-management in-camera sessions via meetings of the fully independent committees.
- c) Meet in separate, non-management in-camera sessions at a minimum of two regularly scheduled meetings.
- d) Meet in separate, non-management, in-camera sessions with any internal personnel or outside advisors, as deemed necessary and appropriate, in order to make informed decisions and carry out their duties.

- e) Attend at least 80% of the scheduled Board meetings held each year.
- f) Review meeting materials and supporting documents pertaining to agenda items prior to regularly scheduled Board meetings in order to be informed on relevant topics and participate in and contribute to discussions.

#### **4.3 Meeting Documentation**

- a) Produce minutes for each of its meetings, including meetings of each of the independent Committees of the Board, within 15 business days, following each meeting. Minutes (with appropriate amendments, as agreed to by those in attendance) must be adopted and approved by resolution at the subsequent scheduled Board, or if appropriate, Committee, meeting. The Board may appoint a non-board member as recording secretary at board meetings and committee meetings. Any resolutions passed during in-camera sessions must be recorded. The Chairperson and Recording Secretary are responsible for sign-off of Board meeting minutes.

#### **4.4 Chief Executive Officer (CEO)**

- a) Select, appoint, evaluate and, if necessary, terminate, the CEO.
- b) Receive, review and take appropriate action on recommendations from the Compensation Committee regarding compensation and bonuses for the CEO.
- c) Assist in the development of and, approve on an annual basis, the corporate objectives that the CEO is responsible for meeting, and assess the CEO annually against those objectives.

#### **4.5 Board Chair**

- a) Annually appoint an independent director as Chairperson of the Board.

#### **4.6 Strategic Planning**

- a) Adopt a strategic planning process and approve (at least annually) a strategic plan developed and proposed by management (with appropriate amendments requested by the Board) which takes into account the business opportunities and business risks of the Company.
- b) Monitor performance against the Strategic Plan.
- c) Review with management, from time to time, the strategic planning environment, the emergence of new opportunities and risks, and the implications of the foregoing for the strategic direction of the Company.

#### **4.7 Annual Capital & Operating Plans**

- a) At least annually, approve an Annual Capital Expenditure & Operating Plan for the Company, which includes business plans, construction and operational requirements, organizational structure, staffing, budgets and expenditure plans.

#### **4.8 Risk Management**

- a) Identify the principal business risks of the Company and ensure that there are appropriate systems put in place and actions taken to manage these risks.
- b) Oversee the management of environmental risks and practices, charitable activities, and other social responsibility matters.

#### **4.9 Integrity and Ethical Conduct**

- a) Satisfy itself, to the extent feasible, as to the integrity of the CEO and other officers, and that the CEO and other officers create a culture of integrity throughout the organization.
- b) Provide leadership and support to the Company with respect to its Social and Environmental Responsibility.
- c) Ensure the implementation of appropriate environmental stewardship and health and safety management systems that are sufficient, within the norms and practices of the mining industry, to ensure compliance with applicable laws and policies of the Company;
- d) Ensure policies and procedures to maintain internal control over financial reporting are in place.
- e) Ensure policies and procedures designed to maintain appropriate and effective audit and accounting practices are in place.
- f) Ensure appropriate standards of corporate conduct (including adopting a Code of Business Conduct and Ethics (the “Code”) designed to promote integrity and deter wrongdoing) that is applicable to all directors, officers and employees, and addresses, among other things: (i) conflicts of interest; (ii) protection and proper use of corporate assets and opportunities; (iii) confidentiality of corporate information; (iv) fair dealing with the Company’s security holders, customers, suppliers, competitors and employees; (v) compliance with laws, rules and regulations; and (vi) reporting of any illegal or unethical behaviour;
- g) Foster ethical and responsible decision making by management and set the ethical tone for the Company, management and all employees.
- h) Monitor compliance with the Code and grant any waivers from the Code for the benefit of directors or officers of the Company in accordance with the applicable requirements of securities regulatory authorities or the stock exchanges on which the Company’s securities are listed, as adopted or amended and in force from time to time.
- i) Respond as necessary to any violations of any of the Company’s codes, charters or policies and take all steps necessary to resolve potential conflict of interest situations.

#### **4.10 Communication, Disclosure and Compliance**

- a) Adopt a Communication and Corporate Disclosure Policy for the Company to ensure there are policies and procedures in place to maintain the integrity of the Company’s internal disclosure controls and procedures and external communication and disclosure

controls. The policy or policies will: mandate activities relating to timely public disclosure; ensure all material information is properly gathered and reviewed; and monitor and evaluate compliance with, and the effectiveness of, such controls and procedures.

- b) Annually review the Communication and Corporate Disclosure Policy, and consider any recommended changes.
- c) Adopt a process for shareholders and other interested parties to communicate directly with the Board or the independent directors, as appropriate.

#### **4.11 Governance**

- a) With the NCG Committee, develop the Company's approach to corporate governance.
- b) Once or more annually, and with the recommendation of the NCG Committee, receive for consideration any recommended amendments to:
  - i. Board Mandate;
  - ii. Chair of the Board Position Description;
  - iii. Audit Committee Charter;
  - iv. Audit Committee Chair Position Description;
  - v. Compensation Committee Charter;
  - vi. Compensation Committee Chair Position Description;
  - vii. NCG Committee Charter;
  - viii. NCG Committee Chair Position Description;
  - ix. CEO Position Description;
  - x. CFO Position Description; and
  - xi. Corporate Secretary Position Description.
- c) With the NCG Committee, ensure the Company's governance practices are appropriately disclosed.
- d) At the recommendation of the NCG Committee, annually determine those individual directors proposed to be nominated for election at the next annual general meeting of shareholders.
- e) At the recommendation of the NCG Committee, annually determine each individual director's status as independent or not-independent, and ensure adequate and correct disclosure is made.
- f) At the recommendation of the NCG Committee, evaluate the relevant relationships of each independent director and determine if such relationship precludes a director from being independent;
- g) At the recommendation of the NCG Committee, analyse, review, and appropriately disclose the competencies of each director of the Company, including the designation as a "financially literate" person for the purpose of the Audit Committee as set forth under applicable laws and regulations.
- h) At the recommendation of the NCG Committee, and with respect to nominating or corporate governance matters, or in relation to any written and approved company

policies, discuss, review and act upon matters brought to the attention of the Board in a timely manner.

#### **4.12 Delegations & Approval Authorities**

- a) Review and approve financings, acquisitions, dispositions, investments and other transactions that are not in the ordinary course of business or involve revenues, expenditures or other amounts that are in excess of the limits prescribed from time to time by the Board;
- b) Review and, with the recommendation of the Audit Committee, approve the quarterly results, financial statements and associated Management's Discussion and Analysis, and any other disclosure material associated with the same.
- c) Review and, with the recommendation of the Audit Committee, approve the annual results, financial statements, MD&A and Form 40-F prior to filing them or furnishing them to the applicable securities regulators and prior to any public dissemination of information related to the same.
- d) Review and approve the Annual Information Form.
- e) Review and approve all stock option grants or amendments thereto to all eligible persons under the Company's Stock Option Plan.
- f) Annually delegate approval authorities to the CEO, and review and revise them as appropriate.
- g) Consider, and at the Board's discretion, approve any matters recommended by the independent Committees of the Board.
- h) Consider, and in the Board's discretion, approve any matters recommended by management.

#### **4.13 Succession**

- a) Implement, with the input of the appropriate Committees where necessary, a strategy and plan to deal with director succession, including criteria for: size and composition of the board; identification of qualified individuals; tenure and responsibilities; orientation, education and performance assessment.
- b) Assist the CEO in the creation of a strategy for management succession

#### **4.14 Compensation**

- a) Review and approve the compensation of officers of the Company, as well as the corporate objectives and goals applicable of each officer, based on the advice and suggestion of the Compensation Committee. Ensure that the compensation is competitive within the industry, the composition mix (i.e., between cash, short-term incentives and long-term incentives) provides an appropriate incentive to each member relative to his or

her responsibilities and the Company's objectives and goals, and that the form of compensation aligns the interests of each such individual with those of the Company.

- b) With the recommendation of the Compensation Committee, approve appropriate incentive, bonus and/or compensation plans for the Company.
- c) With the recommendation of the Compensation Committee, review and approve any award of incentives, bonuses and/or compensation to officers of the Company regardless of whether the award is part of an approved plan as noted in 4.14(b) above or is a separate/additional award.
- d) With the recommendation of the Compensation Committee, approve compensation of independent executive directors, and from time to time, review and approve any amendments thereto.
- e) Engage outside compensation consultants and experts as necessary in order to fairly and accurately make decisions on the compensation of management.

#### **4.15 Board Orientation, Education & Assessments**

- a) Ensure there is an appropriate formal orientation program and reference package available for new directors.
- b) With the NCG Committee, ensure there is a continuing education program developed and implemented for all directors.
- c) Review, on an annual basis, the contributions of: the Board as a whole; the Chairperson of the Board, if applicable; any Committees and respective Chairpersons; and each of the directors of the Board, in order to determine whether each is functioning effectively.

#### **4.16 Review of the Board Mandate**

- a) Honour the spirit and intent of applicable law as it evolves, and grant authority to make minor technical amendments to this Mandate to the Corporate Secretary, who will report any amendments to the NCG Committee at its subsequent meeting.

<p><i>The Board Mandate is reviewed annually by the:</i> <b>CEO</b> <b>Corporate Secretary</b> <b>Nominating and Corporate Governance Committee</b> <b>Board of Directors</b></p>
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<p><b>Initially Approved &amp; Adopted: December 15, 2008</b></p>
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<p><b>Reviewed &amp; Renewed by the Board: November 13, 2009</b></p>
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