



**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2015 AND 2014**



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
AsiaBaseMetals Inc.

We have audited the accompanying financial statements of AsiaBaseMetals Inc. which comprise the statements of financial position as at September 30, 2015 and 2014, and the statements of comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of AsiaBaseMetals Inc. as at September 30, 2015 and 2014, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Notes 1 and 2(c) in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of AsiaBaseMetals Inc. to continue as a going concern.

/S/ Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
December 17, 2015

ASIABASEMETALS INC.**STATEMENTS OF FINANCIAL POSITION****AS AT SEPTEMBER 30, 2015 AND 2014**(Expressed in Canadian Dollars)

	2015	2014
ASSETS		
Current		
Cash	\$ 56,888	\$ 123,277
Amounts receivable	7,446	414
Prepaid expenses	500	13,500
	64,834	137,191
Exploration and evaluation assets (Note 6)	40,792	29,276
	\$ 105,626	\$ 166,467
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 114,172	\$ 32,239
Director loan (Note 9)	22,000	-
	136,172	32,239
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 7)	1,689,690	1,637,092
Share-based payment reserves	298,580	298,580
Accumulated deficit	(2,018,816)	(1,801,444)
	(30,546)	134,228
	\$ 105,626	\$ 166,467

CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS (Note 1)

Approved by the Board on December 17, 2015:

"Raj Chowdhry"
Director

"Ken Collison"
Director

(The accompanying notes are an integral part of these financial statements.)

ASIABASEMETALS INC.**STATEMENTS OF COMPREHENSIVE LOSS****FOR YEARS ENDED SEPTEMBER 30, 2015 AND 2014**(Expressed in Canadian Dollars)

	2015		2014
EXPENSES			
Management fees (Note 9)	\$ 81,306	\$	53,233
Professional fees	52,588		30,563
Office, administration, and miscellaneous (Note 9)	42,836		59,275
Regulatory and transfer agent fees	25,540		13,560
Exploration, net	15,012		1,863
Interest and bank charges	212		120
Separation payment (Note 9)	-		60,000
Travel	-		28,302
Foreign exchange gain	(122)		(461)
NET LOSS AND COMPREHENSIVE LOSS	\$ (217,372)	\$	(246,455)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.01)	\$	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	19,317,487		18,667,689

(The accompanying notes are an integral part of these financial statements.)

ASIABASEMETALS INC.**STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**(Expressed in Canadian Dollars)

	Common Shares (Note 7)		Share-based Payment Reserves	Accumulated Deficit	Total
	Number of Common Shares	Amount			
Balances at October 1, 2013	18,225,227	\$ 1,431,492	\$ 298,580	\$ (1,554,989)	\$ 175,083
Private Placement, net of issuance costs	1,062,500	205,600	-	-	205,600
Net loss and comprehensive loss	-	-	-	(246,455)	(246,455)
Balances at September 30, 2014	19,287,727	\$ 1,637,092	\$ 298,580	\$ (1,801,444)	\$ 134,228
Shares issued on acquisition of Jean Property (Note 6)	62,500	8,750	-	-	8,750
Private Placement, net of issuance costs	1,000,000	43,848	-	-	43,848
Net loss and comprehensive loss	-	-	-	(217,372)	(217,372)
Balances at September 30, 2015	20,350,227	\$ 1,689,690	\$ 298,580	\$ (2,018,816)	\$ (30,546)

(The accompanying notes are an integral part of these financial statements.)

ASIABASEMETALS INC.**STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**(Expressed in Canadian Dollars)

	2015	2014
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (217,372)	\$ (246,455)
Change in non-cash working capital items		
Amounts receivable	(7,032)	2,135
Prepaid expenses	13,000	3,350
Accounts payable and accrued liabilities	81,933	11,928
Cash used in operating activities	(129,471)	(229,042)
INVESTING ACTIVITY		
Exploration and evaluation costs	(2,766)	-
Cash used in investing activity	(2,766)	-
FINANCING ACTIVITY		
Loan from director	22,000	-
Proceeds from private placement, net	43,848	205,600
Cash provided by financing activities	65,848	205,600
DECREASE IN CASH DURING THE YEAR	(66,389)	(23,442)
CASH, BEGINNING OF YEAR	123,277	146,719
CASH, END OF YEAR	\$ 56,888	\$ 123,277

Supplemental Cash Flow Information

Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

Non-cash Transactions

Shares issued for mineral properties	\$ 8,750	\$ -
--------------------------------------	----------	------

(The accompanying notes are an integral part of these financial statements.)

ASIABASEMETALS INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS

AsiaBaseMetals Inc. (the "Company") was incorporated on August 11, 2009 under the laws of British Columbia. The Company is a growth company focused on the exploration and development of zinc and base metals. The address of the Company's corporate office and principal place of business is 6153 Glendalough Pl., Vancouver, British Columbia, V6N 1S5, Canada.

At September 30, 2015, the Company had not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the resource property. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES**a) Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The significant accounting policies used in the preparation of these financial statements are described below.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

On April 16, 2015, the Company's Board approved a consolidation of the Company's issued and outstanding share capital on a 2 old for 1 new basis. The stock consolidation was completed on May 13, 2015. Subsequently, on August 12, 2015 the Company's Board approved a further consolidation on a 2 old for 1 new basis. The stock consolidation was completed on August 31, 2015. All share capital and per share amounts in these financial statements have been adjusted to give retroactive effect to the share consolidation.

c) Going Concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of \$2,018,816 at September 30, 2015. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

e) Exploration and evaluation assets

Exploration expenditures are expensed as incurred and direct costs of exploration and evaluation assets, such as property acquisition costs and leases are capitalized. Exploration and evaluation assets are assessed for impairment at the end of each reporting period and if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. B.C. mining exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development expenditure and costs of the respective mineral property.

Development costs incurred on a mineral property are deferred once management has determined, based on a feasibility study, that, a property is capable of economical commercial production as a result of having established proven and probable reserves. Development costs are carried at cost less accumulated depletion and accumulated impairment charges. Exploration expenditures incurred prior to determining that a property has economically recoverable resources are expensed as incurred.

The Company reviews the carrying values of mineral properties and development costs regularly with a view to assessing whether there has been any impairment in value, or whenever events or changes in circumstances that indicate the carrying value may not be recoverable. In the event the estimated discounted cash flows expected from its use or eventual disposition is determined to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

Once a mine has achieved commercial production, mineral properties and development costs are depleted on a units-of-production basis over the life of the mine.

f) Share-based payment transactions

Employees receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognized, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in statement of loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in share-based payments expense.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

ASIABASEMETALS INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**f) Share-based payment transactions (continued)**

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

g) Flow-through shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. At the time flow-through shares are issued, there may be a potential premium paid on the flow-through shares calculated based on the share issuance price and the market price at the time of closing. A liability is recognized for the premium on the flow-through shares and is subsequently reversed and recorded as other income as the Company incurs qualifying Canadian exploration expenses.

h) Foreign Currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

At each financial position reporting date presented, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

ASIABASEMETALS INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**j) Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

k) Income taxes**i) Current income tax**

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

ii) Deferred tax

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of goodwill, or assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as a deferred income tax recovery in operations in the period of renunciation.

Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

l) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

ASIABASEMETALS INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**l) Financial assets (continued)**

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At September 30, 2015, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

m) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and director loan are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At September 30, 2015, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include deferred income taxes, assessment of decommissioning provision and assessment of impairment of exploration and evaluation assets.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**(i) Impairment**

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective or assessments with a significant risk of material adjustment in the next year.

(ii) Going Concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 2(c).

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

On October 1, 2014, the Company adopted the following new accounting standards that were previously issued by the IASB, there was no significant impact to the financial statements:

IAS 36 – Impairment of Assets

In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a cash-generating unit ("CGU") for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when an asset's or a CGU's recoverable amount is based on fair value less costs of disposal.

IFRIC 21 – Levies

In May 2013, the IASB issued IFRIC 21, Levies ("IFRIC 21"), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

ASIABASEMETALS INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**(Expressed in Canadian Dollars)

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New accounting standards effective for annual periods on or after October 1, 2017:

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued and replaces IAS 11 – *Construction Contracts*, IAS 18 – *Revenue*, IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers* and SIC-31 – *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a single five –step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

New accounting standards effective for annual periods on or after October 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedging requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

6. EXPLORATION AND EVALUATION ASSETS

	September 30, 2015		September 30, 2014
	\$		\$
Gnome Zinc	\$ 29,276	\$	29,276
Jean Iron Ore	\$ 11,516	\$	-
Total	\$ 40,792	\$	29,276

ASIABASEMETALS INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Gnome Zinc, BC

On September 30, 2009, Tintina Resources Inc. ("Tintina") transferred its interest in the Gnome Zinc project and \$500,000 in cash to the Company as part of its reorganization. Tintina also transferred its right, title and interest in the Gnome Zinc project to purchase a 1% NSR royalty for \$2,000,000 up to the period ending on March 11, 2020. The transaction was recorded as a shareholder transfer at Tintina's carrying value of the Gnome Zinc project of \$146,748 and an increase in cash of \$500,000.

Expenditures for the years ended September 30, 2015 and 2014 are as follows:

	October 1, 2014	Acquisition Costs	September 30, 2015
Gnome Zinc	\$ 29,276	\$ -	\$ 29,276

	October 1, 2013	Acquisition Costs	September 30, 2014
Gnome Zinc	\$ 29,276	\$ -	\$ 29,276

Jean Property

On April 24, 2015, the Company entered into a purchase agreement (the "Agreement") with Great Lakes Resources Ltd. to acquire an undivided 100% right, title and interest in the Jean Iron Ore Project ("Jean Property") from Great Lakes for 50,000 common shares. The Jean Property is an iron ore exploration property consisting of 17 claims totalling 1,824 hectares located in the Thunder Bay Mining District of Ontario. The Agreement was approved by the TSX Venture Exchange ("TSX.V") on May 12, 2015 and 50,000 common shares were issued to Great Lakes to complete the purchase.

As part of the Agreement the Company and Great Lakes terminated the previous option agreement entered into on August 25, 2014 and approved by the TSX.V on November 12, 2014 under which Great Lakes had granted the Company an option to acquire the Jean Property. Consideration under the terminated option agreement was 12,500 common shares (issued on November 13, 2014) and a total exploration work permit of \$160,000 on or before September 30, 2016.

Expenditures for the year ended September 30, 2015 are as follows:

	October 1, 2014	Acquisition Costs	September 30, 2015
Jean Iron Ore	\$ -	\$ 11,516	\$ 11,516

ASIABASEMETALS INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

- a) Authorized: The Company is authorized to issue an unlimited number of common shares without par value.
- b) Issued and outstanding as at September 30, 2015: 20,350,227 (2014 – 19,287,727) common shares.
 - i. On May 2, 2014, the Company completed a non-brokered private placement of 1,062,500 common shares at a price of \$0.05 per share, raising gross proceeds of \$212,500. The Company incurred share issuance costs of \$6,900 in connection with the private placement. All shares were subject to a four month hold period that expired on September 3, 2014.
 - ii. On November 13, 2014, the Company issued 12,500 common shares with a fair value of \$1,750 to Great Lakes, pursuant to the terms of the option agreement for the Jean Property as described in Note 6.
 - iii. On June 5, 2015, the Company issued 50,000 common shares with a fair value of \$7,000 to Great Lakes, pursuant to the terms of the purchase agreement for the Jean Property as described in Note 6.
 - iv. On September 29, 2015, the Company completed a non-brokered private placement of 1,000,000 flow-through units at a price of \$0.05 per unit, raising gross proceeds of \$50,000. The Company incurred share issuance costs of \$6,152 which consists solely of legal fees. Each flow-through unit consists of one flow-through common share and one transferable share purchase warrant. The shares are subject to a four month hold period that will expire on January 30, 2016. Each warrant entitles the holder to purchase one non-flow-through common share of the Issuer until September 29, 2017, at an exercise price of \$0.05 per warrant in the first year, and \$0.10 per warrant in the second year.

For the purposes of calculating the tax effect of any premium related to the issuance of flow-through shares, management reviewed the quoted market price per non-flow-through share on the issuance date and compared it to the price used in this issuance and determined that there was no premium on the flow-through shares.

8. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS

The Company adopted a rolling stock option plan (the “Plan”) to grant options to directors, senior officers, employees, independent contractors and consultants of the Company. The Plan reserves for issuance up to 10% of the issued and outstanding share capital of the Company from time to time, and provides that it is solely within the discretion of the Board or, if the Board so elects, by a committee consisting of not less than two of its members appointed by the Board, to determine who should receive options and in what amounts.

Options granted under the Plan for a term not to exceed 10 years from the date of their grant and are exercisable at a price not less than the discounted market price (which is the market price less a discount of 25% for a closing price of up to \$0.50, a discount of 20% for a closing price of \$0.51 to \$2.00, and a discount of 15% for a closing price above \$2.00, subject to a minimum of \$0.10).

During the years ended September 30, 2015 and 2014, the Company did not grant any stock options.

ASIABASEMETALS INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**(Expressed in Canadian Dollars)

8. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS (continued)

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance at September 30, 2013	420,000	\$ 0.80
Forfeited	(33,750)	\$ 0.80
Balance at September 30, 2014	386,250	\$ 0.80
Expired	(386,250)	\$ 0.80
Balance at September 30, 2015	-	\$ -

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance at September 30, 2013 and 2014	-	\$ -
Issued	1,000,000	\$ 0.05
Balance at September 30, 2015	1,000,000	\$ 0.05

The warrants expire on September 29, 2017 and have an exercise price of \$0.05 until September 29, 2016 and \$0.10 until September 29, 2017.

9. RELATED PARTY BALANCES AND TRANSACTIONS

During the years ended September 30, 2015 and 2014, the following amounts were incurred or paid to officers and directors and/or their related companies:

- i) The Company incurred \$6,300 (2014 - \$nil) for CFO fees to a company controlled by common directors.
- ii) The Company incurred \$75,006 (2014 - \$53,233) for management fees to a company controlled by an officer.

As at September 30, 2015 and 2014, the following balances were due to officers and directors and/or related companies:

- i) Included in accounts payable is \$12,250 (2014: \$nil) due to a company controlled by common directors and \$58,250 (2014: \$nil) due to a company controlled by the CEO. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.
- ii) A loan of \$22,000 (2014: \$nil) was due to a director of the Company. This amount is unsecured, bears interest at a rate of 1% per annum and is due on demand.

ASIABASEMETALS INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**(Expressed in Canadian Dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

On April 1, 2015 the Company entered into an agreement with a company controlled by a director to provide Chief Executive Officer services at a rate of \$12,500 per month (\$150,000 per year) for an indefinite term. The agreement can be terminated without cause by the Company with a fourteen (14) month cash payment in the amount of \$175,000.

Key management personnel compensation:

Key management personnel include the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and directors of the Company. The remuneration of directors and officers of the Company is as follows:

	2015		2014	
Management fees	\$	75,006	\$	53,233
CFO fees		6,300		-
Separation payment		-		60,000
Total remuneration	\$	81,306	\$	113,233

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, separation payment, and post-employment benefits. Short-term benefits include management fees paid to the CEO and the interim CFO of the Company for their services in their roles.

10. INCOME TAXES

The Company has losses carried forward of approximately \$1,384,000 available to reduce income taxes in future years. The losses expire between 2029 and 2034. The Company also has certain allowances in respect of resource development and exploration costs, which, subject to certain restrictions, are available to be offset against future taxable income. The Company has not recognized any deferred income tax assets. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2015		2014	
Canadian statutory income tax rate		26.00%		26.00%
Income tax recovery at statutory rate	\$	56,517	\$	64,079
Effect of income taxes of:				
Permanent differences		1,590		935
Change in tax rates and other		-		(7,749)
Tax benefits not recognized		(58,107)		(57,265)
Deferred income tax recoverable	\$	-	\$	-

ASIABASEMETALS INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**(Expressed in Canadian Dollars)

10. INCOME TAXES (continued)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at September 30, 2015 and 2014 are presented below:

	2015	2014
Non-capital loss carry-forwards	\$ 359,839	\$ 304,657
Share issuance costs	3,558	4,211
Resource properties	75,587	72,011
Unrecognized deferred tax assets	(438,984)	(380,879)
	<u>\$ -</u>	<u>\$ -</u>

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject to.

The Company considers the aggregate of its equity as capital. As at September 30, 2015, the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating year.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Financial Instruments and Fair Value Measurements

IFRS 13 – *Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

ASIABASEMETALS INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2015 as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial assets				
Cash	\$ 56,888	\$ –	\$ –	\$ 56,888

Financial Risk

(i) Credit Risk

Credit risk arises from non-performance by counterparties of contractual financial obligations. The Company's maximum credit risk is primarily attributable to its cash. The Company limits its exposure to credit loss for cash by placing such instruments with financial institutions.

As at September 30, 2015, the Company's maximum exposure to credit risk is the carrying value of cash of \$56,888.

(ii) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at September 30, 2015, the Company had negative working capital of \$71,338. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(iii) Interest Rate Risk

In management's opinion, the Company's interest rate risk is minimal as the Company does not have any bank indebtedness that bear interest at fixed or variable rates. The directors loan bears interest at a fixed rate of 1% per annum.

(iv) Foreign Currency Risk

The Company is exposed to currency fluctuations in the acquisition of foreign currencies. The Company holds balance in cash in foreign currencies (US dollars) and is therefore exposed to gains or losses on foreign exchange. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

As at September 30, 2015 and September 30, 2014, a change of 10% +/- in US dollar would not result in a significant impact to the statements of loss and comprehensive loss.

(v) Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities.