AsiaBaseMetals Inc.

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

December 31, 2014 and 2013

(UNAUDITED – PREPARED BY MANAGEMENT)

ASIABASEMETALS INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim condensed financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

ASIABASEMETALS INC.

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014 AND SEPTEMBER 30, 2014

(Unaudited - Expressed in Canadian Dollars)

		December 31, 2014		September 30, 2014
ASSETS				
Current				
Cash	$	107,820	$	123,277
Amounts receivable		1,985		414
Prepaid expense		12,638		13,500
		122,443		137,191
Exploration and evaluation assets (Note 3)		31,886		29,276
	$	154,329	$	166,467
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	43,930	$	32,239
		43,930		32,239
SHAREHOLDERS' EQUITY				
Share capital (Note 4)		1,638,842		1,637,092
Share-based payment reserves		298,580		298,580
Accumulated deficit		(1,827,023)		(1,801,444)
		110,399		134,228
	$	154,329	$	166,467

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

Approved by the Board on February 27, 2015:

"Raj Chowdhry"
Director

"Ken Collison"
Director

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

ASIABASEMETALS INC.

INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE LOSS

FOR THREE MONTHS ENDED DECEMBER 31, 2014 AND 2013

(Unaudited - Expressed in Canadian Dollars)

		Three months ended December 31,		
		2014		**2013**
EXPENSES				
Exploration, net	$	10,315	$	419
Foreign exchange (gain)		(26)		(244)
Interest and bank charges		56		17
Management fees (Note 6)		3		30,000
Office, administration and miscellaneous		9,811		21,779
Professional fees		4,160		5,920
Regulatory and transfer agent fees		1,260		2,334
Travel		-		28,302
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(25,579)		(88,527)
BASIC AND DILUTED LOSS PER SHARE	$	(0.00)	$	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		77,176,979		72,900,892

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

ASIABASEMETALS INC.

INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 AND 2013

(Unaudited - Expressed in Canadian Dollars)

	Common Shares (Note 4)				
	Number of Common Shares	Amount	Share-based Payments Reserves	Accumulated Deficit	Total
Balances at October 1, 2013	72,900,892	$ 1,431,492	$ 298,580	$ (1,554,989)	$ 175,083
Loss and comprehensive loss	-	-	-	(88,527)	(88,527)
Balances at December 31, 2013	72,900,892	$ 1,431,492	$ 298,580	$ (1,643,516)	$ 86,556
Balances at October 1, 2014	77,150,892	$ 1,637,092	$ 298,580	$ (1,801,444)	$ 134,228
Shares issued on acquisition of Jean property (Note 3)	50,000	1,750	-	-	1,750
Loss and comprehensive loss	-	-	-	(25,579)	(25,579)
Balances at December 31, 2014	77,200,892	1,638,842	298,580	(1,827,023)	110,399

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

ASIABASEMETALS INC.

INTERIM CONDENSED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 AND 2013

(Unaudited - Expressed in Canadian Dollars)

	Three months ended December 31,	
	2014	**2013**
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	$ (25,579)	$ (88,527)
Change in non-cash working capital items		
Amounts receivable	(1,571)	388
Prepaid expenses	862	4,212
Accounts payable and accrued liabilities	11,691	(4,290)
Due to related party	-	7,165
Cash used in operating activities	(14,597)	(81,052)
INVESTING ACTIVITY		
Acquisition of Jean property	(860)	-
Cash used in investing activity	(860)	-
INCREASE (DECREASE) IN CASH DURING THE PERIOD	(15,457)	(81,052)
CASH, BEGINNING OF PERIOD	123,277	146,719
CASH, END OF PERIOD	$ 107,820	$ 65,667

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

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's principal business activities include the acquisition, exploration and development of resource property. The address of the Company's corporate office and principal place of business is 2560-200 Granville Street, Vancouver, British Columbia, V6C 1S4, Canada.

At December 31, 2014, the Company had not yet determined whether its property contains 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 interim condensed 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 interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 – *Interim Financial Reporting.* For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies applied in these interim condensed financial statements are consistent with those applied in the preparation of, and disclosed in, the Company's audited annual financial statements for the year ended September 30, 2014, except as discussed in Note 2(d).

b) Basis of presentation

The condensed interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Going Concern

These interim 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 $1,827,023 at December 31, 2014. Management has determined that the Company will be able to continue as a going concern for a reasonable period of time, and realize its assets and discharge its liabilities and commitments in the normal course of business.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Changes in accounting standards

(i) New or amended accounting standards

On October 1, 2014, the Company adopted the following new accounting standards that were previously issued by the IASB:

IAS 32 – *Financial Instruments: Presentation*

In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7. The adoption of IAS 32 did not impact the Company's financial statements.

IAS 36 – *Impairment of Assets*

In May 2013, the IASB, as a consequential amendment to IFRS 13 *Fair Value Measurement*, modified some of the disclosure requirements in IAS 36 regarding measurement of the recoverable amount of impaired assets. The amendments resulted from the IASB's decision in December 2010 to require additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The adoption of IAS 36 did not impact the Company's financial statements as the Company did not have any impairment of assets during the three months ended December 31, 2014.

IAS 39 – *Financial Instruments: Recognition and Measurement*

In June 2013, the IASB issued a narrow scope amendment to IAS 39. Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided that certain criteria are met. The adoption of IAS 39 did not impact the Company's financial statements as the Company does not currently engage in any hedging activity.

IFRIC 21 – *Levies*

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The adoption of IFRIC 21 did not impact the Company's financial statements.

(ii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Changes in accounting standards (continued)

New accounting standards effective for annual periods on or after October 1, 2016:

IAS 1 – *Presentation of Financial Statements*

In December 2014, amendments to IAS 1 were issued to address perceived impediments to preparers exercising their judgement in presenting their financial statements. The amendments clarify the definition of materiality, the presentation of items on the statement of financial position and statement of profit or loss and other comprehensive income, and ordering of notes in the financial statements.

IFRS 11 – *Joint Arrangements*

In May 2014, an amendment to IFRS 11 was issued addressing guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment now specifies the appropriate accounting treatment for such acquisitions and requires applying the principles in IFRS 3 – *Business Combinations,* when acquiring an interest in a joint operation that constitutes a business.

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.

(Unaudited - Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

Gnome Zinc, B.C.

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.

Expenditure for the three months ended December 31, 2014 and the year ended September 30, 2014 is as follows:

	October 1, 2014	Acquisition Costs	December 31, 2014
Gnome Zinc	$ 29,276	$ -	$ 29,276

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

Jean Property, ON

On August 25, 2014, the Company entered into an option agreement to acquire a 100% interest in the Jean Iron Ore Project ("Jean Property") from Great Lakes Resources Ltd. ("Great Lakes"). 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. On November 12, 2014, the transaction was approved by the TSX Venture Exchange ("TSX-V"). On November 13, 2014, the Company issued 50,000 common shares to Great Lakes.

The Company is required to make the following cash and share payments to Great Lakes on or before the following dates:

	Cash	Common shares
Within two business days of TSX-V acceptance (issued – see Note 4 (c))	-	50,000
On or before November 30, 2015;	-	50,000
On or before the later of: (a) the date of completion of a second NI 43-101 compliant technical report ; or (b) March 31, 2017	$100,000	500,000
On or before the commencement of a drilling program of over $100,000 on the Project (the "Drilling Date"); and	$100,000	500,000
On or before the completion of a NI 43-101 compliant technical report on the Property containing a resources estimate of over 100,000,000 tonnes.	$100,000	500,000
	$300,000	1,600,000

(Unaudited - Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Jean Property, ON (continued)

Further, the Company is required to incur total exploration expenditures of $160,000 on or before September 30, 2016 as follows:

Expenditures		
$	10,000	On or before March 31, 2015
$	50,000	On or before September 30, 2015
$	100,000	On or before September 30, 2016
$	160,000	

The Company agreed to pay Great Lakes 2% of Net Smelter Returns on the Property. The Company also has an exclusive option to purchase 1% of the Net Smelter Royalty at a purchase price of $2,000,000 at any time starting on the date that the Property is put into commercial production.

4. 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 December 31, 2014: 77,200,892 (2013 – 72,900,892) common shares.

c) On November 13, 2014, the Company issued 50,000 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 disclosed in Note 3.

See Interim Condensed Statements of Changes in Equity for details.

5. 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 three months ended December 31, 2014, the Company did not grant any stock options.

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance at September 30, 2013	1,680,000	$ 0.20
Forfeited	(135,000)	$ 0.20
Balance at September 30, 2014 and December 31, 2014	1,545,000	$ 0.20

(Unaudited - Expressed in Canadian Dollars)

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

The following table summarizes stock options outstanding and exercisable at December 31, 2014:

	Options Outstanding		Options Exercisable		
Exercise Price $	Number of Shares	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price $	Number Exercisable	Weighted Average Exercise Price $
0.20	1,545,000	0.32	0.20	1,545,000	0.20

Stock options outstanding at December 31, 2014 will expire on April 28, 2015.

6. RELATED PARTY BALANCES AND TRANSACTIONS

Key management personnel compensation:

Key management personnel include the Chief Executive Officer ("CEO"), Chief Financial Officer, and directors of the Company.

The remuneration of directors and officers of the Company is as follows:

	Three months ended December 31, 2014	2013
Management fees	$ 3	$ 30,000
Total remuneration	$ 3	$ 30,000

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 former CEO and the new interim CEO of the Company for their services in their roles.

7. 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.

As at December 31, 2014, the Company had capital resources consisting of cash and amounts receivable. 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.

8. 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).

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as of December 31, 2014 as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash	$ 107,820	$ –	$ –	$ 107,820

Financial Risk

(i) Credit Risk

Credit risk arises from the 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 high credit quality financial institutions.

As at December 31, 2014, the Company's maximum exposure to credit risk is the carrying value of cash of $107,820.

(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 December 31, 2014, the Company had working capital of $78,513. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

As at December 31, 2014, the Company has adequate working capital to discharge its existing financial obligations.

(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 or loans payable that bear interest at fixed or variable rates.

(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.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(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.