



Management Discussion and Analysis

FOR THE YEAR ENDED SEPTEMBER 30, 2015

ASIABASEMETALS INC.
Management Discussion and Analysis
For the year ended on September 30, 2015

Introduction

This Management Discussion and Analysis (“MD&A”) of AsiaBaseMetals Inc. (the “Company”) has been prepared by management as of December 17, 2015 and should be read in conjunction with the audited condensed financial statements and related notes thereto of the Company for the year ended on September 30, 2015, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All dollar figures are expressed in Canadian dollars unless otherwise stated. These documents and additional information on the Corporation are available on the Company’s website at www.asiabasemetals.com or on SEDAR at www.sedar.com.

Forward-looking Statements

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking information”). In certain cases, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations or the negative of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By their very nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. The Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

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1. Executive Summary

AsiaBaseMetals Inc. ("the Company") is a growth company focused on the exploration and development of zinc and base metals. The Company has projects in British Columbia and Ontario, Canada.

The Gnome zinc project has land claims that encompass 5,429 hectares and are located strategically in the heart of an area home to some of Canada's important zinc deposits and the focus of much past exploration. The Gnome project lies 70 km SE from the Cirque Zn-Pb-Ag deposit and 46 km SE along trend from the Akie Zn-Pb-Ag deposit, all of which are in the Kechika trough, a geological belt northeast of Williston Lake containing these and other sediment-hosted Zn-Pb-Ag prospects along trend. These deposits and prospects were discovered in the heyday of northern British Columbia Zn-Pb-Ag exploration during the late 1970's and early 1980's.

Work on the Gnome project to date includes mapping and sampling during the 1970's and recent work by the Company. The Company conducted an exploration program during fiscal 2012 and completed the program early fiscal 2013. The Company prepared an updated geological report and is evaluating and assessing the data obtained from the program to determine the next course of action.

On April 30, 2015, the Company entered into an agreement with Great Lakes Resources Ltd. ("Great Lakes"), as approved by the TSX Venture Exchange ("TSX.V") on May 12, 2015, to purchase an undivided 100% right, title and interest in and to the Jean Iron Ore Property ("Jean Property") from Great Lakes and to concurrently terminate the Option Agreement the parties had entered into on August 25, 2014 under which Great Lakes had granted the Company the option to acquire the Property. The original acquisition was approved by the TSX.V on November 12, 2014. Consideration the acquisition was 50,000 common shares (issued on November 13, 2014) and an exploration work permit of \$160,000 (being \$10,000 on or before March 31, 2015, \$50,000 on or before September 30, 2015 and \$100,000 on or before September 30, 2016 for a total of \$160,000). The Jean project is an iron ore exploration property located in the Thunder Bay Mining District of Northwestern Ontario, Canada. It is comprised of 17 claims totaling 1,824 hectares and is located approximately 65 kilometres to the southwest of Thunder Bay, approximately 2 kilometres north of the Whitefish Lake on Highway 588.

In addition to advancing the Gnome and the Jean projects, the Company is focused on identifying, acquiring and developing other business opportunities.

Having completed a stock consolidation on a 1 new for 2 old basis on May 12, 2015, the Company on July 31, 2015, announced a non-brokered private placement for gross proceeds of up to \$250,000 through the sale of 3,100,000 common shares at a price of \$0.05 per share and up to 1,900,000 common flow-through shares at a price of \$0.05 per share. All securities to be issued pursuant to the private placement were to be issued subject to a four month hold period from the date of issue. The private placement was subject to acceptance by the TSX Venture Exchange. On August 14, 2015, the Company announced a further consolidation of a 1 new for 2 old shares basis as amendments to this private placement. The private placement will now consist of up to 3,100,000 common units and up to 1,900,000 common flow-through units of the Company on a post-consolidation basis for gross proceeds of \$250,000.

Each common unit will consist of one post-consolidation common share of the Company and one transferable share purchase warrant of the Company. Each warrant will entitle the holder to acquire one additional common share of the Company for a period of two years at an exercise price of \$0.05 per warrant share for the first year and \$0.10 for the second year.

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2. Fiscal year 2015 Highlights

During the year ended September 30, 2015, the Company received the acceptance of the Jean project purchase agreement from the TSX Venture Exchange (“TSX-V”) and 100,000 common shares (post-consolidation) were issued to Great Lakes.

On September 29, 2015, the Company completed a non-brokered private placement of 1,000,000 flow-through shares at a price of \$0.05 per share, raising gross proceeds of \$50,000. The shares are subject to a four month hold period that will expire on January 30, 2016. Each flow-through unit purchased carries one transferable common share purchase warrant. 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 Share in the first year, and \$0.10 per Warrant Share in the second year.

For the year ended September 30, 2015 (“FY2015”), the Company incurred a comprehensive loss of \$217,372 and had an accumulated deficit of \$2,018,816. The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The Company’s cash position at September 30, 2015 was \$56,888.

3. Results of Operations

The following is a summary of the total project costs to date for the Gnome zinc project:

	Acquisition Costs	Project Costs	Total
Balance as of September 30, 2014	29,276	381,927	411,203
Year ended September 30, 2015	-	1,258	1,258
Balance as of September 30, 2015	29,276	383,185	412,461

The following is a summary of the total project costs to date for the Jean ore project:

	Acquisition Costs	Project Costs	Total
Balance as of September 30, 2014	-	-	-
Year ended September 30, 2015	11,516	13,754	25,270 (i)
Balance as of September 30, 2015	11,516	13,754	25,270 (i)

(i) The total expenditures reported for the Jean ore project in December 31, 2014 (Q1-2015) was overstated by \$10,000. The amount reported at December 31, 2014 was \$22,610. The actual total for the period was \$12,610. The expenditures stated for the year ended September 30, 2015 are reflective of the \$10,000 correction.

During the year ended September 30, 2015:

- Exploration costs increased \$13,149 from \$1,863 during the year ended September 30, 2014 (“FY2014”) to \$15,012 during FY2015 primarily due to the NI 43-101 technical report update on the Jean project.
- Management fees increased \$28,073 from \$53,233 during FY2014 to \$81,306 during FY2015 primarily due to the CEO appointment on April 1, 2015 and CFO appointment on March 1, 2015. A nominal amount for services rendered is paid to the interim CEO until March 31, 2015 and \$12,500 per month was accrued or paid to the new CEO from April 1 to September 30, 2015.
- Office, administration and miscellaneous costs decreased \$16,439 from \$59,275 during FY2014 to \$42,836 during FY2015 primarily due to reduction in accounting and administrative services fees paid to Tintina Resources Inc.

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- Professional fees increased \$22,025 from \$30,563 during FY2014 to \$52,588 during FY2015 due to accounting fees incurred in combination with additional legal fees incurred.
- Regulatory and transfer agent fees increased \$11,980 from \$13,560 during FY2014 to \$25,540 during FY2015 primarily due costs associated with the share consolidation.
- No travel costs were incurred during FY2015. During FY2014, travel costs of \$28,302 were incurred due to travel expenses related to the identification of new exploration opportunities.

4. Summary of Quarterly Results

The following is a summary of certain financial information concerning the Company for the last eight reported quarters:

Quarter Ended	Total Revenues	Comprehensive Loss for the Period	Basic and Diluted Loss Per Share
December 31, 2013	\$Nil	\$ (88,527)	\$(0.00)
March 31, 2014	\$Nil	\$ (116,058)	\$(0.00)
June 30, 2014	\$Nil	\$ (25,471)	\$(0.00)
September 30, 2014	\$Nil	\$ (16,399)	\$(0.00)
December 31, 2014	\$Nil	\$ (25,579)	\$(0.00)
March 31, 2015	\$Nil	\$ (19,153)	\$(0.00)
June 30, 2015	\$Nil	\$ (80,111)	\$(0.00)
September 30, 2015	\$Nil	\$ (92,529)	\$(0.00)

5. Liquidity and Capital Resources

As at September 30, 2015, the Company reported negative working capital of \$71,338. Net decrease in cash during FY2015 was \$66,389 leaving cash on hand in the amount of \$56,888.

Current assets excluding cash at September 30, 2015 consist of amounts receivable of \$7,446 and prepaid expense of \$500.

Current liabilities as at September 30, 2015 consist of accounts payable, accrued liabilities and shareholder loan of \$136,172.

6. Off-Balance Sheet Arrangements and Commitments

At the date of this MD&A, the Company had no off-balance sheet obligation. Commitments to incur exploration and evaluation costs are detailed in Note 3 of the Interim Condensed Financial Statements for the year ended September 30, 2015.

On April 1, 2015 the Company entered into an agreement with Futura Capital Ltd. 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.

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7. Transactions with Related Parties

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 balance 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.

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:

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

8. Changes in Accounting Policies

The preparation of financial statements in conformity with IFRS requires the Company to establish accounting policies and to make estimates that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses.

A detailed summary of the Company's significant accounting policies and adoption of new or amended accounting standards are included in Note 2 of the Audited Financial Statements for the year ended September 30, 2015.

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9. Financial Instruments and Other Instruments

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 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 and cash equivalents	\$ 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.

As at September 30, 2015, the Company has negative working capital to discharge its existing financial obligations. The Company closed a private placement in the amount of \$50,000 September 29, 2015 (see Note 1).

(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.

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9. Financial Instruments and Other Instruments (continued)

(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.

(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.

11. Business Operations

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 is 6153 Glendalough Pl., Vancouver, British Columbia, V6N 1S5, Canada.

At September 30, 2015, 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, 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.

12. Outstanding Share Data

Summary of Outstanding Share Data at December 17, 2015:

- i) Authorized:
Unlimited common shares without par value

Issued and outstanding:
20,350,227 common shares
- ii) Stock options outstanding: Nil
- iii) Warrants outstanding: 1,000,000 units

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. All share capital and per share amounts in the interim condensed financial statements for the year ended September 30, 2015 and the Management Discussion and Analysis for the year ended September 30, 2015 have been adjusted to give retroactive effect to the share consolidation.

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12. Outstanding Share Data (continued)

On August 14, 2015 the Board announced it has approved another consolidation of its common shares of the basis of a one new post-consolidation common share for every two pre-consolidation common shares. The Company proposes the consolidation in order to facilitate future financings, and the name is not intended as part of the consolidation. There are presently 38,700,448 common shares issued and outstanding in the capital of the Company. Following the Consolidation, there will be approximately 19,350,227 common shares issued and outstanding. The stock consolidation was completed on August 31, 2015.

13. Disclosure Controls

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which the annual filings are being prepared. Management has also designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for the year ended September 30, 2015, in accordance with IFRS.

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place as at September 30, 2015. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the design and operations of these controls and procedures were effective.

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com. The shareholders will be kept informed of any material changes.