AsiaBaseMetals Inc.

Management Discussion and Analysis

FOR THE PERIOD ENDED DECEMBER 31, 2020

Introduction

This Management Discussion and Analysis ("MD&A") of AsiaBaseMetals Inc. (the "Company") has been prepared by management as of February 26, 2021 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes thereto of the Company for the three months ended December 31, 2020. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 – *Interim Financial Reporting*, 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 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.

1. Executive Summary

AsiaBaseMetals Inc. ("the Company") is a growth company focused on the exploration and development of metals, including precious metals such as gold and silver, base metals such as zinc and alkali metals such as cobalt and lithium. The Company has projects in British Columbia, Canada.

Plan of Arrangement:

On September 1, 2020, the Company completed a spin-out transaction which was completed by way of a court approved statutory plan of arrangement under the Business Corporations Act (British Columbia) (the "Plan of Arrangement") involving the Company and its three newly incorporated wholly owned subsidiaries (incorporated on July 6, 2020), Mantra Exploration Inc. ("SpinCo-1"), Mantra Pharma Inc. ("SpinCo-2") and Mantra 2 Real Estate Inc. ("SpinCo-3"), and collectively with SpinCo-1 and SpinCo-2, the "SpinCo Entities"); having entered into an arrangement agreement with the SpinCo Entities on July 10, 2020; received an Interim Order from the Supreme Court of Canada on July 17, 2020, shareholder approval at the Annual General Meeting of shareholders held on August 19, 2020, the Final Order from the Supreme Court of Canada on August 26, 2020 and having satisfied or waived all other conditions. Pursuant to the Plan of Arrangement, SpinCo1. received via a transfer the Company's Jean Iron Ore Project, SpinCo-2 received via a transfer the Company's option to acquire certain cannabis interests and SpinCo-3 received via a transfer the Company's option to acquire certain real property interests (as further outlined below). As a result, the Plan of Arrangement reorganized the Company and its assets and operations into four separate companies: the Company, SpinCo 1, SpinCo 2 and SpinCo 3. In addition, in consideration of the foregoing, the Shareholders as of the record date received one common share in the capital of each of the SpinCo Entities, in exchange for each share of the Company held. The board of directors of the Company believes this provides Shareholders with additional investment choices and flexibility and enhances value as each of the SpinCo Entities will be solely focused on the pursuit and development of their respective business operations and assets.

Arrangement Details:

Pursuant to the Arrangement Agreement, and in accordance with the plan of arrangement (the "Plan of Arrangement"), among other things: SpinCo 1 was transferred the Company's Jean Iron Ore Project, SpinCo 2 was transferred the Company's option to acquire certain cannabis interests and SpinCo 3 was transferred the Company's option to acquire certain real property interests, all as more fully set forth in the Circular (defined below).

1. In consideration of the foregoing, the SpinCo Entities transferred to the Company, the respective number of: (i) common shares in the capital of SpinCo 1 ("SpinCo 1 Shares"), (ii) common shares in the capital of SpinCo 2, ("SpinCo 2 Shares"); and (iii) common shares in the capital of SpinCo 3 ("SpinCo 3 Shares", collectively with SpinCo 1 Shares and SpinCo 2 Shares, the "SpinCo Shares"), in each case, equal to the number of common shares of the Company ("ABZ Shares") outstanding at September 1, 2020 (the "Effective Date"). The Company retained its remaining assets and working capital and continued as a mineral exploration company.

2. The authorized share structure of the Company was reorganized and altered by (i) renaming and redesignating all of the issued and unissued ABZ Shares as "Class A Shares"; and (ii) creating a new class of "common shares without par value" (the "New ABZ Shares"). Thereafter, each Class A Share outstanding as of September 1, 2020 (excluding any Class A Shares held by Shareholders dissenting to the Arrangement), were exchanged for: (i) one New ABZ Share; (ii) one SpinCo 1 Share; (iii) one SpinCo 2 Share; and (iv) one SpinCo 3 Share.

3. The stock options and warrants of the Company outstanding immediately prior to the September 30, 2020 were adjusted by increasing the number of shares issuable upon exercise thereof, and reducing the exercise price per share, of such stock options and warrants. The Arrangement Agreement became effective subsequent to the vote held at the Annual General Meeting of shareholders held on August 19, 2020. Each of SpinCo 1, SpinCo 2 and SpinCo 3 ceased to be a wholly owned subsidiary of the Company and the Shareholders, as of the Share Distribution Date (as defined below), hold 100% of the outstanding SpinCo Shares. The Company record date was set to determine eligibility to participate in the Arrangement and receive the SpinCo Shares as the last trading date on the TSX Venture Exchange ("TSXV") immediately prior to September 1, 2020, being August 31, 2020 (the "Share Distribution Date"). On September 1, 2020, the spin-out of Mantra Exploration Inc. ("Mantra Exploration"), Mantra Pharma Inc. ("Mantra Pharma"), and Mantra 2 Real Estate Inc. ("Mantra 2 Real Estate") became effective as all the conditions of the statutory plan of arrangement detailed about were satisfied or waived. Pursuant to the Plan of Arrangement, AsiaBaseMetals shareholders exchange their existing common share of AsiaBaseMetals and received a "new" AsiaBaseMetals common share and one common share of Mantra Exploration, Mantra Pharma and Mantra 2 Real Estate.

Gnome Project:

The Gnome zinc project has land claims that encompass 5,868 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 Columba 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 exploration work by the Company. The Company conducted an exploration program during fiscal 2012, fiscal 2013, fiscal 2018 and fiscal 2019. This historical work has identified six target areas listed as Areas A-F on the Property. The 2019 exploration program included drilling on HQ size core hole down to a depth of 140m to test targets in Area C. Although the drill hole intersected favourable lithological unit of Gunsteel Formation comprising of grey and black carbonaceous shales with 1-3% sulphides, the assays indicated no anomalous values of target metals. The 2019 work also included prospecting, mapping and sampling work in areas D and G (a newly identified target area). Results of 16 soil and 4 rock sampling in new area G has shown favourable results. The results indicate Area G as new potential target for further exploration work.

Lithium Project Application:

In addition to advancing the Gnome project, the Company is awaiting the grant of mineral claims applied for in Myanmar for a Lithium project.

Jean Project:

The Jean Iron Ore Property ("Jean Property") is an iron ore exploration property located in the Thunder Bay Mining District of Northwestern Ontario, Canada. The property is currently comprised of 78 mineral claims covering 1,560 hectares' land (after re-staking of expired mineral claims in January 2019) located approximately 65 kilometres to the southwest of Thunder Bay, approximately 2 kilometres north of the Whitefish Lake on Highway 588. (Previously the claims comprised of 17 claims totaling 1,584 hectares). As at October 1, 2016, the Jean Property consisted of 18 mineral claims in 115 units covering 1,840 hectares' land. On November 16, 2016, the Company forfeited 4 mineral claims consisting of 17 units covering 272 hectares' land. On March 14, 2017, the Company staked one additional claim consisting of 1 unit covering 16

Jean Project: ***(continued)***

hectares' land. As at March 31, 2018, the Jean Property consists of 15 mineral claims covering 1,584 hectares land consisting of 99 units. As at September 30, 2020, the Jean Property consists of 78 mineral claims covering 1,584 hectares of land and the fair value of this project is $Nil as this asset was transferred to Mantra Exploration Inc. as detailed in the Plan of Arrangement on September 1, 2020.

Cannabis Cooperation Agreement:

On June 5, 2019, the Company entered into a cooperation agreement (the "Agreement") with a city (the "City") in Croatia (the "Country"), a country within the European Union ("EU"), pursuant to which the Company and the City will cooperate to explore opportunities to obtain a license to undertake activities for growing and selling cannabis for medical purposes. The Agreement provides for the City to apply for a license for growing and selling cannabis for medical purposes and, if it becomes permitted by law in the Country, a license for the growing, processing and sale of cannabis for commercial purposes including recreational purposes, through a limited liability company to be incorporated by the City and/or the City's assistance in Croatia ("Mantra Pharma Europe d.o.o."). Upon this limited liability company obtaining a Medical Cannabis Permit, the City has agreed to transfer all of the shares to the Company for a purchase price of up to approximately $8,000 based on the current exchange rate. Please refer to the June 19, 2019 news release for the details of the Agreement. As at September 30, 2020, this project was transferred to Mantra Pharma Inc. as detailed in the Plan of Arrangement on September 1, 2020.

Real Estate Agreement:

On April 10, 2020, the Company (as announced in a news release dated April 16, 2020), entered into an option agreement ("Agreement") to acquire a real-estate project, Rogoznica, Croatia, a country within the European Union ("EU") with Mr. Jakša Mrčela, then a director of the Company, (the "Optionor"); pursuant to which the Company will have an option (the "Option") to acquire the right of the Optionor under an underlying agreement with the owner of certain real estate in Rogoznica-Lozica, Croatia (the "Property") to develop the Property comprising 21,223 m2 in size located adjacent to the ocean front in Rogoznica-Lozica, Croatia. The Property is being considered for development into hotels, villas and/or other entertainment structures. Pursuant to the terms of the Agreement, the Option may be exercised within a three-year period by paying to the Optionor (i) EUR€30,000 upon execution of the Agreement (paid), and (ii) the aggregate amount already paid by the Optionor to the vendor under the underlying agreement at the time of Option exercise. The exercise of the Option is in the Company's sole discretion and the Company has no further payment obligations over the three-year option term, unless and until the Option is exercised. As at September 30, 2020, this project was transferred to Mantra 2 Real Estate Inc. as detailed in the Plan of Arrangement on September 1, 2020

2. First Quarter 2021 Highlights

On October 28, 2020, the Company issued 732,603 shares upon the exercise of warrant for net proceeds of $100,280.

For the period ended December 31, 2020 ("Q1-2021"), the Company incurred a comprehensive loss of $123,881 and had an accumulated deficit of $5,596,618. 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 December 31, 2020 was $49,038.

3. Selected Annual Information

The Company's fiscal year end is September 30. Selected annual information presented as follows:

	September 30, 2020	September 30, 2019	September 30, 2018
Total revenues	$Nil	$Nil	$Nil
Loss for the year	$(1,030,460)	$(826,575)	$(441,756)
Loss per share	$(0.03)	$(0.02)	$(0.01)
Total assets	$169,191	$141,415	$293,263
Total long term liabilities	$Nil	$Nil	$Nil

4. 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, 2020	$	11,688	$	598,295	$	609,983
Period ended December 31, 2020		-		435		435
Balance as of December 31, 2020	$	11,688	$	598,730	$	610,418

During the period ended December 31, 2020:

- Exploration costs $435 during Q1-2021 were equal to costs of $432 during the period ended December 31, 2019 ("Q1-2021"). The costs incurred in Q1-2021 and Q1-2020 were for work completed on the Gnome project.
- Management fees of $37,500 incurred in Q1-2021 were equal to fees of $37,500 incurred during Q1-2020.
- Regulatory and transfer agent fees of $891 incurred in Q1-2021were lower than fees of $4,662 incurred during Q1-2020. The reduction is due to costs associated with issuances of common shares due to private placement by the Company incurred in Q1-2020.
- Professional fees of $16,366 during Q1-2021 were equal to fees of $16,824 incurred during Q1-2020.
- Office and miscellaneous costs of $8,625 incurred during Q1-2021 were lower than costs of $11,522 incurred during Q1-2020. The lower costs are a result of lower insurance costs during the period.
- Travel costs of $2,478 were incurred during Q1-2021 as compared to $34,904 incurred in Q1-2020. During Q1-2020 the CEO traveled to the EU to investigate potential projects for the Company.
- Share-based payments of $56,311 relates to the Stock Options issued to a Directors, Officers and Consultants of the Company granted on October 25, 2019, February 6, 2020, February 20, 2020, March 23, 2020 and September 24, 2020.

5. *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
March 31, 2019	$Nil	$ (191,887)	$(0.01)
June 30, 2019	$Nil	$ (150,560)	$(0.00)
September 30, 2019	$Nil	$ (263,656)	$(0.01)
December 31, 2019	$Nil	$ (154,769)	$(0.00)
March 31, 2020	$Nil	$ (193,003)	$(0.00)
June 30, 2020	$Nil	$ (107,983)	$(0.00)
September 30, 2020	$Nil	$ (574,706)	$(0.01)
December 31, 2020	$Nil	$ (123,881)	$(0.00)

6. *Liquidity and Capital Resources*

As at December 31, 2020, the Company reported working capital deficit of $299,232. Net decrease in cash during the period ended December 31, 2020 was $67,661 leaving cash on hand in the amount of $49,038.

Current assets excluding cash at December 31, 2020 consist of amounts receivable of $20,161 and prepaid expenses of $8,779.

Current liabilities as at December 31, 2020 consist of accounts payable and accrued liabilities of $377,210.

7. *Off-Balance Sheet Arrangements and Commitments*

At the date of this MD&A, the Company had no off-balance sheet obligations. Commitments to incur exploration and evaluation costs are detailed in Note 3 of the Interim Condensed Financial Statements for the period ended December 31, 2020.

On April 1, 2015 the Company entered into an agreement with a contractor 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.

8. *Transactions with Related Parties*

During the periods ended December 31, 2020 and 2019, the following amounts were incurred or paid to officers and directors and/or their related companies:

i) The Company incurred $37,500 (2019 - $37,500) for management fees to a company controlled by the chief Executive Officer (“CEO”).

As at December 31, 2020 and 2019, the following balances were due to officers and directors and/or related companies:

i) Included in accounts payable $309,476 (2019: $19,655) due to the CEO or a company controlled by the CEO. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

8. Transactions with Related Parties (continued)

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:

		2020		2019
Management fees	$	37,500	$	37,500
Share-based payments		10,475		-
Total remuneration	$	47,975	$	37,500

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

9. 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.

10. 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 December 31, 2020 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
Financial assets				
Cash	$ 49,038	$ –	$ –	$ 48,038

10. Financial Instruments and Other Instruments (continued)

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 December 31, 2020, the Company's maximum exposure to credit risk is the carrying value of cash of $377,210.

(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, 2020, the Company had working capital deficit of $299,232. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Financial Risk

(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. As at December 31, 2020, 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.

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 December 31, 2020, 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.

During March 2020, the World Health Organization declared COVID-19 a global pandemic. The contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn.

11. Business Operations (continued)

The impact on the Company has been limited, but management continues to monitor the situation.

Outstanding Share Data

Summary of Outstanding Share Data at February 26, 2021:

i) Authorized:
Unlimited common shares without par value

Issued and outstanding:
43,957,254 common shares

ii) Stock options outstanding: 1,735,866

iii) Warrants outstanding: 2,452,815 units

12. 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, 2020 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 December 31, 2020. 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 information pertaining to the Company, including the 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.