



AsiaBaseMetals Inc.

**INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
December 31, 2015 and 2014**

(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 condensed interim financial statements in accordance with the standards established by CPA Canada for a review of interim financial statements by an entity's auditors.

ASIABASEMETALS INC.**INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION****AS AT DECEMBER 31, 2015 AND SEPTEMBER 30, 2015**(Unaudited - Expressed in Canadian Dollars)

	December 31, 2015	September 30, 2015
ASSETS		
Current		
Cash	\$ 9,963	\$ 56,888
Amounts receivable	4,683	7,446
Prepaid expense	333	500
	14,979	64,834
Exploration and evaluation assets (Note 3)	40,792	40,792
	\$ 55,771	\$ 105,626
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 154,907	\$ 114,172
Director loan (Note 6)	47,000	22,000
	201,907	136,172
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 4)	1,688,748	1,689,690
Share-based payment reserves	298,580	298,580
Accumulated deficit	(2,133,464)	(2,018,816)
	(146,136)	(30,546)
	\$ 55,771	\$ 105,626

CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS (Note 1)
COMMITMENTS (Note 8)

Approved by the Board on February 15, 2016:

"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, 2015 AND 2014**

(Unaudited - Expressed in Canadian Dollars)

	Three months ended December 31,	
	2015	2014
EXPENSES		
Exploration, net	\$ 51,971	\$ 10,315
Foreign exchange (gain)	(144)	(26)
Interest and bank charges	190	56
Management fees (Note 6)	44,445	3
Office, administration and miscellaneous	2,314	9,811
Professional fees	10,810	4,160
Regulatory and transfer agent fees	5,062	1,260
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LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(114,648)	(25,579)
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BASIC AND DILUTED LOSS PER SHARE	\$ (0.01)	\$ (0.00)
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WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	20,350,227	19,294,245

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

ASIABASEMETALS INC.**INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)****FOR THE THREE MONTHS ENDED DECEMBER 31, 2015 AND 2014**(Unaudited - Expressed in Canadian Dollars)

	Common Shares (Note 4)		Share-based Payments Reserves	Accumulated Deficit	Total
	Number of Common Shares	Amount			
Balances at October 1, 2014	19,287,723	\$ 1,637,092	\$ 298,580	\$ (1,801,444)	\$ 134,228
Shares issued on acquisition of Jean property (Note 3)	12,500	1,750	-	-	1,750
Loss and comprehensive loss	-	-	-	(25,579)	(25,579)
Balances at December 31, 2014	19,300,223	1,638,842	298,580	(1,827,023)	110,399
Balances at October 1, 2015	20,350,227	\$ 1,689,690	\$ 298,580	\$ (2,018,816)	\$ (30,546)
Share issuance costs	-	(942)	-	-	(942)
Loss and comprehensive loss	-	-	-	(114,648)	(114,648)
Balances at December 31, 2015	20,350,227	1,688,748	298,580	(2,133,464)	(146,136)

(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, 2015 AND 2014**

(Unaudited - Expressed in Canadian Dollars)

	Three months ended December 31,	
	2015	2014
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (114,648)	\$ (25,579)
Change in non-cash working capital items		
Amounts receivable	2,763	(1,571)
Prepaid expenses	167	862
Accounts payable and accrued liabilities	21,290	11,691
Due to related party	19,445	-
Cash used in operating activities	(70,983)	(14,597)
INVESTING ACTIVITY		
Acquisition of Jean property	-	(860)
Cash used in investing activity	-	(860)
FINANCING ACTIVITY		
Loan from director	25,000	-
Share issuance costs	(942)	-
Cash provided by financing activities	24,058	-
INCREASE (DECREASE) IN CASH DURING THE PERIOD	(46,925)	(15,457)
CASH, BEGINNING OF PERIOD	56,888	123,277
CASH, END OF PERIOD	\$ 9,963	\$ 107,820

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

ASIABASEMETALS INC.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2015 AND 2014**

(Unaudited - 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'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 6153 Glendalough Pl., Vancouver, British Columbia, V6N 1S5, Canada.

At December 31, 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, 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, 2015, 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.

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 14, 2015 the Board approved a further consolidation on the Company's issued and outstanding share capital 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 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, has a working capital deficiency of \$186,928 and had an accumulated deficit of \$2,133,464 at December 31, 2015. 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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2015 AND 2014**

(Unaudited - Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Changes in accounting standards

(i) New or amended accounting standards

On October 1, 2015, the Company adopted the following new accounting standards that were previously issued by the IASB:

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.

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption, however, can be rebutted in certain limited circumstances.

(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.

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

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.

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

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(Unaudited - Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**d) Changes in accounting standards (continued)****(ii) Accounting standards issued but not yet effective (continued)**

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

IFRS 9 – *Financial Instruments (continued)*

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.

New accounting standards effective for annual periods on or after October 1, 2019:

IFRS 16 – *Leases*

Effective for annual periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

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

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, 2015 and the year ended September 30, 2015 is as follows:

	October 1, 2015	Acquisition Costs	December 31, 2015
Gnome Zinc	\$ 29,276	\$ -	\$ 29,276

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

ASIABASEMETALS INC.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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3. EXPLORATION AND EVALUATION ASSETS (continued)**Jean Property, ON**

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.

On November 12, 2015 the Company staked 1 additional claim consisting of 16 hectares. The Jean Property currently consists of 18 mineral claims in 115 units covering 1,840 hectares' land.

Expenditure for the three months ended December 31, 2015 and the year ended September 30, 2015 is as follows:

	October 1, 2015	Acquisition Costs	December 31, 2015
Jean Iron Ore	\$ 11,516	\$ -	\$ 11,516

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

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, 2015: 20,350,227 (2014 – 19,300,223) common shares.
 - i. 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.
 - ii. 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.

ASIABASEMETALS INC.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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4. SHARE CAPITAL (continued)

- ii. 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.

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).

All stock options issued expired or forfeited as of September 30, 2015.

During the three months ended December 31, 2015, the Company did not grant any stock options.

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance at September 30, 2015 and December 31, 2015	1,000,000	\$ 0.05

6. RELATED PARTY BALANCES AND TRANSACTIONS

During the periods ended December 31, 2015 and 2014, the following amounts were incurred or paid to officers and directors and/or their related companies:

- i) The Company incurred \$6,945 (2014 - \$nil) for CFO fees to a company controlled by common directors.
- ii) The Company incurred \$37,500 (2014 - \$3) for management fees to a company controlled by an officer.

ASIABASEMETALS INC.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2015 AND 2014**

(Unaudited - Expressed in Canadian Dollars)

6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

As at December 31, 2015 and 2014, the following balances were due to officers and directors and/or related companies:

- i) Included in accounts payable and accrued liabilities is \$19,445 (2015: \$nil) due to a company controlled by common directors and \$92,500 (2015: \$3) 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 \$47,000 (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:

	Three months ended December 31,	
	2015	2014
Management fees	\$ 37,500	\$ 3
CFO Fees	6,945	-
Total remuneration	\$ 44,445	\$ 3

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.

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, 2015, 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.

ASIABASEMETALS INC.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2015 AND 2014**

(Unaudited - Expressed in Canadian Dollars)

8. COMMITMENTS

During fiscal 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.

9. 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, 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)		
Cash	\$ 9,963	\$ –	\$ –	\$ 9,963	

*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, 2015, the Company's maximum exposure to credit risk is the carrying value of cash of \$9,963.

(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, 2015, the Company had negative working capital of \$186,928. 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, 2015 the Company has negative working capital to discharge its existing financial obligations. Management intends to raise capital through the issuance of new shares, however, as at February 15, 2016 this has not been completed.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2015 AND 2014**

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Financial Risk (continued)

(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.

(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.

10. SUBSEQUENT EVENT

On January 1, 2016, the Company forfeited 1 mineral claim related to the Gnome Property. The claim was subsequently re-staked on January 11, 2016.