



Management Discussion and Analysis

FOR THE SIX MONTHS ENDED MARCH 31, 2013

ASIABASEMETALS INC.
Management Discussion and Analysis
For the six months ended on March 31, 2013

Introduction

This Management Discussion and Analysis (“MD&A”) of AsiaBaseMetals Inc. (the “Company”) has been prepared by management as of May 13, 2013 and should be read in conjunction with the financial statements and related notes thereto of the Company for the six months ended on March 31, 2013, 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. is a Vancouver based resource company focused globally on exploration and development of zinc and base metals. The Company has a project in British Columbia, Canada – the Gnome zinc project.

The Company is primarily focused on advancing the Gnome property, and identifying, acquiring and developing copper and other base and precious-metal properties in Asia, and North and South America.

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.

2. *Second Quarter 2013 Highlights*

For the three months ended March 31, 2013, the Company incurred a comprehensive loss of \$54,445 and had an accumulated deficit of \$1,476,464. 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 March 31, 2013 was \$241,828.

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, 2012 | 28,276 | 359,725 | 388,001 |
| Six months ended March 31, 2013 | 500 | 18,460 | 18,960 |
| Balance as of March 31, 2013 | 28,776 | 378,185 | 406,961 |

During the six months ended March 31, 2013:

- Exploration costs decreased \$95,964 from \$114,424 during the six months ended March 31, 2012 to \$18,460 during the six months ended March 31, 2013. During the six months ended March 31, 2012, technical and legal due diligence work was performed for new exploration opportunities and exploration work on the Gnome property. During the six months ended March 31, 2013, exploration work was performed on the Gnome property only.

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3. Results of Operations (continued)

- Office, administration and miscellaneous costs decreased \$31,737 from \$60,528 during the six months ended March 31, 2012 to \$28,791 during the six months ended March 31, 2013 primarily due to reduction in rent, accounting and administrative services fees paid to Tintina Resources Inc. ("Tintina").
- Professional fees decreased \$31,416 from \$53,984 during the six months ended March 31, 2012 to \$22,568 during the six months ended March 31, 2013 primarily due to less accounting, tax, and legal fees incurred in the six months ended March 31, 2013 with respect to new exploration opportunities.
- Regulatory and transfer agent fees decreased \$8,397 from \$15,305 during the six months ended March 31, 2012 to \$6,908 during the six months ended March 31, 2013 primarily due to reduction in agency service fees.
- The Company did not incur any travel expenses during the six months ended March 31, 2013 (2012 - \$35,469). The travel expenses incurred during the period ended March 31, 2012 were for due diligence work related to the Vientiane Potash Project.
- There were no share-based payments for the six months ended March 31, 2013 (2012 - \$21,607). All stock options have vested by June 30, 2012.

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 |
|--------------------|----------------|-----------------------------------|----------------------------------|
| June 30, 2011 | Nil | (84,038) | (0.00) |
| September 30, 2011 | Nil | (108,675) | (0.00) |
| December 31, 2011 | Nil | (172,102) | (0.00) |
| March 31, 2012 | Nil | (200,051) | (0.00) |
| June 30, 2012 | Nil | (36,502) | (0.00) |
| September 30, 2012 | Nil | (82,104) | (0.00) |
| December 31, 2012 | Nil | (79,534) | (0.00) |
| March 31, 2013 | Nil | (54,445) | (0.00) |

5. Liquidity and Capital Resources

As at March 31, 2013, the Company reported working capital of \$224,832. Net decrease in cash for the six months ended March 31, 2013 was \$128,558 leaving cash on hand in the amount of \$241,828.

Current assets excluding cash at March 31, 2013 consist of amounts receivable of \$8,585 and prepaid expense of \$8,549.

Current liabilities as at March 31, 2013 consist of accounts payable and accrued liabilities of \$13,595 and amounts due to related party of \$20,535.

The Company expects its current capital resources will be sufficient to carry its planned operations through fiscal year 2013.

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6. Off-Balance Sheet Arrangements and Commitments

At the date of this MD&A, the Company had no off-balance sheet arrangements and commitments.

7. Transactions with Related Parties

During the six months ended March 31, 2013, the Company incurred expenses payable to Tintina for services rendered: (i) \$7,500 of rent and (ii) \$13,035 of administration fees. Tintina is a related party having two directors and a major shareholder in common with the Company. These transactions were in the normal course of business and were measured at the exchange amount, which is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities. The Company also paid short-term benefits as management fees of \$60,000 to a company owned by the President of the Company for his services in his role.

The remuneration of directors and other members of key management is as follows:

| | Six months ended March 31, | |
|---------------------------|-----------------------------------|------------------|
| | 2013 | 2012 |
| Management fees | \$ 60,000 | \$ 60,000 |
| Share-based payments | - | 19,984 |
| Total remuneration | \$ 60,000 | \$ 79,984 |

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 is included in Note 2 of the Financial Statements for the year ended September 30, 2012.

9. Financial Instruments and Other Instruments

a) Financial Instruments

As at March 31, 2013, the Company's financial instruments include cash and cash equivalents, short-term investments, amounts receivable, accounts payable and amounts due to related party. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

b) Financial Risks

The Company is exposed to a number of risks arising from financial instruments. The types of risk the Company is exposed to and the Company's principal risk management strategies are detailed in the Financial Statements for the year ended September 30, 2012.

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10. 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 Suite 2560-200 Granville Street, Vancouver, British Columbia, V6C 1S4, Canada.

At March 31, 2013, 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.

11. Outstanding Share Data

Summary of Outstanding Share Data at May 13, 2013:

- i) Authorized:
Unlimited common shares without par value

Issued and outstanding:
72,900,892 common shares
- ii) Stock options outstanding: 1,680,000
- iii) Warrants outstanding: Nil

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 six months ended March 31, 2013, 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 March 31, 2013. 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.