



Management Discussion and Analysis

FOR THE YEAR ENDED SEPTEMBER 30, 2012

ASIABASEMETALS INC.

Management Discussion and Analysis

For the year ended on September 30, 2012

1.1 General

This Management Discussion and Analysis (“MD&A”) of AsiaBaseMetals Inc. (the “Company”) has been prepared by management as of December 7, 2012 and should be read in conjunction with the financial statements and related notes thereto of the Company for the year ended on September 30, 2012, 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.

This MD&A may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, 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.

Description of Business

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. At September 30, 2012, 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.

1.2 Overall Performance

For the year ended September 30, 2012, the Company incurred a loss of \$490,759 and had an accumulated deficit of \$1,342,485. 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, 2012 was \$370,386.

During the year ended September 30, 2012:

- Exploration costs increased \$90,796 from \$12,639 during the year ended September 30, 2011 to \$103,435 during the year ended September 30, 2012. The increase is primarily due to technical and legal due diligence work performed for new exploration opportunities and exploration work on the Gnome property, offset by a BC Mining tax credit of \$36,448 and a \$75,000 refund payment as settlement of promissory note resulting from the termination of a Purchase and Sale agreement to acquire the 90% interest in the Vientiane Potash Project.
- Professional fees increased \$13,261 from \$71,709 during the year ended September 30, 2011 to \$84,970 during the year ended September 30, 2012 primarily due to accounting, tax, and legal fees incurred with respect to new exploration opportunities.

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1.2 Overall Performance (continued)

- The Company incurred \$35,469 of travel expenses during the year ended September 30, 2012 (2011 - \$nil) for due diligence work related to the Vientiane Potash Project.
- The Company paid \$120,000 of management fees to a company owned by the President of the Company during the year ended September 30, 2012 (2011 - \$70,000).
- Office, administration and miscellaneous costs increased \$15,134 from \$33,104 in the year ended September 30, 2011 to \$48,238 in the year ended September 30, 2012. This increase is related to fees paid to Tintina Resources Inc. for accounting and administrative services.
- Insurance costs increased \$16,850 from \$575 in the year ended September 30, 2011 to \$17,425 in the year ended September 30, 2012. This increase is related to increased coverage for general liability as well as directors and officers liability.
- Share-based payments decreased \$70,434 from \$95,469 in the year ended September 30, 2011 to \$25,035 in the year ended September 30, 2012. All stock options have vested by June 30, 2012.

1.3 Selected Annual Information

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

	September 30, 2012	September 30, 2011
Total revenues	\$Nil	\$Nil
Loss for the year	\$(490,759)	\$(334,821)
Loss per share	\$(0.01)	\$0.00
Total assets	\$428,468	\$499,921
Total long term liabilities	\$Nil	\$Nil

1.4 Results of Operations

AsiaBaseMetals Inc. is a growth company focused globally on exploration and development of zinc and base metals. The Company currently has one property, Gnome, located in British Columbia, Canada.

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.

Gnome Zinc Project

The Gnome zinc project is located in British Columbia, Canada. The land claims 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.

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1.4 Results of Operations (continued)

Gnome Zinc Project (continued)

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 is evaluating and assessing the data obtained from the program and will be preparing an updated geological report.

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

	Acquisition Costs	Project Costs	Total
Balance as of September 30, 2011	28,276	256,290	284,566
Year ended September 30, 2012	-	139,883	139,883
	28,276	396,173	424,449
BC Mining tax credits ended September 30, 2012	-	(36,448)	(36,448)
Balance as of September 30, 2012	28,276	359,725	388,001

Vientiane Potash Project

On September 1, 2011, the Company signed a letter of intent to purchase an interest in a potash exploration property (the "Vientiane Potash Project") located in the Huaxiang – Xaithany area of Vientiane province, Laos.

The consideration payable by the Company to acquire the 90% interest in the Vientiane Potash Project will be up to an aggregate of \$4,000,000 in cash payments and the issuance of up to an aggregate of 22,000,000 common shares, payable in stages upon completion of specific financing, resource and engineering studies, mine development and construction milestones.

Under the letter of intent, the Company agreed to advance \$200,000 as a deposit which was paid as at September 30, 2012. The vendor may use the deposit to fund expenditures related to the transfer of the Vientiane Potash Project and if the definitive agreement is not completed, \$175,000 of the deposit would be refundable.

On January 17, 2012, the Company signed a Purchase and Sale agreement (the "Agreement") to acquire the 90% interest in the Vientiane Potash Project. The Company performed technical and legal due diligence on the project.

In addition, on February 8, 2012, the Company entered into an agreement whereby the vendor promises to pay, without set off, deduction or counterclaim of any kind or nature, \$100,000 to the Company on demand on or after July 15, 2012 to secure the preparation of a geological report. The Promissory Note will terminate and be of no further force or effect on the date of closing, as defined in the Purchase and Sale agreement.

On July 19, 2012, the Company terminated the Agreement in accordance with its terms due to fundamental conditions to closing not having been fulfilled.

On August 13, 2012, the Company received payment totalling \$275,000 from the vendor as settlement of two promissory notes resulting from the termination of the definitive agreement.

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1.5 Summary of Quarterly Results

The Company started operations on August 11, 2009. The following is a summary of certain financial information concerning the Company for the last eight reported quarters:

Quarter Ended	Total Revenues	Net Loss	Basic and Diluted Loss Per share
December 31, 2010	Nil	(59,566)	(0.00)
March 31, 2011	Nil	(82,542)	(0.00)
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)

1.6/1.7 Liquidity and Capital Resources

As at September 30, 2012, the Company reported working capital of \$359,311. Net increase in cash for the year ended September 30, 2012 was \$166,677 leaving cash on hand in the amount of \$370,386.

Issuance of Common Shares

On February 21, 2012, the Company closed a non-brokered private placement. The Company issued 1,875,000 common shares at a price of \$0.20 per share, raising gross proceeds of \$375,000. The Company paid finder's fees and share issue costs in the amount of \$18,406 in connection with the private placement.

On July 13, 2012 the Company completed a non-brokered private placement of 333,334 flow-through shares at a price of \$0.15 per share, raising gross proceeds of \$50,000. The shares are subject to a four month hold period that expires on November 12, 2012. In connection with the issuance, the Company recorded a \$10,000 flow-through share premium liability calculated as the difference between the share issuance price and the market price at the time of closing.

1.8 Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

1.9 Transactions with Related Parties

During the year ended September 30, 2012, the Company incurred expenses payable to Tintina Resources Inc. ("Tintina") for services rendered: (i) \$24,000 of rent, (ii) \$41,806 of administration fees, and (iii) \$3,734 of other expenses. Tintina is a related party having three 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 \$120,000 to a company owned by the President of the Company for his services in his role.

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1.9 Transactions with Related Parties (continued)

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

		For the year ended September 30,	
		2012	2011
Management fees	\$	120,000	\$ 70,000
Share-based payments		23,097	86,161
Total remuneration	\$	143,097	\$ 156,161

1.10 Fourth Quarter

For the three months ended September 30, 2012, the Company incurred a loss of \$82,104 and had an accumulated deficit of \$1,342,485.

1.11 Subsequent Events and Proposed Transactions

There were no subsequent events after September 30, 2012.

1.12 Critical Accounting Estimates

The preparation of the Company's financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include income taxes, share-based payments, and assessment of impairment of exploration and evaluation assets.

Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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1.12 Critical Accounting Estimates (continued)

Impairment (continued)

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

1.13 Change in Accounting Policies Including Initial Adoption

- a) In May 2011, the IASB issued the following standards which have not yet been adopted by the Company:

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.

IFRS 9 – Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. As a result for the issuance of IFRS 9, there were amendments to IAS 32, *Financial Instruments – Presentation*, to clarify the offsetting between financial assets and liabilities, which are mandatory effective on or after January 1, 2014. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 – Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

IFRS 11 – Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

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1.13 Change in Accounting Policies Including Initial Adoption (continued)

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 – Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards

In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine - IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

Each of the new standards, IFRS 10 to 13, IFRIC 20 and the amendments to other standards, is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

b) Transition to international financial reporting standards

As previously discussed in the Company's MD&A for the year ended September 30, 2011, the Company implemented its conversion from Canadian GAAP to IFRS through the conversion plan.

The Company has prepared its September 30, 2012 financial statements in accordance with IFRS, with an effective transition date of October 1, 2010, including IFRS 1, "*First-time Adoption of International Financial Reporting Standards*" and IAS 1, "*Presentation of Financial Statements*".

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1.13 Change in Accounting Policies Including Initial Adoption (continued)

b) Transition to international financial reporting standards (continued)

The Company's IFRS accounting policies are detailed in Note 2 of the financial statements. Reconciliation between the Company's financial statements as previously reported under Canadian GAAP and under IFRS is disclosed in Note 13 to the financial statements.

The following is an overview of the impacts to the Company's financial results due to the transition to IFRS.

In accordance with IFRS 6, the Company has elected to expense all exploration costs incurred prior to the determination of the commercial viability of its exploration and evaluation projects. These amounts were previously capitalized under Canadian GAAP and have been re-classified to deficit in the periods presented. The total amount of exploration costs re-classified was \$249,671 at the Transition Date (September 30, 2011 - \$256,290).

1.14 Financial Instruments and Other Instruments

Financial Instruments and Fair Value Measurements

IFRS 7, Financial Instruments: Disclosures, 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 September 30, 2012 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 and cash equivalents	\$ 370,386	\$ -	\$ -	\$ 370,386

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 September 30, 2012, the Company's maximum exposure to credit risk is the carrying value of cash of \$370,386.

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1.14 Financial Instruments and Other Instruments (continued)

(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, 2012, the Company had working capital of \$359,311. 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, 2012, 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.

(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.

1.15 Other Requirements

a) 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, 2012, 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, 2012. 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.

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1.15 Other Requirements (continued)

b) Summary of Outstanding Share Data at December 7, 2012:

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

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.