



Management Discussion and Analysis

FOR THE YEAR ENDED SEPTEMBER 30, 2011

ASIABASEMETALS INC.

Management Discussion and Analysis

For the year ended on September 30, 2011

1.1 General

This Management Discussion and Analysis (“MD&A”) of AsiaBaseMetals Inc. (the “Company”) has been prepared by management as of December 12, 2011 and should be read in conjunction with the audited annual financial statements and related notes thereto of the Company for the year ended on September 30, 2011, which were prepared in accordance with Canadian generally accepted accounting policies (“Canadian GAAP”). 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, 2011, the Company had not yet determined whether its property contains ore reserves that are economically recoverable. The recoverability of amounts shown for resource property and related deferred exploration costs 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 ending on September 30, 2011 (“FY2011”), the Company incurred loss of \$328,202 as compared to a loss of \$267,055 during the year ended September 30, 2010 (“FY2010”), representing an increase of \$61,147. 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, 2011 was \$203,709.

During the year ended September 30, 2011:

- The Company incurred the following expenses payable to Tintina Resources Inc. (“Tintina”), a related party, for services rendered: (i) \$55,026 of rent and administration expenses and (ii) \$5,625 of geological services. As at September 30, 2011, the outstanding balance due to Tintina is \$Nil.
- The Company paid \$70,000 of management fees to a company owned by the President of the Company during FY2011 (FY2010: \$Nil) for his services in his role.
- Advertising and promotion costs increased \$17,106 from \$399 during FY2010 to \$17,505 during FY2011 primarily due to: (i) design fees regarding new corporate website and (ii) design and layout fees relating to new corporate logo and stationary design.

ASIABASEMETALS INC.

Management Discussion and Analysis

For the year ended on September 30, 2011

1.2 Overall Performance (continued)

- Professional fees increased \$55,618 from \$16,091 during FY2010 to \$71,709 during FY2011 mainly due to accounting, tax and legal fees incurred with respect to new exploration opportunities.
- Exploration costs of \$6,020 were incurred during FY2011 (FY2010: \$Nil) primarily due to travel related to new exploration opportunities.
- The Company incurred \$95,469 of stock-based compensation expenses as the result of granting 1,790,000 options to directors, employees and consultants during the year ended September 30, 2010.

1.3 Selected Annual Information

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

	September 30, 2011	September 30, 2010
Total revenues	\$Nil	\$Nil
Loss for the year	\$(328,202)	\$(267,055)
Loss per share	\$0.00	\$0.00
Total assets	\$756,211	\$631,090
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 and a signed letter of intent ("LOI") to acquire a majority interest in a potash project located in Laos dated September 1, 2011.

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.

ASIABASEMETALS INC.
Management Discussion and Analysis
For the year ended on September 30, 2011

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. During the year ended on September 30, 2011, the Company spent \$13,071 on planning, reporting and land maintenance activities on Gnome. The Company conducted an exploration program in fiscal 2010 comprised of an airborne EM and magnetic survey, soil and rock sampling, and detailed geologic mapping of anomaly areas. The Company is planning additional geologic work in fiscal 2012.

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 Huaxieng – 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, 2011. The vendor may use the deposit to fund expenditures related to the transfer of the Vientiane Potash Project and if the definitive agreement did not complete, \$175,000 of the deposit would be refundable.

As at December 12, 2011, the definitive agreement had not been completed and the Company has negotiated an extension for entering into a definitive agreement and seeking regulatory approval.

1.5 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	Net Income (Loss)	Net Income (Loss) Per share
December 31, 2009	Nil	(8,853)	0.00
March 31, 2010	Nil	(37,035)	0.00
June 30, 2010	Nil	(164,902)	0.00
September 30, 2010	Nil	(56,265)	0.00
December 31, 2010	Nil	(57,222)	0.00
March 31, 2011	Nil	(80,142)	0.00
June 30, 2011	Nil	(82,163)	0.00
September 30, 2011	Nil	(108,675)	0.00

ASIABASEMETALS INC.
Management Discussion and Analysis
For the year ended on September 30, 2011

1.6/1.7 Liquidity and Capital Resources

As at September 30, 2011, the Company reported working capital of \$233,156.

The Company's continuing operations, as intended, are dependent upon its ability to obtain debt or the necessary financing to meet its liabilities and commitments as they become payable.

Exercise of Warrants & Issuance of Common Shares

There were no outstanding warrants during the period ended September 30, 2011.

On May 3, 2011, the Company closed a non-brokered private placement. The Company sold 2,000,000 common shares at a price of \$0.20 per share, for gross proceeds of \$400,000.

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, 2011, the Company incurred expenses payable to Tintina for services rendered: (i) \$55,026 of rent and administrative charges and (ii) \$5,625 for geological services. 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 management fees of \$70,000 to a company owned by the President of the Company for his services in his role.

1.10 Fourth Quarter

During the fourth quarter ended, September 30, 2011, the following significant transactions occurred:

- a) Under the letter of intent, the Company agreed to advance \$200,000 as a deposit. The vendor may use the deposit to fund expenditures related to the transfer of the Vientiane Potash Project and if the definitive agreement did not been complete, \$175,000 of the deposit would be refundable.

As at December 12, 2011, the definitive agreement had not been completed and the Company has negotiated an extension for entering into a definitive agreement and seeking regulatory approval.

1.11 Subsequent Events and Proposed Transactions

There have been no subsequent events after September 30, 2011.

1.12 Critical Accounting Estimates

Not applicable to the Company.

ASIABASEMETALS INC.

Management Discussion and Analysis

For the year ended on September 30, 2011

1.13 *Change in Accounting Policies Including Initial Adoption*

Recent accounting pronouncements

International financial reporting standards

Under the pronouncement issued by the CICA Accounting Standards Board in February 2008, effective for its fiscal year commencing October 1, 2011, the Company will be required to prepare interim and annual financial statements under International Financial Reporting Standards ("IFRS") including restatement of amounts reported for comparative purposes.

The Company will issue its first IFRS annual consolidated financial statements for the fiscal year ending September 30, 2012, with restatement of comparative balance sheets as at September 30, 2011 and October 1, 2010 and statement of operations for the year ended September 30, 2011.

During the year ending September 30, 2012, the Company will issue interim consolidated IFRS financial statements prepared in accordance with IAS 34 "Interim Financial Reporting" for the periods ended December 31, 2011, March 31, 2012 and June 30, 2012, with restatement of comparative balance sheet as at September 30, 2011 and October 1, 2010 and statements of operations for the comparative periods presented.

The Company has identified IFRS versus Canadian GAAP differences and various policy choices available under IFRS and is currently following the conversion plan to complete the transition to IFRS. An external IFRS consultant has been engaged to assist with the Company's efforts.

There is no significant area of change expected under IFRS.

As part of its transition process, the Company will continue to invest in training and resources to ensure a timely conversion. The Company will continue to monitor and report on its conversion to IFRS.

During the period leading up to the conversion to IFRS, the Company will continue to monitor changes in both IFRS standards and the Company's transactions and assess any differences in accounting policies between Canadian GAAP and IFRS for the Company.

1.14 *Financial Instruments and Other Instruments*

a) Financial Instruments

As at September 30, 2011, the Company's financial instruments include cash and accounts payable. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

	Classification		2011
Cash and cash equivalents	Held-for-trading	\$	203,709
Accounts payable	Other financial liabilities	\$	38,489

ASIABASEMETALS INC.
Management Discussion and Analysis
For the year ended on September 30, 2011

1.14 Financial Instruments and Other Instruments (continued)

b) Fair Value Measurements

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as of September 30, 2011 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	203,709	—	—	203,709

c) Financial Risks

(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, 2011, the Company's maximum exposure to credit risk is the carrying value of cash of \$203,709.

(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, 2011, the Company had working capital of \$233,156. 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, 2011 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.

ASIABASEMETALS INC.
Management Discussion and Analysis
For the year ended on September 30, 2011

1.14 Financial Instruments and Other Instruments (continued)

c) Financial Risks (continued)

(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 on September 30, 2011, in accordance with Canadian generally accepted accounting principles.

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, 2011. 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.

Summary of Outstanding Share Data at December 12, 2011:

- a. Authorized:
Unlimited common shares without par value

Issued and outstanding:
70,692,558 common shares
- b. Stock options:
Options outstanding as of December 12, 2011: 1,790,000
- c. Warrants:
Warrants outstanding as of December 12, 2011: 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.