MUZHU MINING LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2024

Background

The following Management's Discussion and Analysis ("MD&A") is current as of March 3, 2025. This MD&A contains a review and analysis of financial results for Muzhu Mining Ltd. ("the Company") for the nine months ended December 31, 2024. This MD&A should be read together with the financial statements and related notes for the three and nine months ended December 31, 2024 which are prepared in accordance with IFRS Accounting Standards ("IFRS"). All dollar amounts referenced in this MD&A are in Canadian dollars.

Forward-Looking Statements

Certain statements and information related to Muzhu Mining Ltd.'s ("Muzhu" or the "Company") business contained in this Management's Discussion and Analysis are of a forward-looking nature. They are based on opinions, assumptions or estimates made by the Company's management or on opinions, assumptions or estimates made available to or provided to and accepted by the Company's management. Such statements and information reflect management's current views and expectations of future events or results and are subject to a variety of risks and uncertainties that are beyond management's control. Readers are cautioned that these risks and uncertainties could cause actual events or results to significantly differ from those expressed, expected or implied and should therefore not rely on any forward-looking statements.

Overview

Muzhu Mining Ltd. ("MUZHU" or the "Company") was incorporated under the Business Corporations Act of British Columbia on January 24, 2018. The address of the Company's head office is 240 Sherbrooke Street, Suite 3206, New Westminster, BC, V3L 0A4, Canada and the registered office is 1125 Howe Street, Suite 1400, Vancouver, BC, V6Z 2K8, Canada.

The Company's objective is to seek opportunities in the exploration, development and mining of precious metals properties domestically and/or internationally. It currently has exploration property agreements in Canada and China.

Highlights for the Nine Months Ended December 31, 2024 and Subsequent Period Up to March 3, 2025

a) On December 13, 2024, the Company, entered into a three-year agreement with Luoning County Qian Shan Mining Co., Ltd ("LCQS") to investigate a prospective gold project at the Wulongguo Gold Mine ("WGM"), located in Henan Province, China. As part of the agreement, the Company will pay a $1M RMB refundable security deposit to LCQS ($800,000 RMB paid as at December 31, 2024) and spend $600,000 RMB in the first year of the agreement for investigative costs ($1,582,463 RMB or $302,567 incurred as property investigation costs during the nine months ended December 31, 2024). The fees will be renegotiated for the second and third years of the agreement.

b) On May 21, 2024, the Company completed a non-brokered private placement by issuing 2,707,500 units at $0.05 per unit for gross proceeds of $135,375. Each unit consists of one common share and one warrant. Each warrant is exercisable for a period of one year at $0.07 per share.

c) On August 13, 2024, the Company received a $5,000 non-interest bearing, on-demand loan from a director and officer of the Company.

d) On December 30, 2024, the Company completed a non-brokered private placement by issuing 2,223,000 flow-through units at $0.09 per unit for gross proceeds of $200,070. Each unit consists of one flow-through common share and one warrant. Each warrant is exercisable for a period of three years at $0.12 per share. In connection with the private placement, the Company issued 155,610 brokers' warrants, with each warrant being exercisable for a period of 3 years at $0.12 per share.

e) On January 8, 2025, the Company closed a non-brokered private placement of 1,741,630 non flow-through units at $0.08 per unit. Each unit consists of one non flow-through common share and one warrant entitling the holder to purchase one common share at $0.12 per share for a period of one year after issuance date.

f) During the nine months ended December 31, 2024, there were 850,000 options issued to key management and directors.

Exploration Activities and Plans

LMM Property

Muzhu Mining Ltd. has formed a strategic alliance through its wholly owned subsidiary, Luoyang Sow International Mining Company Ltd., with Luoning County Muzhu Mountain Lead and Silver Mine Company Ltd., within the Luoning county, Henan province of China, which owns a property contiguous to the north of Muzhu Mining's option agreement with the XWG silver property. The parties agreed to explore and develop the Niujuangou Mine area.

XWG Property

On November 22, 2021, the Company entered into, renewed on November 23, 2022, and amended on November 21, 2023, an option agreement with Lingbao Yida Mining Co., Ltd., ("Lingbao") a private Chinese company, to acquire an undivided 60% interest in the Xia Wa Gou (XWG) mining property, located in the Province of Henan, People's Republic of China.

Pursuant to the terms of the amended option agreement, the Company is required to:

(a) incur minimum expenditures on the property of not less than an aggregate of $3,000,000 according to the following schedule:

(i) $500,000 on or before November 22, 2024;
(ii) an additional $1,000,000 on or before November 22, 2025;
(iii) an additional $1,500,000 on or before November 22, 2026.

(b) issuing and delivering to Lingbao an aggregate of 3,750,000 common shares according to the following schedule:

(iv) 1,250,000 common shares on or before to February 19, 2024 (the Company is in process of renegotiating the share issuance terms with Lingbao as at December 31, 2024);
(v) 1,000,000 common shares on or before February 20, 2025;
(vi) 1,500,000 common shares on or before November 22, 2026.

Upon earning 60% in the XWG property, the Company can elect to earn in an additional 20% interest upon completion of a valuation report in exchange for cash and/or shares. As at December 31, 2024, the Company has not completed any of the above terms.

Sleeping Giant South Property

On November 10, 2020, the Company entered into a purchase agreement with North American Exploration inc. and Silverwater Capital Corp., private Canadian companies, to acquire a 100% interest in the Sleeping Giant South Property (the "Property"), in the Quevillon Mining Camp in Quebec.

Pursuant to the terms of the purchase agreement, the Company is required to:

(i) Make a cash payment of $7,888 on or before December 31, 2020 (paid);
(ii) Issuance of 3,500,000 common shares of the Company on or before December 31, 2020 (issued); and
(iii) Pay a royalty (the "Royalty") equal to 3% of Net Smelter Returns with respect to the Property.

The Property is subject to:

- an option to purchase one-third of the Royalty from North American Exploration Inc. and Silverwater Capital Corp. at any time for the sum of $500,000; and
- North American Exploration Inc. and Silverwater Capital Corp. shall be paid 20% of the proceeds received on the sale of the Property to a third party.

The Company completed an induced polarization survey (IP Survey) on its Sleeping Giant South property located less than 1 km southwest of the past-producing Sleeping Giant gold mine where Abcourt Mines Inc. recently announced re-opening of their mill to process tailings from the Sleeping Giant mine and ore from surrounding deposits controlled by Abcourt.

The IP Survey identified two anomalies as locally silicified horizon beds enriched in disseminated sulphides that the Company determined as drill targets where mineralization can occur along a shear zone with quartz/carbonate veining and/or along an altered contact favored by the upcoming of hydrothermal fluids. Drilling was completed before in December 2023 (See news release for results).

Wulongguo Gold Mine

On December 13, 2024, the Company, entered into a three-year Exploration Agreement with Luoning County Qian Shan Mining Co., Ltd., to investigate the historical workings of the WGL V12 vein at the Wulongguo Gold Mine, located in Henan Province, China. As part of the agreement, the Company paid a $1M RMB refundable security deposit and agreed to spend $600,000 RMB in the first year of the agreement for investigative costs ($1,582,463 RMB or $302,567 was spent as property investigation costs during the nine months ended December 31, 2024). The fees will be renegotiated for the second and third years of the agreement.

Under the Exploration Agreement the Company constructed a new portal and drift to the historical workings of the WLG F12 vein and a 5,000 ton bulk sample is being planned to be excavated in preparation for processing at a local floatation mill. An advance payment of $40,000 was received by the Company from a Chinese smelter agent against potential profits that may be realized once the bulk sample is processed and refined.

Summary of Quarterly Results

The following table summarizes financial data for the most recently completed quarters:

	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	Jun 30, 2023	Mar 31, 2023
Net income (loss)	$222,136	$181,472	$194,639	$(106,085)	$170,330	$(168,408)	$(300,534)	$93,964
Basic and diluted loss per share	$0.00	$0.00	$0.00	$(0.00)	$0.00	$(0.00)	$(0.01)	$0.00

Financial Performance

For the nine months period ended December 31, 2024("current period") compared to the nine months period ended December 31, 2023 ("prior period")

During the nine months period ended December 31, 2024, the Company incurred a net loss of $598,247 compared to a net loss of $298,342 during the nine months period ended December 31, 2023. Major variances are explained as follows:

- Consulting and directors' decreased from $130,878 for the nine months period ended December 31, 2023 to $94,410 for the nine months period ended December 31, 2024 due to a decrease in the number of consultants and decrease in monthly director fees.
- Property investigation costs increased from $150,720 for the nine months ended December 31, 2023 to $302,567 for the nine months ended December 31, 2024. Property investigation costs incurred during the prior period was for the LMM property. Property investigation costs incurred during the current period was for WGM.
- During the current period, the Company expensed $55,055 (2023: $Nil) in share-based compensation relating to the options issued to consultants, directors and officers of the Company.
- Travel, meals and entertainment decreased from $39,022 in the prior period to $18,535 in the current period due to decrease in travel activities by directors and consultants in China.
- During the nine months ended December 31, 2023, the Company received $168,685 of resource tax credit for the Sleeping Giant property (2024: $Nil).

For the three months ended December 31, 2024 ("Q3 2025") compared to the three months ended December 31, 2023 ("Q3 2024")

During the three months ended December 31, 2024, the Company incurred a net loss of $222,136 compared to a net loss of $170,330 during the three months ended December 31, 2023. Major variances are explained as follows:

- Consulting and directors' fees decreased from a recovery of $32,500 for Q3 2024 to $35,445 for Q3 2025 due to a decrease in the number of consultants and decrease in monthly director fees.
- Property investigation costs increased from $Nil in Q3 2024 to $172,575 for Q3 2025. Property investigation costs incurred during Q3 2025 were related to the WGM.
- During Q3 2024, the Company received $168,685 of resource tax credits relating to the Sleeping Giant property (Q3 2025: $Nil).

Liquidity and Capital Resources

The Company is in the exploration stage and has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

The Company may encounter difficulty sourcing future financing in light of the unknown economic recovery. The junior resource industry is still affected by the world economic situation as mineral exploration is considered speculative and high-risk in nature, making it somewhat difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with the financing activities.

As of December 31, 2024, the Company had a working capital deficit of $289,597, compared to a working capital of $82,695 at March 31, 2024.

The Company's working capital is being used to fund, among other things, property investigation for the LMM properties in China, exploration of the Sleeping Giant South in Canada, property investigation on the WGM mine and general corporate expenses of the Company.

Share Capital

As of the date of this MD&A, the Company had 38,533,049 shares outstanding. The following table summarizes maximum number of common shares outstanding as at December 31, 2024 and as of the date of this MD&A if all outstanding options and warrants were exercised to purchase common shares:

	December 31, 2024	As of the date of this MD&A
Common shares	40,756,049	43,497,679
Warrants to purchase common shares	11,608,530	13,350,160
Options to purchase common shares	3,200,000	3,200,000
	55,564,579	60,047,839

Related Party Transactions and Balances

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company or its subsidiaries, directly or indirectly. Key management personnel consist

of officers and directors, former officers and former directors of the Company. A summary of the Company's related party transactions with directors and officers, or with companies associated with these individuals as follows:

For the nine months ended	**December 31, 2024**	**December 31, 2023**
Consulting fees paid to key management and directors	$85,548	$104,202
Consulting fees paid to a family member of one of the directors	-	12,000
	$55,905	**$ 116,202**

During the nine months ended December 31, 2024, there were 850,000 options issued to key management and directors resulting in a non-cash share-based compensation expense of $32,274. There were no options granted in the nine months ended December 31, 2023.

On August 13, 2024, the Company received a $5,000 non-interest bearing, on-demand loan from a director and officer of the Company.

At December 31, 2024, accounts payable and accrued liabilities include $83,505 (March 31, 2024 - $ 69,438) due to key management, directors of the Company and companies controlled by management or directors for services provided. These amounts are unsecured, non-interest bearing and have no specific terms of repayment

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical accounting estimates

<u>Estimate of recoverability for non-financial assets</u>

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

Share-based payments

The amounts recorded for share-based payments are based on estimates. The Black Scholes model is based on estimates of assumptions for expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, expected forfeitures and expected life of the options. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties. The carrying value of these financial instruments approximates their fair values due to their immediate or short-term maturity.

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

Level 1 - Unadjusted quoted prices 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 or indirectly; and
Level 3 - Inputs for the asset or liability that are not based upon observable market data.

Cash and accounts receivable are classified as amortized cost.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial Instrument Risks

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, credit risk, interest rate risk, political risk, foreign currency fluctuation risk, and commodity risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

a) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash or through the issuance of common shares. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year. The Company is exposed to liquidity risk.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable. Cash is held with a major Canadian financial institution in Canada and the Bank of China in China. The Chinese government exercises significant control over China's economic growth by controlling payment of foreign currency-denominated obligations. While management does not believe that there is significant credit risk arising from the concentration of credit risk from the Company's customers, the foreign exchange controls imposed by the Chinese government may have an impact on the Company's cash flows.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

d) Political Risk

The Company has a subsidiary in the People's Republic of China. These operations are potentially subject to a number of political, economic and other risks that may affect the Company's future operations and financial position.

e) Foreign Currency Fluctuation Risk

The international nature of the Company's operations results in foreign exchange risk. The Company's operating costs and vendors are primarily in Canada and the People's Republic of China. Any fluctuations of the Canadian dollar in relation to the Chinese Yuan may affect the profitability of the Company and the value of the Company's assets and liabilities.

f) Commodity Price Risk

The Company's future success is linked to the price of minerals, because the value of mineral resources and the Company's future potential revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

Risks and Uncertainties

Under Canadian reporting requirements, management of the Company is required to identify and comment on significant risks and uncertainties associated with its business activities.

Recent global issues, including the ongoing COVID-19 pandemic and geo-political conflicts have adversely affected workplaces, economies, supply chains, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of these issues and their effects on the Company's business or results of operations this time.