

**MUZHU MINING LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTH PERIOD ENDING SEPTEMBER 30, 2021**

This management's discussion and analysis of the financial condition as of November 29, 2021 provides an analysis of the Company's financial results and progress for the period ended September 30, 2021. This MD&A should be read in conjunction with the Company's financial statements for the year ended December 31, 2020 which were prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars.

Certain statements and information related to Muzhu Mining Ltd. ("Muzhu" or the "Company")'s 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 are reflecting 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 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 and the registered office is located at 777 Hornby Street, Suite 600, Vancouver, British Columbia, V6Z 1S4.

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 an exploration property agreement in Quebec, Canada. Muzhu owns 100 per cent of the Sleeping Giant South project (15,000 acres), located in Quebec's Abitibi greenstone belt and contiguous to the south of the Sleeping Giant mine held by Abcourt Mines.

**Overall Performance**

During the period ended September 30, 2021, the Company continued to prepare and amend its prospectus for submission to the regulatory bodies for a public listing on the CSE.

**Results of Operations**

*Period Ended September 30, 2021 and 2020*

The Company reported net loss for the period ended September 30, 2021 of \$110,416 compared to the same period of \$124,954 in the prior year. The reduction in loss in the current year is primarily due to a Gain on debt forgiveness of \$66,900, of which \$61,900 is with related parties. Expenses in the period ended September 30, 2021 were \$177,316 compared to \$124,954 for the same period in the prior year due to an increase in operational activities (consulting fees and professional fees), specifically preparing its prospectus for submission to the regulatory bodies for a public listing and preparation of marketing strategy and materials.

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**Summary of Quarterly Results**

	Sept 30, 2021	June 30, 2021	Mar 31, 2021	Dec 31, 2020
	\$	\$		\$
Net gain (loss )	(110,416)	(102,445)	(99,129)	(201,971)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.03)
Cash	327,508	312,071	367,826	99,584
Total Assets	618,527	624,234	695,630	344,584
Current Liabilities	34,535	32,271	400,596	493,121
Non-Current Liabilities	-	-	-	-

The Company's loss due to Operating Expenses grew from January 01, 2021 to September 30, 2021 due to the increase in operational activities, specifically preparing its prospectus for submission to the regulatory bodies for a public listing and preparation of marketing strategy and materials. The Company's Net Loss was reduced from March 31, 2021 to September 30, 2021, due to a Gain on debt forgiveness (April 30, 2021) of \$66,900, of which \$61,900 is with related parties. The Company's Cash position and Total Assets grew from December 31, 2020 to March 31, 2021 primarily due to completing a financing and share issuance for \$358,545 (net of share issue costs) on March 31, 2021.

	Sept 30, 2020	June 30, 2020	Mar 31, 2020	Dec 31, 2019
	\$	\$		\$
Net gain (loss )	(124,954)	(91,636)	(33,318)	(131,171)
Basic and diluted loss per share	(0.02)	(0.02)	(0.01)	(0.02)
Cash	68	86	104	622
Total Assets	6,109	6,127	6,146	6,663
Current Liabilities	230,130	196,830	169,830	137,030
Non-Current Liabilities	-			

The Company was fairly inactive operationally from December 31, 2019 to September 30, 2020 as the Company and its consultants worked towards a strategy for a public listing.

**Liquidity and Capital Resources**

As at September 30, 2021, the Company has a working capital surplus of \$302,387 compared to a working capital deficiency of \$(369,937) at December 31, 2020 mainly due to the completion of financings and debt settlement agreements between December 2020 and September 2021.

For the period ended September 30, 2021, the Company used cash of \$(70,416) in operating activities (2020-\$31,854).

The Company's principal assets are at an exploration stage and as a result the Company has no current source of operating cash flows. The Company relies on its ability obtain equity financing to fund administration expenses and future exploration programs. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of a financing or by monetizing assets. There is no certainty that these and other strategies will be successful.

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**Exploration and Evaluation Assets**

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"), covering 109 mineral claims in the Quevillon Mining Camp in Quebec.

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

- Make a cash payment of \$7,888 (staking costs) on or before December 31, 2020 (paid);
- Issuance of 3,500,000 fully paid and non-assessable common shares of the Company on or before December 31, 2020 (paid March 26, 2021); and
- Pay a royalty (the "Royalty") equal to 3% of Net Smelter Returns with respect to the Property.

The Sleeping Giant South 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.

On September 01, 2021 the Company allowed its Option Agreement with Lingbao Yida Mining Co., Ltd., 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, to expire.

**Advertising and Promotion**

The Company incurred advertising and promotion expenses of \$67,000 for the period ended September 30, 2021 (Nil for the period ended September 30, 2020) as it prepared for a public listing. The \$67,000 costs consisted of marketing strategy, preparation of a marketing campaign, preparation of a PowerPoint presentation deck, the development of a new logo, and the building of a website.

**Consulting Fees**

The Company incurred Consulting Fees of \$24,000 for the period ended September 30, 2021 (\$70,000 for the period ended September 30, 2020). The decrease in consulting fees is due to reduced use of strategic advisory services as the public listing process is underway in the current fiscal year.

**Professional Fees**

The Company incurred professional fees of \$68,697 for the period ended September 30, 2021 (Nil for the period ended September 30, 2020). The increase in professional fees consisted of legal fees, auditor's review fees, and preparation of corporate tax returns for prior years as the Company prepared its prospectus for submission to the regulatory bodies for a public listing.

**Share Capital**

The Company's authorized capital consists of an unlimited number of common shares without nominal or par value. As of the date of this MD&A, the Company has 19,726,961 issued and outstanding common shares.

- On March 26, 2021, the Company issued 3,500,000 common shares at \$0.05 per share to close the acquisition of the Sleeping Giant South property.
- On March 31, 2021 the Company issued 3,657,000 common shares at \$0.10 per share for gross proceeds of \$365,700.

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- On April 30, 2021, the board of directors approved and issued 3,094,000 common shares in the capital of the company at a deemed price of \$0.10 per common share for debt settlement of \$309,400, of which, \$101,000 was due to related parties. The Company recognized \$66,900 gain on debt forgiveness in connection with the transaction.

#### Warrants

There are no reportable warrants to report during the period ended September 30, 2021 and 2020.

#### Stock Options

On May 10, 2021 the board of directors approved a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time.

As of September 30, 2021, and December 31, 2020, the company has not granted any stock options.

#### Related Party Transactions and Balances

As at September 30, 2021, the Company has a balance due to directors and officers totalling \$12,041 (December 31, 2020 - \$153,941). The amounts due to related parties are unsecured, have no terms of repayment and non-interest bearing. On April 30, 2021, the board of directors approved and issued 1,010,000 common shares in the capital of the company at a deemed price of \$0.10 per common share for debt settlement of \$101,000 due to related parties as well as entering into agreements for loan forgiveness in the amount of \$61,900 with related parties.

#### Key management personnel compensation

Key management personnel consist of officers and directors of the Company. Remuneration of key management personnel was \$nil for the period ended September 30, 2021 (September 30, 2020 - \$36,000) as they have agreed to suspend any further charges until agreed upon by both parties.

#### Subsequent Events

On November 15, 2021 the Company entered into compensation agreements with both the CEO and CFO of the Company for remuneration of \$2,500 per month and a signing bonus of \$5,000 upon execution.

On November 17, 2021, the Company issued 161,211 common shares in the capital of the Company at a deemed price of \$0.10 per common share for past legal services provided to the Corporation.

On November 22, 2021, the Company entered into an Option Agreement with Lingbao Yida Mining Co., Ltd., 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. Under the agreement, Muzhu Mining can earn up to an 80-per-cent interest in the Xia Wa Gou property by incurring \$3-million in exploration and expenditures on the property over a three-year period while also issuing 3.75 million shares in the company to Lingbao Yida Mining Co. Ltd. Those shares will be released to Lingbao Yida Mining in stages over a three-year period.

Under the terms of the option agreement, Muzhu Mining will earn a 60-per-cent working interest in the property upon completion of the following:

Issuing Muzhu Mining shares totalling 3.75 million consisting of:

- (I) 250,000 shares upon signing and exchange approval;
- (II) 1,000,000 shares prior to Nov. 22, 2022;
- (III) 1,000,000 shares of Muzhu Mining prior to Nov. 22, 2023;
- (IV) 1,500,000 shares of Muzhu Mining prior to Nov. 22, 2024;

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Expenditures on the Xiao Wa Gou property totalling \$3-million consisting of:

- (I) \$500,000 prior to Nov. 22, 2022;
- (II) \$1,000,000 prior to Nov. 22, 2023;
- (III) \$1,500,000 prior to Nov. 22, 2024.

A further 20-per-cent interest in the Xiao Wa Gou property can be granted to Muzhu Mining upon an independent valuation report at any time after the terms of the 60-per-cent earn-in option agreement has been fulfilled.

On November 23, 2021, the Company approved a proposed private placement of 2,000,000 flow-through common shares at \$0.20 per share.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Critical accounting estimates**

Estimate of recoverability for non-financial assets

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**

The Company's financial instruments are categorized in 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).

The Company's financial instruments include cash, advances, and accounts payable.

The fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The fair value of advances is determined to be "Level 3" as the amount relates to advances made concerning a definitive share purchase agreement; therefore, the inputs are unobservable.

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Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as of September 30, 2021, as follows:

<b>Fair Value Measurements Using</b>				
	Quoted Prices in Active Markets For Identical Instruments (Level 1) \$	Significant Other Observable Inputs (Level 2) \$	Significant Unobservable Inputs (Level 3) \$	Total \$
<b>September 30, 2021</b>				
Cash	327,508	-	-	327,508
<b>December 31, 2020</b>				
Cash	99,584	-	-	99,584

**Credit risk**

The Company has no significant credit risk arising from operations. The Company does not engage in any sales activities, so is not exposed to major credit risks attributable to customers. The Company's credit risk is primarily attributable to cash. The Company holds its cash with Canadian chartered banks and the risk of default is considered to be remote.

**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's accounts payable are due within one year. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of stock market conditions generally or as a result of conditions specific to the Company. The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company has cash of \$327,508 (December 31, 2020 - \$99,584) to settle current liabilities of \$34,535 (December 31, 2020 - \$493,121).

**Interest rate risk**

Interest rate risk is the risk that future cash flows of the Company's assets and liabilities can change due to a change in interest rates. The Company is not exposed to interest rate risk as no financial instruments are interest-bearing. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from the financial statements.

**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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. As the Company does not have active operations, the impact of the pandemic has been minimal. Management continues to monitor the situation and take the necessary precautions as deemed appropriate.