

Condensed Interim Financial Statements (Unaudited) of

MUZHU MINING LTD.

As at March 31, 2022 and 2021,
and for the three-month periods ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

Notice of no Auditor Review of Condensed Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor

MUZHU MINING LTD.
Unaudited Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

	As at March 31, 2022	As at December 31, 2021
	\$	\$
ASSETS		
Current assets		
Cash	555,149	658,858
GST receivable	14,168	9,367
Prepaid expenses	16,937	1,250
	586,254	669,475
Exploration and evaluation assets (note 6)	282,986	281,946
	869,240	951,421
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	21,830	40,595
Due to related parties	-	-
Flow through share premium liability (Note 7)	52,030	52,030
	73,860	92,625
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital	1,711,722	1,711,722
Reserve for options and warrants	224,000	8,800
Deficit	(1,140,342)	(861,726)
	795,380	858,796
	869,240	951,421

Nature of business and going concern (Note 1)
Subsequent events (Note 8)

Approved and authorized for issue on behalf of the Board on May 30, 2022

"Richard Tong"

Director

"Don Baxter"

Director

The accompanying notes are an integral part of these interim financial statements

MUZHU MINING LTD.

Unaudited Condensed Interim Statements of Comprehensive Loss

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

	March 31, 2022	March 31, 2021
	\$	\$
Expenses		
Advertising and promotion	1,125	57,000
Consulting fees	25,500	24,000
Directors fees (note 5)	17,500	-
Professional fees	10,955	18,021
Filing Fees and Transfer Agent	4,280	-
Insurance Expense	3,240	-
Office and general	695	108
Interest and bank charges	121	-
Share Based Compensation (Notes 4 & 5)	215,200	-
	278,616	99,129
Net loss and comprehensive loss	(278,616)	(99,129)
Loss per share – basic and diluted	\$(0.01)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted (1)	22,328,462	9,549,828

(1) Adjusted for 4:3 share consolidation on September 1, 2020 (see note 4).

The accompanying notes are an integral part of these interim financial statements.

MUZHU MINING LTD.

Unaudited Condensed Interim Statements of Changes in Equity (Deficiency)

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

	Common shares (i)		Subscription Receivable	Reserve for Options & Warrants	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance, December 31, 2020	9,314,750	507,800	-	-	(656,337)	(148,537)
Subscriptions received in advance	-	-	2,000	-	-	2,000
Shares issued for cash	3,657,000	365,700	-	-	-	365,700
Shares issued for Sleeping Giant South (Note 6)	3,500,000	175,000	-	-	-	175,000
Net loss for the period	-	-	-	-	(99,129)	(99,129)
Balance, March 31, 2021	16,471,750	1,048,500	2,000	-	(755,466)	295,034
Balance, December 31, 2021	22,328,462	1,711,722	-	8,800	(861,726)	858,796
Share Based Compensation	-	-	-	215,200	-	215,200
Net loss for the period	-	-	-	-	(278,616)	(278,616)
Balance, March 31, 2022	22,328,462	1,711,722	-	224,000	(1,140,342)	795,380

(1) Adjusted for 4:3 share consolidation on September 1, 2020 (see note 4).

The accompanying notes are an integral part of these interim financial statements.

MUZHU MINING LTD.

Unaudited Condensed Interim Statements of Cash Flows

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

	March 31, 2022	March 31, 2021
	\$	\$
Cash provided by (used in):		
Operating activities		
Net loss for the period	(278,616)	(99,129)
Items not affecting cash:		
Share based compensation	215,200	
Net change in non-cash working capital balances related to operations:		
GST receivable	(4,802)	(11,399)
Prepaid expenses	(15,687)	(16,500)
Accounts payable and accrued liabilities	(18,765)	82,474
	(102,670)	(44,554)
Investing activities		
Exploration and evaluation asset additions	(1,039)	(54,904)
	(1,039)	(54,904)
Financing activities		
Subscription received	-	2,000
Shares issued for cash	-	365,700
	-	367,700
Net change in cash during the period	(103,709)	268,242
Cash, beginning of period	658,858	99,584
Cash, end of period	555,149	367,826

The accompanying notes are an integral part of these interim financial statements.

MUZHU MINING LTD.

Notes to the Unaudited Condensed Interim Financial Statements For the period ended March 31, 2022 and 2021 (Expressed in Canadian dollars)

NOTE 1 – NATURE OF BUSINESS AND GOING CONCERN

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 4353 Halifax Street, Suite 904, Burnaby, BC, V5C 5Z4 and the registered office is 777 Hornby Street, Suite 600, Vancouver, BC, V6Z 1S4, 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.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. The Company has experienced losses and negative cash flow from operations since incorporation. As at March 31, 2022, the Company had not yet generated revenues, has working capital of \$512,394 (December 31, 2021 - \$576,850) and had an accumulated deficit of \$1,140,342 (December 31, 2021 - \$861,726). These factors indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern.

The Company's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and future profitable production or proceeds from the disposition of its resource property interests. The timing and availability of additional financing will be determined largely by the performance of the Company and market conditions and there is no certainty that the Company will be able to raise funds as they are required in the future.

These interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to reflect these financial statements on a liquidation basis which could differ from accounting principles applicable to a going concern.

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.

NOTE 2 - STATEMENT OF COMPLIANCE

The Corporation applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of May 30, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2021. Any subsequent changes to IFRS that are given effect in the Corporation’s annual financial statements for the year ending December 31, 2022 could result in restatement of these condensed interim financial statements. These condensed interim financial statements are presented in Canadian dollars, unless otherwise stated.

MUZHU MINING LTD.

Notes to the Unaudited Condensed Interim Financial Statements

For the period ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

NOTE 3 – ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. There are presently no new standards, interpretations and amendments to existing standards which may have a significant impact on the Company's interim financial statements.

NOTE 4 – SHARE CAPITAL

Common shares

The Company's authorized capital consists of an unlimited number of common shares without par value. As at March 31, 2022, there were 22,328,462 issued and outstanding common shares. On September 1, 2020, the Company consolidated its common shares on a 4 for 3 basis, which has been applied retrospectively in these financial statements.

a) Issued

	Number of shares	Share capital
Balance December 31, 2020	9,314,750	\$ 507,800
Common shares issued for Sleeping Giant South (i)	3,500,000	175,000
Common shares issued for cash (ii)	3,657,000	365,700
Balance, March 31, 2021	16,471,750	\$ 1,048,500
Balance, December 31, 2021	22,328,462	\$ 1,711,723
Balance, March 31, 2022	22,328,462	\$ 1,711,723

- (i) 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.
- (ii) On March 31, 2021 the Company issued 3,657,000 common shares at \$0.10 per share for gross proceeds of \$365,700.

For the three months ended March 31, 2022, there were no share issuances.

b) Stock Options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees, and consultants of the Company. Options granted under the Plan generally have a five-year term and are granted at a price no lower than the market price of the common shares at the time of the grant. The options vest immediately unless otherwise specified. The maximum number of options granted may not exceed 10% of the issued and outstanding shares.

The following table summarizes the stock option activity for the three months ended March 31, 2021 and March 31, 2022:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, March 31, 2021 and December 31, 2021	-	-
Granted (i)(ii)	1,580,000	0.14
Balance, March 31, 2022	1,580,000	0.14

- (i) On January 05, 2022, the Company granted 1,330,000 stock options to directors, officers, and consultants of the Company at an exercise price of \$0.14. The options expire 5 years from the date of grant and vested immediately. A fair value of \$180,200 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate – 1.42%; expected volatility - 133% (which is based on the share price of similar public companies in the industry at a similar stage of development, given that the Company has been publicly listed for less than 12 months); dividend yield - nil; expected life - 5 years; and share price at date of grant - \$0.155.

MUZHU MINING LTD.

Notes to the Unaudited Condensed Interim Financial Statements

For the period ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

- (ii) On February 10, 2022, the Company granted 250,000 stock options to advisory committee members of the Company at an exercise price of \$0.14. The options expire 5 years from the date of grant and vested immediately. A fair value of \$35,000 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate – 1.81%; expected volatility - 132% (which is based on the share price of similar public companies in the industry at a similar stage of development, given that the Company has been publicly listed for less than 12 months); dividend yield - nil; expected life - 5 years; and share price at date of grant - \$0.155

The following table provides additional information about outstanding stock options as at March 31, 2022:

Expiry	Exercise Price (\$)	Contractual Life (Years)	Number of Options Outstanding	Number of Options Available
January 05, 2027	0.14	4.77	1,330,000	1,330,000
February 10, 2027	0.14	4.87	250,000	250,000
	0.14	4.79	1,580,000	1,580,000

c) Warrants

A summary of the Company's outstanding warrants at March 31, 2022 and the changes for the period then ended is presented below:

	Number of warrants outstanding	Weighted average exercise price (\$)
Balance, December 31, 2020 and March 31, 2021	-	-
Balance, December 31, 2021	195,113	0.17
Balance, March 31, 2022	195,113	0.17

The following table summarizes the actual warrants outstanding and exercisable as of March 31, 2022:

Number of warrants outstanding	Grant date fair value (\$)	Exercise price (\$)	Expiry Date
-	-	-	
195,113	8,800	0.17	December 21, 2022
195,113	8,800	0.17	

The fair value was determined to be \$8,800 using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.15, dividend yield of 0%, expected volatility of 100%, risk free interest rate of 0.94% and expected life of 1 years.

NOTE 5 – RELATED PARTY TRANSACTIONS AND BALANCES

As at March 31, 2022, the Company has a Nil balance due to directors and officers (March 31, 2021 - \$153,941).

A family member of one of the Directors of the Company, was paid \$4,500 for consulting fees for the three month period ended March 31, 2022 (March 31, 2021 – \$Nil).

Key management personnel compensation

Key management personnel consist of officers and directors of the Company. Remuneration of key management personnel was \$148,247 (\$17,500 for Directors' Fees and \$130,747 for Share Based Compensation) for the three month period ended March 31, 2022 (March 31, 2021 - \$Nil).

MUZHU MINING LTD.

Notes to the Unaudited Condensed Interim Financial Statements
For the period ended March 31, 2022 and 2021
(Expressed in Canadian dollars)

Note 6 - EXPLORATION AND EVALUATION ASSETS

The company's exploration and evaluation properties were as follows:

	Sleeping Giant South Property	XWG Property	Total
Balance December 31, 2020	\$ 221,400	\$ -	\$ 221,400
Acquisition	-	-	-
Geologists and consulting	54,905	-	54,905
Balance, March 31, 2021	\$ 276,305	-	\$ 276,305
Balance, December 31, 2021	\$ 281,946	-	\$ 281,946
Acquisition	-	-	-
Geologists and consulting	1,040	-	1,040
Balance, March 31, 2022	\$ 282,986	-	\$ 282,986

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.

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

- (a) incur minimum Expenditures on the Property (in the ground) of not less than an aggregate of \$3,000,000 according to the following schedule:
 - (i) \$500,000 prior to the first anniversary of the Effective Date;
 - (ii) an additional \$1,000,000 prior to the second anniversary of the Effective Date;
 - (iii) an additional \$1,500,000 prior to the third anniversary of the Effective Date;
- (b) issuing and delivering to the Optionor and/or its nominees an aggregate of 3,750,000 Common Shares according to the following schedule:
 - (i) 250,000 Common Shares upon approval and signing by both parties, subject to Exchange Approval or Regulatory Approval (not yet issued);
 - (ii) 1,000,000 Common Shares prior to the first anniversary of the Listing Date;
 - (iii) 1,000,000 Common Shares prior to the second anniversary of the Listing Date; and
 - (iv) 1,500,000 Common Shares prior to the third anniversary of the Listing Date.

As at March 31, 2022, the Company has not completed any of the above terms.

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:

- (i) Make a cash payment of \$7,888 (staking costs) on or before December 31, 2020 (paid);
- (ii) Issuance of 3,500,000 fully paid and non-assessable common shares of the Company on or before December 31, 2020 (paid); and
- (iii) 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.

MUZHU MINING LTD.

Notes to the Unaudited Condensed Interim Financial Statements

For the period ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

NOTE 7 – FLOW-THROUGH SHARE PREMIUM LIABILITY

The flow-through common shares issued in the financing completed on December 21, 2021 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$52,030.

The flow-through premium is derecognized through income as the eligible expenditures are incurred. At March 31, 2022, the Company is committed to spend \$442,255 in eligible exploration expenditures on or before December 31, 2022.

NOTE 8 – SUBSEQUENT EVENTS

Muzhu Mining Ltd. entered into a media services contract with Market One Media Group Inc. on April 19, 2022 whereby Market One will be responsible for the administration and management of the company's social media platforms as well as engaging with other digital information outlets. The media contract is for a term of nine months and provides for total compensation equalling \$101,250 plus GST.

Muzhu Mining Ltd. appointed James C. Tworek to its advisory committee on May 03, 2022 and granted incentive stock options to acquire an aggregate of 250,000 common shares in the capital of the company at an exercise price of \$0.14.

On May 05, 2022, Muzhu Mining Ltd. announced a non-brokered private placement of up to 5,416,667 units for \$0.12 per unit, with each unit consisting of one common share and one-half common share purchase warrant, with each full warrant entitling its holder to purchase one common share at \$0.20 for a period of one year after issuance. The proceeds from the financing will be used to further advance the company's plans on the Xiao Wa Gou property in the province of Henan, China, and for working capital.