

**MUZHU MINING LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE 9 MONTH PERIOD ENDING SEPTEMBER 30, 2022**

This management's discussion and analysis of the financial condition as of November 29, 2022 provides an analysis of the Company's financial results and progress for the period ended September 30, 2022. This MD&A should be read in conjunction with the Company's financial statements for the year ended December 31, 2021 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 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.

**Overall Performance**

During the period ended September 30, 2022, the Company began to strategize and prepare plans for geological and exploration work on its Sleeping Giant South and Xiao Wa Gou properties in Canada and China.

**Exploration Activities and Plans**

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 Effective Date;
  - (iii) 1,000,000 Common Shares prior to the second anniversary of the Effective Date; and
  - (iv) 1,500,000 Common Shares prior to the third anniversary of the Effective Date.

As at September 30, 2022, the Company has not completed any of the above terms.

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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.

**Results of Operations**

*Period Ended September 30, 2022 and 2021*

The Company reported net loss for the period ended September 30, 2022 of \$657,678 compared to the same period of \$110,416. Expenses in the period ended September 30, 2022 were \$657,678 compared to \$177,316 for the same period in the prior year due to an increase in operational activities and share based compensation of \$244,000.

**Summary of Quarterly Results**

	Sept 30, 2022	June 30, 2022	Mar 31, 2022	Dec 31, 2021
	\$	\$		\$
Net gain (loss )	(657,678)	(489,645)	(278,616)	(205,390)
Basic and diluted loss per share	(0.03)	(0.02)	(0.01)	(0.01)
Cash	360,006	690,174	555,149	658,858
Total Assets	783,680	1,027,020	869,240	951,421
Current Liabilities	68,462	143,769	73,860	92,625
Non-Current Liabilities	-	-	-	-

The Company's loss due to Operating Expenses grew from January 01, 2022 to September 30, 2022 compared to the prior year due to the increase in operational activities from becoming a publicly listed company and the Company's work on its properties.

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	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	-			

**Liquidity and Capital Resources**

As at September 30, 2022, the Company has a working capital surplus of \$433,272 compared to working capital surplus of \$576,850 at December 31.

For the period ended September 30, 2022, the Company used cash of \$568,952 (net of Share based compensation - \$244,000) in operating activities (September, 2021- \$70,416).

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.

**Advertising and Promotion**

The Company incurred advertising and promotion expenses of \$42,150 for the period ended September 30, 2022 (\$67,000 for the period ended September 30, 2021). The reduction in expenses is due to the prior year's ramping up of marketing related costs in preparation for the Company's public listing

**Consulting Fees**

The Company incurred Consulting Fees of \$100,835 for the period ended September 30, 2022 (\$24,000 for the period ended September 30, 2021). The increase in Consulting Fees is due to the Company becoming operational.

**Professional Fees**

The Company incurred professional fees of \$51,646 for the period ended September 30, 2022 (\$68,697 for the period ended September 30, 2021). The reduction in professional fees is due to the prior year's preparation of the Company's 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 24,605,129 issued and outstanding common shares, 1,333,446 outstanding warrants, and 1,830,000 outstanding stock options.

On June 29, 2022 the Company issued 2,276,667 common shares at \$0.12 per share for gross proceeds of \$273,200.

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**Warrants**

<b>Expiry Date</b>	<b>Warrants outstanding</b>	<b>Exercise price (\$)</b>
December 21, 2022	195,113	0.17
June 29, 2023	1,138,333	0.20

**Stock Options**

<b>Expiry Date</b>	<b>Options Outstanding</b>	<b>Exercise Price (\$)</b>
January 05, 2027	1,580,000	0.14
February 10, 2027	250,000	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.
- (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.
- (iii) On May 03, 2022, the Company granted 250,000 stock options to an advisory committee member of the Company at an exercise price of \$0.14. The options expire January 05, 2027 and vested immediately.

**Related Party Transactions and Balances**

A family member of one of the Directors of the Company, was paid \$13,500 for consulting fees for the nine month period ended September 30, 2022 (September 30, 2021 - \$Nil).

**Key management personnel compensation**

Key management personnel consist of officers and directors of the Company. Remuneration of key management personnel was \$195,247 (\$50,500 for Directors' Fees, \$14,000 for Officers' Fees - Consulting and \$130,747 for Share Based Compensation) for the nine month period ended September 30, 2022 (September 30, 2021 - \$Nil).

**Subsequent Events**

Muzhu Mining Ltd. has created a 100 percent owned subsidiary company, named Luoyang Sow International Mining Company Ltd., as part of its operations in China. The business license for the subsidiary was issued on October 13, 2022.

Muzhu Mining Ltd.'s Vice-President of China operations, Anthony Tam, BSc, Engineering Physics, BSc, Mining Engineering, CPA, CA and Aaron Meckler, CIM, FCSI, have both been appointed to the Board of Directors, effective November 15, 2022.

On November 22, 2022, the XWG Option Agreement expired and the Company was able to negotiate and execute a new XWG Option Agreement with the same terms as the previous version, effective as of November 23, 2022.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

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**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.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as of September 30, 2022, 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, 2022</b>				
Cash	360,006	-	-	360,006
<b>December 31, 2021</b>				
Cash	658,858	-	-	658,858

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**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, 2022, the Company has cash of \$360,006 (December 31, 2021 - \$658,858) to settle current liabilities of \$68,462 (December 31, 2021 - \$92,625).

**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.