MUZHU MINING LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2023

Background

The following Management's Discussion and Analysis ("MD&A") is current as of July 26, 2023. This MD&A contains a review and analysis of financial results for Muzhu Mining Ltd. ("the Company") for the 15 month period ended March 31, 2023. This MD&A should be read together with the financial statements and related notes for the 15 month period ended March 31, 2023 and year ended December 31, 2021 which are prepared in accordance with International Financial Reporting 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 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 15 month period ended March 31, 2023, the Company began geological and exploration work on its Sleeping Giant South property in Canada and created a China subsidiary named Luoyang Sow International Mining Co., Ltd. to further its exploration plans for the LMM and XWG properties in China.

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 agree to explore and develop the Niujuangou Mine area where the Company has incurred $39,338 (2021 - $ Nil) in property investigation costs related to the property.

XWG Property

On November 22, 2021, the Company entered into, and renewed on November 23, 2022 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 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 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 Lingbao 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 March 31, 2023, the Company has not completed any of the above terms, and has expensed $1,470 (2021 - $ Nil) to property investigation costs related to the property.

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.

Select Annual Information

15 Month period ended and year (s) ended	**March 31, 2023**	**December 31, 2021**	**December 31, 2020**
Cash ($)	543,668	658,858	99,584
Total Assets ($)	1,330,286	951,421	344,584
Current Liabilities ($)	250,389	92,625	493,121
Non-Current Liabilities ($)	-	-	-
Net loss ($)	999,225	205,390	201,971
Basic and diluted loss per share ($)	(0.04)	(0.01)	(0.03)
Weighted average number of common shares outstanding	24,316,758	16,955,589	6,067,783

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Summary of Quarterly Results

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

Fiscal period ended March 31, 2023	March 31	December 31	September 30	June 30	March 31
Net gain (loss)	93,964	(432,484)	(171,060)	(209,990)	(279,655)
Basic and diluted loss per share	0.00	(0.02)	(0.01)	(0.01)	(0.01)

Fiscal year ended December 31, 2021	December 31	September 30	June 30	March 31
Net gain (loss)	(94,974)	(7,971)	(3,316)	(99,129)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)

Financial Performance

<u>For the 15 month period ended March 31, 2023</u>

During the 15 month ended March 31, 2023 ("the current period"), the Company incurred a net loss of $999,525 compared to a net loss of $205,390 during the year ended December 31, 2021 ("2021" or "the comparative period"). General and administrative expenses for the current period, consisting of advertising and promotion, consulting fees, directors' fees, filing fees and transfer agent, insurance, office and general, professional fees, property investigation costs, share-based compensation, travel, meals, and entertainment, and wages and benefits $1,051,255 (2021 - $272,290). Corporate expenses in the current period include the following:

- Advertising and promotion of $110,775 (2021 - $70,890) include Market One Media Service contract, news release dissemination, website and marketing related expenses incurred in the current period;
- Consulting fees of $266,618 (2021 - $46,250) include consulting services paid for administration, project management, business, corporate, and strategic development in the current period;
- Directors' Fees of Nil (2021 - $17,500) include consulting fees for administration and management services that were paid to directors as directors' fees in the prior year;
- Filing fees and transfer agent of $22,888 (2021 - $35,471) include transfer agent, Canadian Securities Exchange fees, and securities commissions fees incurred in the current period;
- Insurance of $19,073 (2021 – $ Nil) include directors' and officer's liability insurance incurred in the current period;
- Interest and bank charges of $42 (2021 - $395) include bank charges and interest income for the banks in Canada and China incurred in the current period;
- Office and general of $20,903 (2021 - $999) include annual general meeting costs, flow through share taxes, office rent and expenses primarily in China, and vehicle lease and operations in China incurred in the period;
- Professional fees of $130,759 (2021 - $100,785) include general legal, accounting, audit, and tax fees incurred in the current period;
- Property investigation costs of $41,089 (2021 – $ Nil) include costs related to evaluating exploration projects;
- Travel, meals, and entertainment of $28,027 (2021 – $ Nil) include travel costs for consultants primarily related to China, incurred in the current period;
- Wages and benefits of $65,280 (2021 – $ Nil) include salaries and wages for consultants and staff in China, incurred in the current period;

Partially offsetting expenses, the Company recorded a non-cash recovery of $52,030 (2021 - $ Nil) for recognition of a flow-through liability.

In the current period, the Company also recognized a non-cash share-based compensation expense in the amount of $345,801 (2021 - $ Nil) for options issued to directors, advisors and consultants of the Company. Total comprehensive loss for the 15 month period ended March 31, 2023 is the sum of net income or loss and other comprehensive income or loss.

For the 3 month period ended March 31, 2023

During the 3 month ended March 31, 2023 ("the current period"), the Company incurred a net gain of $93,964. General and administrative expenses for the current period, consisting of advertising and promotion, consulting fees, directors' fees, filing fees and transfer agent, insurance, office and general, professional fees, property investigation costs, share-based compensation, travel, meals, and entertainment, and wages and benefits. Corporate expenses in the current period include the following:

- Advertising and promotion of $33,750 include Market One Media Service contract, news release dissemination, website and marketing related expense incurred in the current period;
- Consulting fees of $122,716 include consulting services paid for administration, project management, business, corporate, and strategic development in the current period;
- Directors' Fees of ($61,000) include consulting fees for administration and management services that were paid to directors as directors' fees in the prior period and reclassed to consulting fees;
- Filing fees and transfer agent of $4,467 include transfer agent, Canadian Securities Exchange fees, and securities commissions fees incurred in the current period;
- Insurance of $4,169 include directors' and officer's liability insurance incurred in the current period;
- Interest and bank charges of $42 include bank charges and interest income for the banks in Canada and China incurred in the current period;
- Office and general of $8,963 include flow through share taxes, office rent and expenses primarily in China, and vehicle lease and operations in China incurred in the period;
- Professional fees of $54,700 include general legal, accounting, audit, and tax fees incurred in the current period;
- Property investigation costs of ($402,735) include costs related to evaluating exploration projects that are now reclassed as exploration and evaluation assets;
- Travel, meals, and entertainment of $13,761 include travel costs for consultants primarily related to China, incurred in the current period;
- Wages and benefits of $25,404 include salaries and wages for consultants and staff in China, incurred in the current period;

In the current period, the Company also recognized a non-cash share-based compensation expense in the amount of $101,801 for options issued to directors, advisors and consultants of the Company. Total comprehensive loss for the month period ended March 31, 2023 is the sum of net income or loss and other comprehensive income or loss.

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 March 31, 2023, the Company had a working capital surplus of $355,596, compared to a working capital of $576,850 at December 31, 2021.

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 35,825,549 issued and outstanding common shares, 2,680,000 stock options granted, and 10,379,920 issued and outstanding warrants.

- On June 29, 2022, the Company issued 2,276,667 units at $0.12 per unit, each unit comprises one share and one half warrant, with each whole warrant exercisable at $0.20 for a period of one year for gross proceeds of $273,200.

- On December 19, 2022, the Company issued 2,500,000 flow through units at $0.085 per unit, each unit comprises one share and one half warrant, with each whole warrant exercisable at $0.12 for a period of one year for gross proceeds of $212,500 with flow through share premium of $50,000. The Company paid finders' fees of $17,000 and issued 200,000 finders' warrants with each warrant exercisable at $0.12 for a period of two years. The fair value of the finders' warrants were determined to be $7,000 using the Black Scholes Option Pricing Model.

- On March 24, 2023, the Company issued 3,048,750 units at $0.08 per unit, each unit comprises one share and one whole warrant exercisable at $0.12 for a period of two years for gross proceeds of $243,900. The Company paid $3,200 and issued 40,000 finders' warrants with each warrant exercisable at $0.12 for a period of two years. The fair value of the finders' warrants were determined to be $1,852 using the Black Scholes Option Pricing Model.

- On March 30, 2023, the Company issued 2,250,000 flow through units at $0.10 per unit, each unit comprises one share and one whole warrant exercisable at $0.15 for a period of one year for gross proceeds of $225,000 with flow through share premium of $45,000. The Company paid $15,750 and issued 157,500 finders' warrants with each warrant exercisable at $0.15 for a period of one year. The fair value of the finders' warrants were determined to be $5,394 using the Black Scholes Option Pricing Model.

Stock Options

The Company has a Stock Option Plan (the "Plan") which provides that the number of options granted may not exceed 10% of the issued and outstanding shares. 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.

(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 five years from the date of grant and vested immediately. A fair value of $180,200 was determined using the Black-Scholes option pricing model. On July 11, 2022, two Directors resigned and as per the Company's stock option plan, their options totalling 325,000 stock options, expired.

(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 five years from the date of grant and vested immediately. A fair value of $35,000 was determined using the Black-Scholes option pricing model.

(iii) On April 28, 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 5, 2027 and vested immediately. A fair value of $28,800 was determined using the Black-Scholes option pricing model.

(iv) On February 24, 2023, the Company granted 1,175,000 stock options to directors, officers, and consultants of the Company at an exercise price of $0.10. The options expire in February 22, 2028 and vested immediately. A fair value of $101,801 was determined using the Black-Scholes option pricing model.

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

For the period ended	March 31, 2023	December 31, 2021
Consulting fees paid to key management and directors	$147,909	$17,500
Consulting fees paid to a family member of one of the directors	22,500	5,250
	$170,409	**$22,750**

During the period ended March 31, 2023, there were 1,700,000 options issued to key management and directors (2021 – Nil) resulting in a non-cash share-based compensation expense of $200,476 (2021 - $ Nil).

At March 31, 2023, accounts payable and accrued liabilities include $33,841 (2021 - $ Nil) 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

Subsequent Events

Subsequent to March 31, 2023, the Company completed a non-brokered private placement and issued 3,421,670 units at $0.08 per unit, with each unit comprising one share and one warrant, for gross proceeds of $273,734, of which $65,485 was received during fiscal 2023. Each warrant is exercisable at $0.12 for a period of two years. Finder's fees of $960 were paid and 12,000 finder's warrants were issued, with each warrant exercisable at $0.12 for a period of two years.

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 AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, 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 is carried at fair value using a level 1 fair value measurement.

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.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as of March 31, 2023, as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $	Total $
March 31, 2023				
Cash	543,668	–	–	543,668
December 31, 2021				
Cash	658,858	–	–	658,858

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 GST receivable. Cash is held with a major Canadian financial institution in Canada and the Bank of China in China and the receivables are due from Government entities. Management is of the view that all amounts are fully collectible.

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.

In March 2020, the COVID-19 pandemic has caused significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. In late February 2022, Russia launched a large scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West, including Canada. Consequently, the Company has limited access to capital and financing which is the primary source of cash for the Company. While the Company continues to monitor the investment portfolio and assess the impact that these events will have on its business activities, the extent of the effect of these events on the Company's future activities is uncertain