

MUZHU MINING LTD. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

Background

The following Management's Discussion and Analysis ("MD&A") is current as of February 29, 2024. This MD&A contains a review and analysis of financial results for Muzhu Mining Ltd. ("the Company") for the nine months ended December 31, 2023. This MD&A should be read together with the financial statements and related notes for the nine months ended December 31, 2023 and the fifteen months ended March 31, 2023 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 4353 Halifax Street, Suite 904, Burnaby, BC, V5C 5Z4 and the registered office is Suite 1400, 1125 Howe Street, 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.

Overall Performance

During the nine months ended December 31, 2023, the Company began planning geological and exploration work on its Sleeping Giant South property in Canada and incurred costs for property investigation on the LMM property 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 \$150,720 for the nine months ended December 31, 2023 (2022 - \$Nil) in property investigation costs related to the property.

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.

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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;
 - (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 of December 31, 2023, 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 sulfides that the Company has determined as drill targets. This 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 is planned to commence shortly and be completed before year's end.

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Summary of Quarterly Results

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

	Dec 31, 2023	Sept 30, 2023	June 30, 2023	March 31, 2023	Dec 31, 2022	Sept 30, 2022	June 30, 2022	March 31, 2022
Net income (loss)	\$170,330	\$(168,408)	\$(300,534)	\$93,964	\$(435,511)	\$(171,060)	\$(208,002)	\$(278,616)
Basic and diluted loss per share	\$0.00	\$(0.01)	\$(0.01)	\$0.00	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.01)

Financial Performance

For the three months ended December 31, 2023 ("Q3 2024") compared to the three months ended December 31, 2022 ("Q3 2023")

During the three months ended December 31, 2023, the Company incurred a net loss of \$170,330 compared to a net loss of \$435,511 during the three months ended December 31, 2022. Major variances are explained as follows:

- Advertising and promotion cost decreased from \$34,875 in Q3 2023 to \$2,875 in Q3 2024 due to the termination of a marketing contract.
- Consulting and directors' fees decreased from \$53,567 for Q3 2023 to a recovery of \$32,500 for Q3 2024 as during Q3 2024, the directors decided to reverse all directors' fees charged in the prior quarter and an officer and director of the company has also decided to reverse consulting fees charged from prior quarters.
- Property investigation costs decreased from \$306,578 for Q3 2023 to a recovery of \$Nil for Q3 2024. Property investigation costs incurred during Q3 2023 were related to evaluating exploration projects that were later reclassified as exploration and evaluation assets as of March 31, 2023.
- During Q4 2024, the Company received a resource tax credit for the Sleeping Giant property of \$168,685.

For the nine months ended December 31, 2023 ("current period") compared to the nine months ended December 31, 2022 ("prior period")

During the nine months ended December 31, 2023, the Company incurred a net loss of \$468,942 compared to a net loss of \$379,062 during the nine months ended December 31, 2022. Major variances are explained as follows:

- Advertising and promotion cost decreased from \$75,900 for the nine months ended December 31, 2022 to \$11,250 for the nine months ended December 31, 2023 due to the termination of a marketing contract.
- Property investigation costs decreased from \$443,824 for Q3 2023 to \$150,720 for Q3 2024. Property investigation costs incurred during Q3 2023 were related to evaluating exploration projects that were later reclassified as exploration and evaluation assets as at March 31, 2023. The property investigation costs incurred during the current period were for the LMM property.
- Wages and benefits increased from \$39,876 for the nine months ended December 31, 2022 to \$91,071 for the nine months ended December 31, 2023 due to the Company commencing operations and activities in China.
- During the current period, the Company received a resource tax credit for the Sleeping Giant property of \$168,685.

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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, 2023, the Company had a working capital of \$18,271, compared to a working capital of \$355,596 at March 31, 2023.

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, and general corporate expenses of the Company.

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 35,825,548 issued and outstanding common shares, 2,680,000 stock options granted, and 10,367,920 issued and outstanding warrants.

- (i) On May 10, 2023, the Company issued 3,421,670 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 \$273,734.

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.

The following table summarizes the maximum number of common shares outstanding as at December 31, 2023 and as of the date of this MD&A, if all outstanding options and warrants were converted to shares:

	December 31, 2023	As of the date of this MD&A
Common Shares	35,825,548	35,825,548
Warrants	10,367,920	10,367,920
Stock Options	2,680,000	2,680,000
	48,873,468	48,873,468

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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:

As at December 31, 2023, the Company has a balance due to directors and officers of \$34,850 (March 31, 2023 - \$33,841).

For the three months ended	December 31, 2023	December 31, 2022
Consulting and directors' fees paid to key management and directors	\$104,202	\$73,500
Consulting fees paid to a family member of one of the directors	12,000	13,500
	\$ 116,202	\$87,000

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.

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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 December 31, 2023 and March 31, 2023, as follows:

	Fair Value Measurements Using			Total \$
	Quoted Prices in Active Markets For Identical Instruments (Level 1) \$	Significant Other Observable Inputs (Level 2) \$	Significant Unobservable Inputs (Level 3) \$	
December 31, 2023				
Cash	277,984	–	–	277,984
March 31, 2023				
Cash	543,668	–	–	543,668

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 become 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.

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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.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact on the company and have been excluded.

IAS 1 - In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023. The amendment was adopted by the Company and does not have a material impact on the Company's financial position, results of operations or cash flow.

Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement of the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024. Management believes that this amendment will not have a material impact on the Company's present or future financial position, results of operations or cash flows.

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. 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, China, 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.