

FORM 5

QUARTERLY LISTING STATEMENT

Name of CSE Issuer: **MUZHU MINING LTD.** (the “Issuer”).

Trading Symbol: MUZU

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CSE Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CSE website at www.thecse.com.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the CSE Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

All related party transactions have been disclosed in the Issuer's financial statements for the interim period ended June 30, 2022.

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period.

All securities issued and options granted by the Issuer have been disclosed in the Issuer's financial statement notes for the interim period ended June 30, 2022.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures , etc.)	Type of Issue (private placement , public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

A summary of securities has been provided in the financial statements for the interim period ended June 30, 2022.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name of Director	Position(s) Held
James Sung Fu Tong	Interim CEO and Director
Richard Sung Yin Tong	CFO and Director
Dwayne Yaretz	Director
Connor Pantaleo	Vice President
Anthony Tam	Vice President – China Operations

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

See Management's Discussion & Analysis attached as Schedule C.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CSE that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CSE Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: August 29, 2022.

James Sung Fu Tong
Name of Director or Senior Officer
"James Sung Fu Tong"
Signature
CEO
Official Capacity

Issuer Details		
Name of Issuer: <u>MUZHU MINING LTD</u>	For Quarter Ended <i>June 30, 2022</i>	Date of Report: YY/MM/DD 22/08/29
Issuer Address: 777 Hornby Street, Suite 600		
City/Province/Postal Code: Vancouver, BC, V6Z 1S4	Issuer Fax No.: N/A	Issuer Telephone No. +1 (226) 455-5644
Contact Name: James Sung Fu Tong	Contact Position: CEO	Contact Telephone No. +1 (226) 455-5644
Contact Email Address: ceo@muzhumining.ca	Web Site Address: www.muzhumining.ca	

Schedule “A”

Financial Statements

Condensed Interim Financial Statements (Unaudited) of

MUZHU MINING LTD.

As at June 30, 2022 and 2021,
and for the three and six-month periods ended June 30, 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 June 30, 2022	As at December 31, 2021
	\$	\$
ASSETS		
Current assets		
Cash	690,174	658,858
GST receivable	17,476	9,367
Prepaid expenses	37,424	1,250
	745,074	669,475
Exploration and evaluation assets (note 6)	281,946	281,946
	1,027,020	951,421
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	91,739	40,595
Flow through share premium liability (Note 7)	52,030	52,030
	143,769	92,625
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (note 4)	1,952,322	1,711,722
Reserve for options and warrants	282,300	8,800
Deficit	(1,351,371)	(861,726)
	883,251	858,796
	1,027,020	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 August 29, 2022

"Richard Tong"

Director

"James Tong"

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 and six months ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

	Three months June 30, 2022	June 30, 2021	Six months June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Expenses				
Advertising and promotion	6,150	10,000	7,275	67,000
Property Expense—Sleeping Giant S & XWG	82,455	-	83,494	-
Consulting fees	47,000	-	72,500	24,000
Directors Fees (Note 5)	22,500	-	40,000	-
Professional fees	11,427	42,805	22,285	60,827
Filing fees & Transfer Agent	7,613	17,342	11,991	17,342
Insurance Expense	3,888	-	7,128	-
Office and general	157	69	277	176
Share Based Compensation (Notes 4 & 5)	28,800	-	244,000	-
Total operating expenses	209,990	70,216	489,645	169,345
Gain on debt forgiveness (Note 5)	-	66,900	-	66,900
Net loss and comprehensive loss	(209,990)	(3,316)	(489,645)	(102,445)
Loss per share – basic and diluted	\$(0.01)	\$ (0.00)	\$(0.02)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted (1)	22,219,034	18,579,750	22,340,040	13,029,910

(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 six months ended June 30, 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)
Shares issued for cash	3,657,000	365,700	-	-	-	365,700
Share issue costs	-	(7,155)	-	-	-	(7,155)
Shares issued for Sleeping Giant South (Note 6)	3,500,000	175,000	-	-	-	175,000
Shares issued for debt settlement	3,094,000	309,400	-	-	-	309,400
Net loss for the period	-	-	-	-	(102,445)	(102,445)
Balance, June 30, 2021	19,565,750	1,350,745	-	-	(758,782)	591,963
Balance, December 31, 2021	22,328,462	1,711,722	-	8,800	(861,726)	858,796
Shares issued for cash (Note 4)	2,276,667	273,200	-	-	-	273,200
Valuation of share issue warrants (Note 4)	-	-	-	29,500	-	29,500
Share issue costs	-	(32,600)	-	-	-	(32,600)
Share Based Compensation (Note 4)	-	-	-	244,000	-	244,000
Net loss for the period	-	-	-	-	(489,645)	(489,645)
Balance, June 30, 2022	24,605,129	1,952,322	-	282,300	(1,351,371)	883,251

(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 six months ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

	June 30, 2022	June 30, 2021
	\$	\$
Cash provided by (used in):		
Operating activities		
Net loss	(489,646)	(102,445)
Items not affecting cash:		
Gain on debt settlement	-	(66,900)
Share based compensation	244,000	-
Net change in non-cash working capital balances related to operations:		
GST receivable	(8,109)	(12,258)
Prepaid expenses	(36,174)	-
Accounts payable and accrued liabilities	51,145	90,449
	(238,784)	(91,154)
Investing activities		
Exploration and evaluation asset additions	-	(54,904)
	-	(54,904)
Financing activities		
Shares issued for cash net of share issue cost	270,100	358,545
	270,100	358,545
Net change in cash during the period	31,316	212,487
Cash, beginning of period	658,858	99,584
Cash, end of period	690,174	312,071

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 June 30, 2022, the Company had not yet generated revenues, has working capital of \$601,305 (December 31, 2021 - \$576,850) and had an accumulated deficit of \$1,351,371 (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 August 29, 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 June 30, 2022, there were 24,605,129 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
Common shares issued for debt settlement (iii)	3,094,000	309,400
Balance, June 30, 2021	19,565,750	\$ 1,357,900
Balance, December 31, 2021	22,328,462	\$ 1,711,722
Common shares issued for cash (iv)	2,276,667	273,200
Balance, June 29, 2022	24,605,129	\$ 1,984,922

- (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.
- (iii) 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 \$376,300, of which, \$80,000 was due to related parties. The Company recognized \$66,900 gain on debt forgiveness in connection with the transaction.
- (iv) On June 29, 2022 the Company issued 2,276,667 common shares at \$0.12 per share for gross proceeds of \$273,200

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 six months ended June 30, 2021 and June 30, 2022:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, June 30, 2021 and December 31, 2021	-	-
Granted (i)(ii)(iii)	1,830,000	0.14
Balance, June 30, 2022	1,830,000	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.

MUZHU MINING LTD.**Notes to the Unaudited Condensed Interim Financial Statements****For the period ended March 31, 2022 and 2021**

(Expressed in Canadian dollars)

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.

- (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
- (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. A fair value of \$28,800 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate – 2.82%; expected volatility - 131% (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 – 4.68 years; and share price at date of grant - \$0.135

The following table provides additional information about outstanding stock options as at June 30, 2022:

Expiry	Exercise Price (\$)	Contractual Life (Years)	Number of Options Outstanding	Number of Options Available
January 05, 2027	0.14	4.52	1,580,000	1,580,000
February 10, 2027	0.14	4.62	250,000	250,000
	0.14	4.53	1,830,000	1,830,000

c) Warrants

A summary of the Company's outstanding warrants at June 30, 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 June 30, 2021	-	-
Balance, December 31, 2021	195,113	0.17
Issued	1,138,333	0.20
Balance, March 31, 2022	1,333,446	0.196

The following table summarizes the actual warrants outstanding and exercisable as of June 30, 2022:

Number of warrants outstanding	Grant date fair value (\$)	Exercise price (\$)	Expiry Date
-	-		
195,113	8,800	0.17	(i) December 21, 2022
1,138,333	29,500	0.20	(ii) June 29, 2023
1,333,446	38,300		

- (i) The grant date fair value was determined to be \$8,800 using the Black-Scholes 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 year.
- (ii) The grant date fair value was determined to be \$29,500 using the Black-Scholes pricing model with the following assumptions: stock price of \$0.12, dividend yield of 0%, expected volatility of 100%, risk free interest rate of 0.50% and expected life of 1 year.

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 5 – RELATED PARTY TRANSACTIONS AND BALANCES

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.

A family member of one of the Directors of the Company, was paid \$9,000 for consulting fees for the six month period ended June 30, 2022 (June 30, 2021 – \$Nil).

Key management personnel compensation

Key management personnel consist of officers and directors of the Company. Remuneration of key management personnel was \$170,747 (\$40,000 for Directors' Fees and \$130,747 for Share Based Compensation) for the six month period ended June 30, 2022 (June 30, 2021 - \$Nil).

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, June 30, 2021	\$ 276,305	-	\$ 276,305
Balance, December 31, 2021	\$ 281,946	-	\$ 281,946
Balance, June 30, 2022	\$ 281,946	-	\$ 281,946

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:
 - (iii) \$500,000 prior to the first anniversary of the Effective Date;
 - (iv) an additional \$1,000,000 prior to the second anniversary of the Effective Date;
 - (v) 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 June 30, 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.

MUZHU MINING LTD.

Notes to the Unaudited Condensed Interim Financial Statements

For the period ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

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.

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 June 30, 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. According to the terms of the contract, the contract begins upon the date of the onboarding meeting (May 13, 2022), or the payment date (July 05, 2022), whichever is later.

On July 11, 2022, Messrs. Donald Baxter and Rodney Stevens resigned their positions as Chief Executive Officer and Vice-President and their Director positions on the Board of Muzhu Mining Ltd.

On July 11, 2022, Mr. James Sung Fu Tong, a Director and the former Chief Executive Officer of the Company, accepted the role of interim Chief Executive Officer. Mr. Tong has been instrumental in Muzhu's execution of the option agreement to acquire up to 80 per cent of the advanced XWG silver/zinc/lead property in the city of Luoyang, Henan province of China.

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

**Schedule "C"
MD&A**

This management's discussion and analysis of the financial condition as of August 29, 2022 provides an analysis of the Company's financial results and progress for the period ended June 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 June 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:

- (c) 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;
- (d) issuing and delivering to the Optionor and/or its nominees an aggregate of 3,750,000 Common Shares according to the following schedule:
 - (v) 250,000 Common Shares upon approval and signing by both parties, subject to Exchange Approval or Regulatory Approval (not yet issued);
 - (vi) 1,000,000 Common Shares prior to the first anniversary of the Listing Date;
 - (vii) 1,000,000 Common Shares prior to the second anniversary of the Listing Date; and
 - (viii) 1,500,000 Common Shares prior to the third anniversary of the Listing Date.

As at June 30, 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.

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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 June 30, 2022 and 2021

The Company reported net loss for the period ended June 30, 2022 of \$489,645 compared to the same period of \$102,445. Expenses in the period ended June 30, 2022 were \$489,645 compared to \$169,345 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

	June 30, 2022 \$	June 30, 2021 \$
Net loss	489,645	102,445
Basic and diluted loss per share	(0.02)	(0.01)
Cash	690,174	312,071
Total Assets	1,027,020	624,234
Current Liabilities	143,769	32,271
Non-Current Liabilities	-	-

Liquidity and Capital Resources

As at June 30, 2022, the Company has a working capital of \$601,305 compared to working capital of \$576,850 at December 31.

For the period ended June 30, 2022, the Company used cash of 238,784 (net of Share based compensation - \$244,000) in operating activities (June, 2021- \$91,154).

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 \$7,275 for the period ended June 30, 2022 (\$67,000 for the period ended June 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 \$72,500 for the period ended June 30, 2022(\$24,000 for the period ended June 30, 2021). The increase in Consulting Fees is due to the Company working towards becoming operational.

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Professional Fees

The Company incurred professional fees of \$22,285 for the period ended June 30, 2022 (\$60,827 for the period ended June 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.

Warrants

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

Stock Options

Expiry Date	Options Outstanding	Exercise Price (\$)
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 \$9,000 for consulting fees for the six month period ended June 30, 2022 (June 30, 2021 - \$Nil).

Key management personnel compensation

Key management personnel consist of officers and directors of the Company. Remuneration of key management personnel was \$170,747 (\$40,000 for Directors' Fees and \$130,747 for Share Based Compensation) for the six month period ended June 30, 2022 (June 30, 2021 - \$Nil).

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. According to the terms of the contract, the contract begins upon the date of the onboarding meeting (May 13, 2022), or the payment date (July 05, 2022), whichever is later.

On July 11, 2022, Messrs. Donald Baxter and Rodney Stevens resigned their positions as Chief Executive Officer and Vice-President and their Director positions on the Board of Muzhu Mining Ltd.

On July 11, 2022, Mr. James Sung Fu Tong, a Director and the former Chief Executive Officer of the Company, accepted the role of interim Chief Executive Officer. Mr. Tong has been instrumental in Muzhu's execution of the option agreement to acquire up to 80 per cent of the advanced XWG silver/zinc/lead property in the city of Luoyang, Henan province of China.

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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.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as of June 30, 2022, 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 \$
June 30, 2022				
Cash	690,174	–	–	690,174
December 31, 2021				
Cash	658,858	–	–	658,858

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.

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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 June 30, 2022, the Company has cash of \$690,174 (December 31, 2021 - \$658,858) to settle current liabilities of \$143,769 (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.