

INEXCO MINING CORP.
Management Discussion and Analysis
For the Twelve months ended October 31, 2014

The Management Discussion and Analysis (“MD&A”), prepared March 2, 2015 should be read in conjunction with the audited financial statements and notes thereto for the year ended October 31, 2014, and the notes thereto of Inexco Mining Corp. (“Inexco”) which were prepared in accordance with International Financial Reporting Standards.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information about Inexco Mining Corp. and other filings are available through the System of Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on May 11, 2011.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company is currently focusing its financial resources on conducting an exploration program on the Colby Mine Group. The Company has not yet determined whether this property contains reserves that are economically recoverable. The recoverability of amounts shown for resource property and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof.

EXPLORATION PROJECT – COLBY MINE GROUP

Total costs incurred on exploration and evaluation asset are summarized as follows:

	Acquisition Costs \$	Exploration expenses \$	Total \$
Balance, October 31, 2012	10,000	122,197	132,197
Other exploration costs	-	915	915
Balance, October 31, 2013	10,000	123,112	133,112
Acquisition costs			
Cash	15,000	-	15,000
Common Shares	15,000	-	15,000
Other exploration costs	-	50,597	50,597
Balance, October 31, 2014	40,000	173,709	213,709

Pursuant to an amended and restated Option Agreement entered into with Rich River Exploration Ltd. and Craig Alvin Lynes, collectively, the “Optionors”, the Company was granted an option to acquire a 100% undivided interest in the Colby Mines Group (the “Property”) comprised of eighteen mineral claims located in Enderby, British Columbia. The amended and restated Option Agreement was dated June 16, 2014, as further amended on July 25, 2014.

To earn the 100% interest, the Company agreed to pay \$65,000 and issue 100,000 common shares of the Company to the Optionors as follows:

a) Share issuances

100,000 common shares upon listing on a Canadian stock exchange (issued)

b) Cash Payments

\$ 10,000	Upon execution of the Option Agreement; (paid)
15,000	Upon listing on a Canadian stock exchange; (paid)
15,000	On or before the third anniversary of listing; and
25,000	On or before the fourth anniversary of listing;
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\$ 65,000	Total payments
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c) Expenditures

Further the Company is required to incur total exploration expenditures of \$850,000 as follows:

\$ 100,000	On or before twelve months after the date of execution of the Option Agreement; (complete)
50,000	On or before the first six months of listing (complete)
300,000	On or before the third anniversary of listing; and
400,000	On or before the fourth anniversary of listing;
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\$ 850,000	Total expenditures
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The Optionor will retain a 3% Net Smelter Returns royalty on the Property. The first 2% of the royalty may be purchased by the Company for \$500,000 for each 1%. The purchase of the remaining 1% is negotiable after commercial production commences.

SELECTED ANNUAL INFORMATION
(\$000's except loss per share)

	October 31, <u>2014</u>	October 31, <u>2013</u>	October 31, <u>2012</u>
Revenue	\$ 0	\$ 0	\$ 0
Net Loss	\$ (586)	\$ (54)	\$ (72)
Basic and Diluted Loss Per Share	\$ (0.07)	\$ (0.01)	\$ (0.02)
Total Assets	\$ 248	\$ 149	\$ 154
Long-Term Debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0	\$ 0	\$ 0

OPERATIONS

Three month period ended October 31, 2014

During the three months ended October 31, 2014 the Company reported a net loss of \$158,414 (2013 - \$1). Included in the determination of operating loss was \$2,350 (2013 - \$2,250) spent on rent, \$47,500 (2013 - \$7,500) on management and administration, \$92,486 (2013 - \$4,760) on professional fees, \$17,797 (2013 - \$Nil) on transfer agent and filing fees, \$(500) (2013 - \$Nil) on consulting fees and \$1,962 (2013 - \$2154) on office and miscellaneous.

Twelve month period ended October 31, 2014

During the twelve months ended October 31, 2014 the Company reported a net loss of \$586,455 (2013 - \$53,690). Included in the determination of operating loss was \$5,124 (2013 - \$9,000) spent on rent, \$80,500 (2013 - \$35,000) on management and administration, \$154,691 (2013 - \$5,785) on professional fees, \$24,170 (2013 - \$Nil) on transfer agent and filing fees, \$20,000 (2013 - \$Nil) on consulting fees and \$4,643 (2013 - \$3,068) on office and miscellaneous. During the period the Company also incurred a share based compensation charge of \$297,327 (2013 - \$Nil).

SUMMARY OF QUARTERLY RESULTS

(\$000's except earnings per share)

	October 31, <u>2014</u>	July 31, <u>2014</u>	April 30, <u>2014</u>	January 31, <u>2013</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
NET LOSS	\$ (161)	\$ (415)	\$ (2)	\$ (8)
Basic and diluted Loss per share	\$ (0.02)	\$ (0.05)	\$ (0.00)	\$ (0.00)

	October 31, <u>2013</u>	July 31, <u>2013</u>	April 30, <u>2013</u>	January 31, <u>2012</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
NET LOSS	\$ (1)	\$ (17)	\$ (18)	\$ (18)
Basic and diluted Loss per share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash at October 31, 2014 was \$7,721 compared to \$2,034 at October 31, 2013.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	2014	2013
	\$	\$
Accounts payable and accrued liabilities	5,040	96,199

The amounts are due to companies controlled by former directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions:

	2014	2013
	\$	\$
Rent	5,124	9,000
Accounting fees	16,300	4,350

Rent and accounting fees are paid to companies controlled by former directors of the Company.

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and directors of the Company. The remuneration of key management is as follows:

	2014	2013
	\$	\$
Management fees	80,500	35,000
Share-based compensation	211,827	-
	292,327	35,000

Management services were provided by the CEO and a company, controlled by the CEO, CFO and companies owned by two former directors of the Company.

COMMITMENTS

The Company is obligated to make certain payments and issue shares in connection with the acquisition of its mineral property

SUBSEQUENT EVENTS

- a) On December 4, 2014, 50,000 common shares were issued for stock options exercised.
- b) The proposed acquisition of Worldwide Marijuana Inc. (“WMI”) did not close on the agreed closing date of February 28, 2015. The Company is in the process of negotiating an extension with WMI.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

On November 1, 2013, the Company adopted the following new accounting standards that were previously issued by the IASB:

IFRS 7 - Financial Instruments: Disclosures

IFRS 7 requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. The adoption of this IFRS did not impact the Company's financial statements.

IFRS 10 - Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 provides definition of control, focusing on the need to have power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. The Company applied IFRS 10 at November 1, 2013, and did not have an impact on the financial statements

IFRS 11 – Joint Arrangements

The amendments of IFRS 11 reduce the types of joint arrangements to either joint ventures or joint operations. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing choice of proportionate consolidation for jointly controlled entities. Joint operations are arrangements where the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. The Company applied IFRS 11 at November 1, 2013, and did not have an impact on the financial statements as the Company does not have any joint arrangements.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Company applied IFRS 12 at November 1, 2013, and did not have an impact on the financial statements as the Company does not currently have any interests in other entities.

IFRS 13 – Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. The Company applied IFRS 13 at November 1, 2013, and did not have an impact on the financial statements.

IAS 1 - Presentation of Financial Statements

IAS 1 has been amended to require entities to separate items presented in other comprehensive income (“OCI”) into two groups, based on whether or not items may be recycled to net income in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately including prior year comparatives. The adoption of this IFRS did not impact the Company’s financial statements.

Amendments to other standards

In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset. The Company applied IFRIC 20 at November 1, 2013, and did not have an impact on the financial statements as the Company is not yet in production phase.

CRITICAL ACCOUNTING POLICIES

Share-based Compensation

The Company has a stock option plan, which is described in to the financial statements. The Company applies the fair value method to all share-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased. The Company uses the Black Scholes option pricing model to estimate the fair value of stock based compensation.

Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;
- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss (“FVTPL”)

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company does not have any assets classified as FVTPL assets.

Held-to-maturity (“HTM”)

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

Available-for-sale financial assets (“AFS”)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. The Company classifies cash as AFS.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses.

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset’s cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

SHARE CAPITAL

Issued

The company has 9,964,996 shares issued and outstanding as at October 31, 2014 and 10,014,996 shares issued and outstanding as at March 2, 2015.

Share Purchase Options

The Company has 795,000 stock options outstanding at October 31, 2014 and 745,000 as at March 2, 2015.

Warrants

The Company has no share purchase warrants outstanding at October 31, 2014 and March 2, 2015.

Escrow Shares

The Company has 2,359,051 shares held in escrow as at October 31, 2014 and 1,965,876 as at March 2, 2015.