CURALEAF HOLDINGS, INC.
(FORMERLY LEAD VENTURES INC.)
Management Discussion and Analysis
For the nine months ended September 30, 2018

The following discussion and analysis should be read in conjunction with the interim financial statements of Curaleaf Holdings, Inc. (formerly Lead Ventures Inc.) (the "Company") for the nine months ended September 30, 2018 and the audited financial statements of the Company for the year ended December 31, 2017 and related notes thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise noted.

Forward-Looking Information

This management discussion and analysis contains "forward-looking information" which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; changes in project parameters as plans continue to be refined; changes in labour costs; future mineral prices; failure of equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. See "Risk Factors".

Forward looking information is based on a number of material factors and assumptions, including the determination of mineral reserves or resources, if any, the results of exploration and drilling activities, the availability and final receipt of required approvals, licenses and permits, that sufficient working capital is available to complete proposed exploration and drilling activities, that contracted parties provide goods and/or services on the agreed time frames, the equipment necessary for exploration is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred and that no unusual geological or technical problems occur. While the Company considers these assumptions may be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties discussed above.

The Company intends to discuss in its quarterly and annual reports any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this management discussion and analysis. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Date

This management discussion and analysis is dated November 29, 2018 and is in respect of the nine months ended September 30, 2018.

COMPANY OVERVIEW

The Company was incorporated under the laws of the Province of British Columbia on November 13, 2014. and is a vertically-integrated medical and wellness cannabis operator in the United States. Prior to the completion of the Business Combination (as defined below), the Company was a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties.

On October 25, 2018, the Company and Curaleaf, Inc. (formerly PalliaTech, Inc.) ("Curaleaf") completed the combination of their respective businesses (the "Business Combination") that resulted in the reverse take-over of the Company by the securityholders of Curaleaf. The Business Combination was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. merger and reorganization steps. At the Company's annual general and special meeting of shareholders held on October 12, 2018, the shareholders approved all of the resolutions in connection with the Business Combination. As part of the Business Combination, the Company changed its name from "Lead Ventures Inc." to "Curaleaf Holdings, Inc.", and restructured its existing share capital to, among other things, reclassify its existing common shares as subordinate voting shares (the "Subordinate Voting Shares"), create a class of multiple voting shares (the "Multiple Voting Shares"), eliminate the class of preferred shares and add certain provisions, including a redemption right in favour of the Company to ensure that the Company complies with applicable licensing regulations.

Immediately prior to the Business Combination, 1177687 B.C. Ltd. ("Curaleaf FinCo"), a special purpose corporation, completed a brokered and a non-brokered subscription receipt financing at a price of C$11.45 per subscription receipt for aggregate gross proceeds of approximately C$520 million (the "Financing").

As part of the Business Combination, the Company, Curaleaf FinCo and 1177679 B.C. Ltd., a wholly-owned subsidiary of the Company, were parties to a three-cornered amalgamation (the "Amalgamation") pursuant to which the shareholders of Curaleaf FinCo (being the investors in the Financing after automatic conversion of their subscription receipts into common shares of Curaleaf FinCo (the “Curaleaf FinCo Shares”)) received Subordinate Voting Shares in exchange for their Curaleaf FinCo Shares. Concurrently with the Amalgamation, Curaleaf MergerCo Inc., a wholly-owned subsidiary of the Company, merged with and into Curaleaf, with Curaleaf continuing as the surviving corporation and becoming a wholly-owned subsidiary of the Company.

In connection with the Business Combination, Gociter Holdings Ltd., a corporation of which Boris Jordan, the Executive Chairman of the Company, is the beneficial owner, made a contribution of common stock and cash to the Company in exchange for 122,170,705 Multiple Voting Shares, representing 100% of the issued and outstanding Multiple Voting Shares as of closing of the Business Combination.

Upon closing of the Business Combination on October 25, 2018, the Company’s head office address changed to 666 Burrard Street, Suite 1700 Vancouver, BC V6C 2X8. The Company’s registered and records office address is 666 Burrard Street, Suite 1700 Vancouver, BC V6C 2X8.

On October 29, 2018, the Subordinate Voting Shares of the Company commenced trading on the CSE under the symbol “CURA”.

In conjunction with the Business Combination, the Company agreed to the following:

- Cancelled all outstanding warrants to purchase shares;
- Cancelled all management contracts and compensation agreements with directors and officers; and
- Replaced the Company's board of directors with representatives nominated by Curaleaf and changed the Company's management.

Copper King Project

As at September 30, 2018, the Company fully impaired the property since the Company has no current plans to explore it as at September 30, 2018.

DISCUSSION OF OPERATIONS

The following is an analysis of the Company's operating results for the nine months ended September 30, 2018 and reflect the operations of the Company prior to the completion of the Business Combination.

Nine months ended September 30, 2018

During the nine months ended September 30, 2018, the Company reported a net loss of $408,905 (2017 - $57,062). Included in the determination of operating loss for the nine months ended September 30, 2018 was: management fees of $190,000 (2017 – $18,000); professional fees of $(22,326) (2017 – $6,256); Consulting fees of $145,000 (2017 - $nil), filing fees of $8,616 (2017 - $13,118), office and miscellaneous fees of $48,930 (2017 - $19,688) and property investigation fees of $50,000 (2017 - $nil). The increase in net loss for the nine months ended September 30, 2018 over the nine months ended September 30, 2018 primarily relates to increase in fees.

The increase in expenses from 2017 to 2018 was primarily due to increase in business activities and management fees.

Management fees relate to services provided by management relating to the property and finding the new properties or transactions for the Company.

Consulting fees relate to fees paid for consulting services with respect to corporate finance and business opportunities.

Professional fees consist of accounting and audit fees in connection with the preparation of our audited financial statements, and legal fees for ongoing legal services as required.

SUMMARY OF QUARTERLY RESULTS

	September 30, 2018	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**
Revenue	$ -	$ -	$ -	$ -
Net loss and comprehensive loss	49,183	269,895	42,328	71,853
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	September 30, 2017	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**
Revenue	$ -	$ -	$ -	$ -
Net loss and comprehensive loss	13,634	20,457	22,971	35,640
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at September 30, 2018 were $57,188 (December 31, 2017, $1,216).

To date, the Company has not yet realized profitable operations and has relied on equity financings and trade credit to fund the losses. The Company has sufficient funds to satisfy its exploration expenditure plans for the current fiscal year. It will continue to focus on actively exploring its mineral properties.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs.

	September 30, 2018	December 31, 2017
Working capital	$ 31,307	$ (112,788)
Deficit	$ (973,203)	$ (564,298)

Net cash used in operating activities during the nine months ended September 30, 2018, was $462,028 (2017 – $28,537). The cash used in operating activities for the period consists primarily of the operating costs of and an increase in accounts receivable offset by an increase in accounts payable and accrued liabilities and an increase in related party payables.

Net cash used in investing activities during the nine months ended September 30, 2018, was $nil (2017 – $nil).

Net cash provided by financing activities during the nine months ended September 30, 2018, was $518,000 (2017 – $nil).

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be unable to continue operating. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

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.

At September 30, 2018, a balance of $nil (December 31, 2017 - $20,774) is due to a director.

Key management personnel include the directors of the Company. The remuneration of key management is as follows:

	September 30, 2018	**September 30, 2017**
Management fees	$ 190,000	$ 18,000

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New standard IFRS 9 "Financial Instruments" The Company has adopted IFRS 9, Financial Instruments (IFRS 9) effective January 1, 2018 on a retrospective basis and applied the transitional provision, so that any adjustments would be recorded in opening retained earnings at January 1, 2018. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities the adoption of IFRS 9 supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: (i) those measured at fair value through profit and loss, (ii) those measured at fair value through other comprehensive income and (iii) those measured at amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the IFRS 9 requirements are similar to those of IAS 39. The main distinction is that, in cases where the fair value option is chosen for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a single expected credit loss model for calculating impairment for financial assets, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Company's condensed consolidated interim financial statements and did not result in a transitional adjustment.

The Company has no hedges on its condensed consolidated interim financial statements for the reporting period.

The Company has concluded that the adoption of IFRS 9 did not require any transitional adjustments to the classification or measurement of the Company's financial assets and financial liabilities.

CRITICAL ACCOUNTING POLICIES

Stock-based Compensation

The Company has a stock option plan, which is described in the financial statements. The Company applies the fair value method to all stock-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.

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes 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).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at September 30, 2018 are 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
Cash	$ 51,188	$ –	$ -	$ 51,188
Other receivable	$19,454	$ -	$ -	$ 19,454

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise stated.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

Mineral Properties – Exploration and Evaluation

The following tables set out the total deferred exploration costs recorded by the Company for the Copper King Property as at December 31, 2017 and September 30, 2018:

	Acquisition Costs	**Exploration Costs**	**Total**
Balance, December 31, 2016	$ 14,000	$ 18,659	$ 32,659
Acquisition costs	2,500	–	2,500
Exploration cost recovery	-	(159)	(159)
Impairment	(16,500)	(18,500)	(35,000)
Balance, December 31, 2017 and September 30, 2018	$ -	$ -	$ -

General and Administrative Expenses

The following table sets out the general and administrative expenses of the Company for the period for the nine months ended September 30, 2018 and 2017:

Item	**Nine months ended September 30,**

	2018	2017
Consulting	$ 95,000	$ -
Filing fees	8,616	13,118
Management fees	190,000	18,000
Office and miscellaneous	48,930	19,688
Professional fees	27,674	6,256
Property investigation	50,000	-
Total	**$ (420,220)**	**$ (57,062)**

OUTSTANDING SHARE DATA

The following table summarizes the outstanding share capital of the Company as of the date of this MD&A:

	Number of shares issued or issuable
Common shares	4,906,500
Stock options	Nil
Warrants	3,744,000

RISK FACTORS

The following discussion summarizes the principal risk factors that apply to the Company's business prior to the completion of the Business Combination and that may have a material adverse effect on the Company's business, financial condition and results of operations, or the trading price of the common shares. An investment in the securities of the Company is highly speculative and involves numerous and significant risks. The primary risk factors affecting the Company prior to the completion of the Business Combination are set forth below and the risks discussed below should not be considered as all inclusive.

For details of the risks and uncertainties relating to the Company subsequent to completion of the Business Combination, please refer to the Company's Listing Statement, dated October 26, 2018, which is available under the Company's SEDAR profile.

Negative Cash Flow from Operating Activities

The Company has no history of earnings and had negative cash flow from operating activities since inception. The Copper King Property is in the exploration stage and there are no known mineral resources or reserves and the proposed exploration program on the Copper King Property is exploratory in nature. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that the Copper King Property will generate earnings, operate profitably or provide a return on investment in the future. Accordingly, the Company will be required to obtain additional financing in order to meet its future cash commitments.

Current Market Volatility

The securities markets in the United States and Canada have recently experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company. The value of the Common Shares distributed hereunder will be affected by such volatility.

Limited Operating History

The Company has no properties producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Company has not earned profits to date and there is no assurance that it will do so in the future. Significant capital investment will be required to achieve commercial production from the Company’s existing projects. There is no assurance that the Company will be able to raise the required funds to continue these activities.

Exploration, Mining and Operational Risks

The business of exploring for and mining minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, the Copper King Property does not have any known mineral resources or reserves and the proposed exploration and drilling programs are an exploratory search for such mineral resources or reserves.

The Company’s operations are subject to all the hazards and risks normally associated with the exploration, development and mining of minerals, any of which could result in risk to life, to property, or to the environment. The Company’s operations may be subject to disruptions caused by unusual or unexpected formations, formation pressures, fires, power failures and labour disputes, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment, machinery, labour or adverse weather conditions. The availability of insurance for such hazards and risks is extremely limited or uneconomical at this time.

In the event the Company is fortunate enough to discover a mineral deposit, the economics of commercial production depend on many factors, including the cost of operations, the size and quality of the mineral deposit, proximity to infrastructure, financing costs and Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial mineral production.

Mining Claims

The Company’s prospecting activities are dependent upon the grant of appropriate mineral tenures and regulatory comments which may be withdrawn or made subject to limitations. Mineral claims are renewable subject to certain expenditure requirements. Although the Company believes that it will obtain the necessary prospecting licenses and permits, including but not limited to drill permits, there can be no assurance that they will be granted or as to the terms of any such grant. Furthermore, the Company is required to expend required amounts on the mineral claim of the Copper King Property in order to maintain them in good standing. If the Company is unable to expend these amounts, the Company may lose its title thereto on the expiry date(s) of the relevant mineral claim on the Copper King Property. There is no assurance that, in the event of losing its title to a mineral claim, the Company will be able to register the mineral claim in its name without a third party registering its interest first.

Land Claims

Aboriginal rights may be claimed on Crown properties or other types of tenure with respect to which mining rights have been conferred. The Supreme Court of Canada's recent decision in Tsilhqot'in Nation v. British Columbia marked the first time in Canadian history that a court has declared Aboriginal title to lands outside of a reserve. The Company is not aware of any Aboriginal land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the land which is covered by the Copper King Property. The legal basis of a land claim is a matter of considerable legal complexity and the impact of a land claim settlement and self-government agreements cannot be predicted with certainty. In the event that aboriginal title is asserted and proved on the Copper King Property, provincial and federal laws will continue to be valid provided that any infringements of aboriginal title, including mining and exploration are either consented to by Aboriginal groups or are justified. However, no assurance can be given that a broad recognition of aboriginal rights by way of a negotiated settlement or judicial pronouncement would not have an adverse effect on the Company’s activities. Such impact could be marked and, in certain circumstances, could delay or even prevent the Company's exploration or mining activities.

Assurance of Title

The Company has taken all reasonable steps to attempt to ensure that proper title to the Copper King Property has been obtained and that all grants of such rights thereunder, if any, have been registered with the appropriate public offices. Despite the due diligence conducted by the Company, there is no guarantee that title to such Copper King Property will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or aboriginal land claims and title may be affected by undetected defects.

Competition

The Company competes with numerous other companies and individuals possessing greater financial resources and technical facilities than itself in the search for, and acquisition of, mineral claims, leases and other mineral interests, as well as the recruitment and retention of suitably qualified individuals.

Conflicts of Interest

All of the Company's Directors and officers act as directors and/or officers of other mineral exploration companies. As such, the Company's Directors and officers may be faced with conflicts of interests when evaluating alternative mineral exploration opportunities. In addition, the Company's Directors and officers may prioritize the business affairs of another Company over the affairs of the Company.

Personnel

The Company has a small management team and the loss of any key individual could affect the Company's business. Additionally, the Company will be required to secure other personnel to facilitate its exploration program on the Copper King Property. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

Dependence on Outside Parties

Substantial expenditures are required to establish commercial production on the Copper King Property. The Company will rely on outside consultants, engineers and others for their development, construction and operating expertise. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Volatility of Commodity Prices

The market prices of commodities, including copper and gold, are volatile and are affected by numerous factors which are beyond the Company's control. These factors include international supply and demand, consumer product demand, international economic trends, currency exchange rate fluctuations, interest rates, inflation, global or regional political events, as well as a range of other market forces. Sustained downward movements in commodity prices, including copper or gold, could render less economic, or uneconomic, some or all of the exploration activities to be undertaken by the Company.

Environmental Risks and Other Regulatory Requirements

Inherent with mining operations is an environmental risk. The current or future operations of the Company, including exploration and development activities and commencement of production on the Copper King Property, require permits from various governmental authorities. Such operations are governed by laws and regulations that govern prospecting, mining, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production as a result of needing to comply with applicable laws, regulations and permits. There can be no assurance that all permits that the Company requires for future, exploration, development, construction and operation of mining facilities and the conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on the operations of the Company.

The legal framework governing this area is constantly developing, therefore the Company is unable to fully ascertain any future liability that may arise from the implementation of any new laws or regulations, although such laws and regulations are typically strict and may impose severe penalties (financial or otherwise). The proposed activities of the Company, as with any exploration, may have an environmental impact which may result in unbudgeted delays, damage, loss and other costs and obligations including, without limitation, rehabilitation and/or compensation. There is also a risk that the Company's operations and financial position may be adversely affected by the actions of environmental groups or any other group or person opposed in general to the Company's activities and, in particular, the proposed exploration and mining by the Company within the Province of British Columbia.

Uninsured Risks

The Company, as a participant in exploration and mining programs, may become subject to liability for hazards such as unusual geological or unexpected operating conditions that cannot be insured against or against which it may elect not to be so insured because of high premium costs or other reasons. The Company is currently uninsured against all such risks as such insurance is either unavailable or uneconomic at this time. The Company also currently has no keyman insurance or property insurance as such insurance is uneconomical at this time. The Company will obtain such insurance once it is available and, in the opinion of the Directors, economical to do so. The Company may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

The Company is not insured against most environmental risks. Insurance against environmental risks has not been generally available to companies within the mining and exploration industry. Without such insurance, and if the Company does become subject to environmental liabilities, the costs of such liabilities would reduce or eliminate the Company's available funds or could result in bankruptcy. Should the Company be unable to fully fund the remedial costs of an environmental problem, it may be required to enter into interim compliance measures pending completion of the required remedy.

Health and Safety Risks

A violation of health and safety laws, or the failure to comply with the instructions of relevant health and safety authorities, could lead to, among other things, a temporary cessation of activities on the Copper King Property or any part thereof, a loss of the right to prospect for minerals, or the imposition of costly compliance procedures. This could have a material adverse effect on the Company's operations and/or financial condition.

Additional Requirements for Capital

Substantial additional financing will be required if the Company is to be successful in pursuing its ultimate strategy of discovering and extracting mineral resources. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future operations. Commodity prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses, geological results and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in the Copper King Property, incur financial penalties, or reduce or terminate its operations.