

CLOUD3 VENTURES INC.

(Formerly Orthogonal Global Group Inc. and Web3 Ventures Inc.)

Condensed Interim Consolidated Financial Statements

For the six months ended December 31, 2024 and 2023

(Expressed in Canadian dollars - Unaudited)

NOTICE TO READER

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 consolidated financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

Cloud3 Ventures Inc.
(Formerly Orthogonal Global Group Inc. and Web3 Ventures Inc.)

Condensed Interim Consolidated Statements of Financial Position

As at December 31, 2024 and 2023

(Expressed in Canadian dollars)

	Note	December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
ASSETS			
Current assets			
Cash		\$ (104)	\$ 2,525
Tax receivable		27,560	37,634
Prepaid expenses and deposits	4	4,073	4,073
Loan receivable	5	69,396	69,396
Digital assets	6	46,918	36,401
Total current assets		147,843	150,029
Non-current assets			
Investments	7	287,767	287,767
Total assets		\$ 435,610	\$ 437,796
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	\$ 582,861	\$ 374,577
Total liabilities		582,861	374,577
SHAREHOLDERS' EQUITY			
Share capital	12	20,359,313	20,359,313
Reserves	12	1,527,649	1,527,649
Revaluation surplus		69,718	72,104
Accumulated other comprehensive loss		(98,825)	(98,825)
Deficit		(22,005,106)	(21,797,022)
Total Shareholders' Equity		(147,251)	63,219
Total Liabilities and Shareholders' Equity		\$ 435,610	\$ 437,796

Going concern (Note 1)

Approved on behalf of the Board of Directors on February 28, 2025:

"David Nikzad"
 Director

"Jason Hobson"
 Director

Cloud3 Ventures Inc.
(Formerly Orthogonal Global Group Inc. and Web3 Ventures Inc.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the six months ended December 31, 2024 and 2023
(Unaudited)

	Note	For the three months ended,		For the six months ended.	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
		\$	\$	\$	\$
Revenue	21	(9,528)	19,477	66,488	33,196
Cost of revenue	20	-	(14,331)	(-)	(27,086)
Gross income		(9,528)	5,146	66,488	6,110
EXPENSES					
Consulting and management fees	17	53,960	141,199	88,187	287,485
Depreciation	8	-	12,082	-	24,165
Investor relations		-	30,000	404	53,498
Office expense		266	159,538	1,338	161,450
Professional fees	17	83,418	136,950	169,365	170,786
Share based compensation	12, 17	-	203,755	-	1,200,292
Transfer agent and filing fees		11,753	34,668	20,512	54,329
Operating expenses		(149,397)	(718,192)	(279,806)	(1,952,005)
Other income (expenses)					
Gain on write off of accounts payable	10	-	-	-	6,706
Interest income	9	-	6,682	-	13,570
Foreign exchange gain		-	(25,364)	-	46,858
Fair value change on investments		(7,265)	-	5,243	-
Loss on revaluation of digital assets	6	-	8,269	(11)	-
Other income		(7,265)	(10,413)	5,232	67,134
Net loss for the period		(166,190)	(723,459)	(208,086)	(1,878,761)
Revaluation losses on digital assets		3,042	43,250	(2,386)	39,602
Total loss and comprehensive loss for the period		(163,148)	(680,209)	(210,472)	(1,839,159)
Basic and diluted loss per share		(0.02)	(0.00)	(0.03)	(0.01)
Weighted average number of voting shares outstanding – basic and diluted		7,321,632	8,580,132	7,321,632	8,058,312

Cloud3 Ventures Inc.
(Formerly Orthogonal Global Group Inc. and Web3 Ventures Inc.)
Consolidated Statements of Changes in Shareholders' Equity
For the six months periods ended December 31, 2024 and 2023
(Expressed in Canadian dollars - Unaudited)

	Note	Outstanding SVS #	Outstanding MVS #	Amount \$	Obligation to issue shares \$	Reserves \$	Revaluation surplus \$	Deficit \$	AOCL \$	Total \$
Balance, June 30, 2023		3,565,233	34,152	20,101,121	65,439	112,757	3,648	(18,495,666)	(98,824)	1,688,475
Private placement	11	33,485	-	66,969	(65,439)	-	-	-	-	1,530
Shares issued for services	11	20,000	-	40,000	-	-	-	-	-	40,000
Shares issued for Unstoppable Domains Inc.	11	-	15,109	3,021,860	-	-	-	-	-	3,021,860
Stock options exercised	11	2,500	-	6,725	-	(4,225)	-	-	-	2,500
RSU conversion	11	50,000	-	100,000	-	(100,000)	-	-	-	-
Conversion of MVS to SVS		2,474,790	(24,748)	-	-	-	-	-	-	-
Share based compensation	11	-	-	-	-	1,200,292	-	-	-	1,200,292
Net loss for the period		-	-	-	-	-	-	(1,878,761)	-	(1,878,761)
Gain on revaluation of digital assets		-	-	-	-	-	-	-	39,602	39,602
Balance, December 31, 2023		6,146,008	24,513	23,336,675	-	1,208,824	3,684	(20,374,427)	(59,222)	4,115,498
Balance, June 30, 2024		6,148,508	24,513	20,359,313	-	1,527,649	72,104	(21,797,023)	(98,824)	63,219
Conversion of MVS to SVS		669,595	(6,676)	-	-	-	(2,386)	(208,086)	-	(210,472)
Net loss for the period		-	-	-	-	-	-	-	-	-
Balance, December 31, 2024		6,818,109	17,820	20,359,313	-	1,527,649	69,718	(22,005,109)	(98,824)	(147,251)

* The number of shares have been retroactively adjusted to account for the Company's 20:1 share consolidation, effective December 5, 2024

Cloud3 Ventures Inc.
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Condensed Interim Consolidated Statements of Cash Flows
For the six months periods ended December 31, 2024 and 2023
(Expressed in Canadian dollars - Unaudited)

	December 31, 2024	December 31, 2023
Cash provided by (used in):		
Operating Activities		
Net loss for the period	\$ (208,086)	\$ (1,878,761)
Items not involving cash:		
Digital assets issued for services	74,406	40,000
Digital assets earned	(66,488)	-
Depreciation	-	24,165
Interest income (expense)	-	(13,339)
Gain on write off of accounts payable	-	(6,706)
Loss on revaluation of digital assets	(2,386)	-
Foreign exchange loss (gain)	-	358
Share based compensation	-	1,200,292
	(202,554)	(633,991)
Change in non-cash working capital:		
Receivables	10,075	11,793
Prepays	-	12,977
Digital assets	(18,435)	(33,195)
Accounts payable and accrued liabilities	208,285	(26,636)
	(2,629)	(669,052)
Financing Activities		
Proceeds from private placements	-	1,530
Options exercised	-	2,500
	-	4,000
Change in cash	(2,629)	(665,022)
Cash, beginning of the period	2,525	790,514
Cash, end of the period	\$ (104)	\$ 125,492

Supplemental Cash Flow Information (Note 16)

Cloud3 Ventures Inc. **(Formerly Orthogonal Global Group Inc. and Web3 Ventures Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

For the six months period ended December 31, 2024 and 2023

(Expressed in Canadian dollars - Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Cloud3 Ventures Inc. (formerly Orthogonal Global Group Inc. and Web3 Ventures Inc.) (the "Company") was incorporated on April 6, 1990 under the laws of the Province of British Columbia, and on June 19, 1997, the Company continued as a federal corporation under the Canada Business Corporation Act. The Company changed its name from Web3 Ventures Inc. to Orthogonal Global Group Inc. on January 8, 2024, and then to Cloud3 Ventures Inc. on July 12, 2024. Cloud3 Ventures Inc. is a Canadian company that operates at the forefront of blockchain innovation. Specializing in the LIF3 ecosystem, the company provides strategic investments and infrastructure solutions to enable the next generation of decentralized applications. The Company's common shares trade on the Canadian Securities Exchange under the symbol "CLDV," OTC under the symbol "CLDVF" and Frankfurt Stock Exchange under the symbol "KZ2" and its registered office is located at 409-22 Leader Lane, Toronto Ontario, M5E 0B2.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim consolidated financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these unaudited condensed interim consolidated financial statements be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2024.

These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on February 28, 2025.

(b) Going Concern

As at December 31, 2024, the Company incurred a loss of \$208,086 for the six months period then ended (2023 - \$1,839,159), had a working capital deficiency of \$435,019 (June 30, 2024 - \$224,548) and has accumulated losses of \$22,005,106 (June 30, 2024 -\$21,797,023) since its inception. The Company expects to incur further losses in the development of its new business. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management estimates that the Company has sufficient funds to maintain its operations and activities for the upcoming year. These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. These unaudited condensed interim consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying unaudited condensed interim consolidated financial statements.

Cloud3 Ventures Inc. (Formerly Orthogonal Global Group Inc. and Web3 Ventures Inc.)

(c) Basis of Measurement

These unaudited condensed interim consolidated financial statements have been prepared on an accrual basis and are based on the historical cost basis except for certain financial instruments measured at fair value. The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

(d) Basis of Consolidation

As of the date of these consolidated financial statements, the Company's structure is represented by Cloud3 Ventures Inc. as the parent company, and the following wholly owned subsidiaries:

Name	Country of incorporation	Interest
Microcoal USA Inc. (Inactive)	U.S	100%
CO2 Reduction Poland Sp.z.o.o (Inactive)	Poland	100%
Carbiopel – ESP SA (Inactive)	Poland	100%
1000147857 Ontario Inc. (Inactive)	Canada	100%

** On June 25, 2024, the Company's wholly-owned subsidiary 1000147857 Ontario Inc., continued under the jurisdiction of the Canada Business Corporations Act. Upon completion of the continuance, the entity's name was changed to 16156754 Canada Inc.*

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the unaudited condensed interim consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. All intercompany transactions and balances between the Company and its subsidiaries are eliminated.

(e) Functional and presentation currency

In management's judgement, the functional currency of the Company and subsidiaries are the Canadian dollar except for the United States dollar subsidiary Microcoal USA Inc. The presentation currency used in preparing these unaudited condensed interim consolidated financial statements of the Company is the Canadian dollar.

(f) Share consolidation

Unless otherwise noted, all shares and per share information relating to the Company's shares in these consolidated financial statements have been retrospectively adjusted to reflect the 20:1 share consolidation, effective December 5, 2024.

Cloud3 Ventures Inc. (Formerly Orthogonal Global Group Inc. and Web3 Ventures Inc.)

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these unaudited condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended June 30, 2024.

Going concern

The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty involves significant judgement based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances.

As at the date of authorization of these consolidated financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after July 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company has assessed that no material impact is expected upon the adoption of the following amendments on its consolidated financial statements:

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants

In January 2020 and October 2022, the IASB issued amendments to IAS 1 to specify the requirements relating to determining whether a liability should be presented as current or non-current in the consolidated statements of financial position. Under the new requirements, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. These amendments also clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB issued amendments to IAS 21 –The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company is assessing the potential impact of these amendments.

IFRS 18: Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of financial statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows. These include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18 and the amendments to the other standards, is effective for annual reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Company is currently evaluating the potential impact of IFRS 18 on the Company's consolidated financial statements.

The Company continues to review changes to IFRS standards. There are no other pending IFRS or IFRIC interpretations that are expected to be relevant to the Company's consolidated financial statements.

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4. PREPAIDS AND DEPOSITS

As at December 31, 2024 and June 30, 2024, prepaids consisted of the following:

	December 31, 2024 \$	June 30, 2024 \$
Legal retainer	4,073	4,073
Closing balance	4,073	4,073

5. LOANS RECEIVABLE

As at December 31, 2024, the Company paid for certain expenditures on behalf of Orthogonal Thinker, an entity with common management, and has recognized a receivable of \$69,396 (June 30, 2024 - \$69,396). The loan is unsecured, non-interest bearing and is due on demand. (Note 16)

6. DIGITAL ASSETS

As at December 31, 2024, digital assets consisted of NFTs and digital currencies. The details of the Company's digital currencies are as follows:

	Bitcoin		Ethereum	
	Amount \$	Number of coins	Amount \$	Number of coins
Balance, June 30, 2023	51,719	1.28	436	0.18
Digital assets earned	113,246	1.78	-	-
Digital assets purchased	146,655	1.95	103,453	24.18
Digital assets advanced by related party	-	-	-	-
Digital assets disposed	(395,307)	(4.94)	(99,686)	(24.36)
Digital assets received on sale of equipment	-	-	-	-
Realized gain(loss) on disposition of digital assets	23,095	-	(5,826)	-
Change in unrealized gain(loss) on revaluation of digital assets	66,826	-	1,623	-
Balance, June 30, 2024	6,234	0.07	-	-
Digital assets earned	16,567	0.20	17,822	4.01
Digital assets purchases	69	-	69,072	15.61
Digital assets disposed	(18,805)	(0.20)	(83,386)	(19.61)
Realized gain(loss) on disposition of digital assets	1,500	-	-	-
Change in unrealized gain(loss) on revaluation of digital assets	3,420	-	(140)	-
	-	-	(3,368)	-
Balance December 31, 2024	8,986	0.07	-	-

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	Punkscape		Other	
	Amount \$	Number of coins	Amount \$	Number of coins
Balance, June 30, 2023	33,138	179	-	-
Digital assets earned	-	-	-	-
Digital assets purchased	-	-	913,802	472,278
Digital assets advanced by related party	-	-	15,304	11,111
Digital assets disposed	(7,342)	(37)	(920,133)	(509,981)
Digital assets received on sale of equipment	-	-	28,107	28,107
Realized gain(loss) on disposition of digital assets	492	-	6,648	-
Change in unrealized gain(loss) on revaluation of digital assets	(15,065)	-	(24,784)	-
Balance, June 30, 2024	11,223	142	18,944	1,515
Digital assets earned	-	-	302,593	213,704
Digital assets purchases	-	-	280,110	201,872
Digital assets disposed	(11,405)	(142)	(563,714)	(401,510)
Realized gain(loss) on disposition of digital assets	-	-	-	-
Change in unrealized gain(loss) on revaluation of digital assets	182	-	-	-
Balance December 31, 2024	-	-	37,933	15,581

7. INVESTMENTS

(a) Simple Agreement for Future Equity (“SAFE”) Agreements

Pursuant to the terms of the SAFE Agreements, if there is an equity financing before the agreement expires or is terminated, the investee will automatically issue to the investors either: 1) the greater of: the number of Standard Preferred Shares equal to the Purchase Amount divided by the lowest price per share of the Standard Preferred Shares, or the number of SAFE Preferred Shares equal to the Purchase Amount divided by the SAFE Price or 2) in case the agreement specifies a discount rate, a number of shares of SAFE Preferred Stock equal to the Purchase Amount divided by the Conversion Price. The Conversion Price means either the SAFE Price or the Discount Price, whichever calculation results in a greater number of shares of SAFE Preferred Stock.

The SAFE Price means the price per share equal to the Valuation Cap or Post-Money Valuation Cap divided by the Company Capitalization. The Discount Price means the price per share of the Standard Preferred Stock sold in the equity financing multiplied by the Discount Rate.

If there is a liquidation event, such as a change of control, direct listing or an initial public offering, before the expiration or termination of the SAFE Agreement, the investor will at its option either: 1) receive a cash payment equal to the purchase amount or 2) automatically receive from the investee a number of shares of common stock equal to the purchase amount divided by the liquidity price, if the investor fails to select the cash option.

Alternatively, the investor will automatically receive a portion of Proceeds, due and payable to the investor, equal to the greater of the Purchase Amount or the amount payable on the number of shares of Common Stock equal to the Purchase Amount divided by the liquidity price. Thereafter the SAFE Agreement will terminate. In connection with a cash payment through a liquidity event, if there are not enough funds to pay the investors and holders of the SAFE Agreements in full, funds will be distributed pro-rata and based on the purchase price and the remaining amounts will be covered with common stock equal to the remaining unpaid purchase price divided by the liquidity event. In a dissolution event, SAFE Agreement holders will be paid out of remaining assets prior to holders of the investee’s capital stock.

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The Company holds the following SAFE investments:

- i. On April 25, 2022, the Company invested \$30,445 into Bylines Inc., a private company, to invest in future rights to shares of Bylines Inc. capital stock. During the year ended June 30, 2024, the Company recorded a foreign exchange gain of \$1,763 (June 30, 2023: \$2,285). As at June 30, 2024, based upon the investee's limited capital and lack of progress with its initial projections, as well as a general market downturn in NFT (non-fungible token) projects, management has determined that the fair value of its investment has declined to \$nil (June 30, 2023: \$40,872).
- ii. On June 10, 2022, the Company invested \$33,100 into Column Inc. a private company, to invest in future rights to shares of Column Inc. capital stock. During the year ended June 30, 2024, the Company recorded a foreign exchange gain of \$1,118 (June 30, 2023: \$nil). As at June 30, 2024, based upon the investee's limited capital and lack of progress with its initial projections, as well as a general market downturn in NFT projects, management has determined that the fair value of its investment has declined to \$nil (June 30, 2023: \$33,100).
- iii. On March 27, 2023, the Company invested \$165,500 into Contango Digital Assets Inc., a private company, to invest in future rights to their shares. During the year ended June 30, 2024, the Company recorded a foreign exchange gain of \$5,587 (June 30, 2023: \$nil). The SAFE Note has not been converted and in February 2025, Contango and the Issuer agreed to terminate the SAFE Note and Contango refunded US\$125,000 to the Issuer without interest.
- iv. On March 20, 2023, the Company invested \$72,820 into Dynasty Studios, Inc, a private company, to invest in future rights to their shares. During the year ended June 30, 2024, the Company recorded a foreign exchange gain of \$2,458 (June 30, 2023: \$nil).

(b) Strategic Investment

On June 7, 2022, the Company completed a \$33,100 investment in OpenPool, a private decentralized web company focused on simplifying crypto investing. During the year ended June 30, 2024, the Company recorded a foreign exchange gain of \$1,118 (June 30, 2023: \$nil). As at June 30, 2024, based upon the investee's limited capital, and the lack of progress with its initial projections, management has determined that the fair value of its investment has declined to \$nil (June 30, 2023: \$33,100).

During the year ended June 30, 2023, the Company completed a share swap with Novobeing, an AR/VR start-up company, whereby the Company issued 83,334 Subordinate Voting Shares in exchange for 1,250,000 Novobeing shares. Novobeing is a start-up, private company with little or no public information available for valuation of the shares held by the Company. On September 7, 2023, the Company closed a non-brokered private placement through the issuance of 33,485 Units at a price of \$2.00 per Unit for aggregate gross proceeds of \$66,969. Each Unit consists of one subordinate voting share ("SVS") of Novobeing and one SVS purchase warrant ("Warrant"). Each SVS purchase warrant entitles its holder to purchase one additional SVS at an exercise price of \$4.00 per SVS for a period of 24 months from the date of issue. The Company is in its start-up stage, thinly traded, and under a Management Cease Trade Order ("MCTO") around the Valuation Date, and therefore, the valuation of the Warrant was considered negligible. As such, the fair value of one SVS was estimated to be \$2.00 per share in fiscal year 2024 based on the private placement. Based upon the foregoing SVS value, management has determined a fair value of its investment to be \$166,667. During the period ended December 31, 2024, the Company recorded a foreign exchange gain of \$Nil (June 30, 2024: \$2,708). As at June 30, 2024, based upon the investee's limited capital, and the lack of progress with its initial projections, management has determined that the fair value of its investment has declined to \$nil (June 30, 2023: \$166,667).

On August 30, 2023, the Company issued 15,109 MVS with a fair value of \$37,773 to Pluto 11.11 Inc. a related party, in exchange for 24,084 shares of Series A-1 Preferred Stock of Unstoppable Domains Inc.

During the year ended June 30, 2024, the Company invested \$33,877 in Coach K investments. During the period ended December 31, 2024, the Company recorded a foreign exchange gain of \$Nil (June 30, 2024: \$187). This investment was represented by three NFTs. Due to the overall market condition for private sales of NFTs, management has determined the fair value of its investment has declined to \$Nil.

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A continuity of the Company's investments are as follows:

	December 31, 2024	June 30, 2024
	\$	\$
SAFE Investments - opening balance	246,365	312,293
Additions	-	-
Fair value change	-	(73,972)
Foreign exchange	-	8,044
SAFE Investments - closing balance	246,365	246,365
Strategic investments - opening balance	41,402	199,766
Additions	-	71,650
Fair value change	-	(236,534)
Foreign exchange	-	6,520
Strategic investments - closing balance	41,402	41,402
Balance	287,767	287,767

All of the Company's investments are categorized as a level 3 asset on the fair value hierarchy on the consolidated statements of financial position as at December 31, 2024 and June 30, 2024. The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the period ended December 31, 2024 and year ended June 30, 2024. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized gains (losses) are recognized in the consolidated statements of loss and comprehensive loss.

Significant unobservable inputs used in the fair value measurement of Level 3 investments were:

Description	Fair value at December 31, 2024	Fair value at June 30, 2024	Valuation technique / Unobservable inputs
	\$	\$	
SAFE Agreements	246,365	246,365	New investments / recent transactions /subsequent financings
Strategic investments	41,402	41,402	New investments / recent transactions /subsequent financings
	287,767	287,767	

A 10% change in the fair value (i.e. recent transaction price) of this investment will result in a corresponding \$28,776 (June 30, 2024 - \$28,776) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

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The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of the investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of this investment. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

8. CONVERTIBLE NOTE RECEIVABLE

On February 13, 2023, the Company closed an unsecured convertible debenture (the "Debenture") with Rocket Wellness Inc. ("RWI") for \$331,000. During the year ended June 30, 2023, the Company paid \$171,250 and Orthogonal Thinker Inc. paid \$171,250 on behalf of the Company, which formed a portion of the loan payable (Note 11). The Debenture bears interest of 8% compounded annually, maturing in 12 months and the principal and interest are convertible into preferred shares at the next equity financing, with a 20% discount, at the option of the debenture holders. The debentures allow for early redemption. The Company recorded interest income of \$6,994 (year ended June 30, 2023 - \$8,452) and a foreign exchange gain of \$7,000 (year ended June 30, 2023 - \$11,544 loss).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	June 30, 2024
Accounts payable	\$ 255,350	\$ 291,930
Due to related parties	269,055	525
Accrued professional fees	58,457	82,122
Total	\$ 582,862	\$ 374,577

10. LOANS PAYABLE

On January 12, 2023, the Company entered into a promissory note agreement with Orthogonal Thinker Inc, whereby the Company had a loan payable of \$480,000. The note was non-interest bearing, unsecured and due on demand. On March 21, 2023, the Company issued 4,800,000 SVS, 2,400,000 SVS warrants, 48,000 MVS and 24,000 MVS warrants to settle the loan payable. Each SVS warrant is exercisable at \$0.15 and matures two years from the date of issuance. Each MVS warrant is exercisable at \$15 and expires two years from the date of issuance.

11. SHARE CAPITAL

(a) Authorized:

On February 24, 2023, the Company filed articles of amendment to redesignate the existing class of Common Shares as Subordinate Voting Share ("SVS") and authorize a class of Multiple Voting Share ("MVS"). The Company is authorized to issue unlimited number of SVS without par value and an unlimited number of MVS without par value. Each MVS consists of 100 SVS. MVS and SVS have the same priority.

Subordinate Voting Shares ("SVS")

Holders of SVS will be entitled to notice of and to attend at any meeting of the shareholders of the Issuer, except a meeting of which only holders of another particular class or series of shares of the Issuer will have the right to vote. At each such meeting, holders of SVS will be entitled to one vote in respect of each SVS held.

As long as any SVS remain outstanding, the Issuer will not, without the consent of the holders of the SVS by separate special resolution, prejudice or interfere with any right or special right attached to the SVS.

Holders of SVS will be entitled to receive as and when declared by the directors of the Issuer, dividends in cash or property of the Issuer. No dividend will be declared or paid on the SVS unless the Company simultaneously declares or pays, as applicable, equivalent dividends (assuming conversion of all MVS into SVS at the Conversion Ratio) on the MVS.

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Multiple Voting Shares (“MVS”)

Holders of MVS will be entitled to notice of and to attend at any meeting of the shareholders of the Issuer, except a meeting of which only holders of another particular class or series of shares of the Issuer will have the right to vote. At each such meeting, holders of MVS will be entitled to one vote in respect of each SVS into which such MVS could then be converted (100 votes per MVS held).

The holders of the MVS are entitled to receive such dividends as may be declared and paid to holders of the SVS in any financial year as the Board may by resolution determine, on an as-converted to SVS basis. No dividend will be declared or paid on the MVS unless the Issuer simultaneously declares or pays, as applicable, equivalent dividends (on a 100-to-1 ratio to SVS) on the SVS.

On February 27, 2023, the Company converted 2,287,500 SVS to 22,875 MVS. On March 7, 2023, the Company’s shareholders voluntarily converted 112,500 SVS into 1,125 MVS on a 100 to 1 basis.

On November 16, 2023, the Company converted 23,892 MVS to 2,389,225 SVS.

On October 19, 2023, the Company converted 856 MVS to 85,565 SVS.

On July 11, 2024, the Company converted 275 MVS to 27,500 SVS.

On August 12, 2024, the Company converted 6,421 MVS to 642,095 SVS.

On February 14, 2025, the Company converted 1,890 MVS to 189,000 SVS.

(b) Issued and Outstanding

As at December 31, 2024, there were:

6,818,109 **SVS** issued and outstanding.
17,820 **MVS** issued and outstanding

- Shares issued after the period ended December 31, 2024.

On February 26, 2025, the Company issued 2,62,112 SVS for the gross proceeds of \$768,633.42 at CAD\$0.30 per share. A significant portion of the Financing was led by Lif3.One Ltd., a Singapore based investment firm co-founded by Harry Yeh and Jonathan Teo. CEO and co-founder David Nikzad, and co-founder Jason Hobson, participated in the Financing, acquiring 952,000 SVS. As part of this transaction, Cloud3 has acquired over 111 million Lif3 Tokens, deepening its integration within the rapidly expanding Lif3 ecosystem and positioning itself for strategic opportunities within the DeFi sector.

On February 25, 2025, the company issued 2,340,000 SVS at a deemed price of CAD\$0.20 per share to settle aggregate debt of CAD\$468,000 of accrued liabilities owed to an insider and a consultant. The securities issued under the Debt Settlement to the insider are subject to a hold period under applicable Canadian securities laws expiring four months and one day from the closing date of the debt settlement.

- No shares were issued during the six months period ended December 31, 2024.
- Shares issued during the year ended June 30, 2024.

On November 1, 2023, the Company issued 50,000 SVS upon the conversion of RSU’s, and the Company transferred \$100,000 from reserves to share capital.

During the year ended June 30, 2024, the Company issued 5,000 SVS upon the exercise of 5,000 SVS options, for gross proceeds of \$5,000. The Company transferred \$8,450 from reserves to share capital.

On September 7, 2023, the Company closed a non-brokered private placement through the issuance of 33,485 Units at a price of \$2.00 per Unit for aggregate gross proceeds of \$66,969. Each Unit consists of one subordinate voting share “SVS” of the Company and one SVS purchase warrant. Each SVS purchase warrant entitles its holder to purchase one additional SVS at an exercise price of \$4.00 per SVS for a period of 24 months from the date of issue. The full proceeds were allocated to the shares under the residual value method.

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On August 30, 2023, the Company issued 15,109 MVS with a fair value of \$37,773 to Pluto 11.11 Inc., in exchange for 24,084 shares of Series A-1 Preferred Stock (the “Transaction”) of Unstoppable Domains Inc. The fair value was determined based on the latest private placement at \$2.00 per SVS, plus an estimated 25% multiple voting right premium. The transaction constitutes a related party transaction.

On July 19, 2023, the Company issued 20,000 SVS to a former director of the Company with a fair value of \$40,000.

(c) **Warrants**

The following is a summary of the Company’s share purchase warrant activity for the six months period ended December 31, 2024 and for the year ended June 30, 2024.

	Number of Warrants	Number of SVS warrants	Number of MVS Warrants
Outstanding, June 30 2023	-	2,907,619	29,076
Issued	-	33,485	-
Outstanding, June 30 2024	-	2,941,104	29,076
Issued	-	-	-
Outstanding, December 31, 2024	-	2,941,104	29,076

As at December 31, 2024, all SVS and MVS warrants are vested.

During the year ended June 30, 2023, pursuant to the amendment to redesignate the existing class of common share to SVS and MVS, the Company converted 4,825,000 warrants to 2,400,000 SVS and 24,000 MVS warrants.

On September 7, 2023, the Company closed a non-brokered private placement through the issuance of 33,485 Units at a price of \$2.00 per Unit for aggregate gross proceeds of \$66,969. Each Unit consists of one subordinate voting share “SVS” of the Company and one SVS purchase warrant. Each SVS purchase warrant entitles its holder to purchase one additional SVS at an exercise price of \$4.00 per SVS for a period of 24 months from the date of issue.

Details of warrants outstanding as at December 31, 2024 are as follows:

Exercise price	Number of SVS Warrants Outstanding	Number of MVS Warrants Outstanding	Expiry date
\$2.00	662,500	-	April 22, 2027
\$200.00	-	7,688	April 22, 2027
\$2.00	1,687,500	-	May 17, 2027
\$200.00	-	9,188	May 17, 2027
\$2.00	-	-	May 24, 2027
\$200.00	-	6,125	May 24, 2027
\$2.00	50,000	-	June 3, 2027
\$200.00	-	1,000	June 3, 2027
\$3.00	507,619	-	March 21, 2025
\$300.00	-	5,075	March 21, 2025
\$4.00	33,485	-	September 7, 2025
	2,941,104	29,076	

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(d) Stock Options

The Company has adopted an incentive stock option plan and restricted stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the requirements of the Exchange, grant to directors, officers, employees and technical consultants to the Company, restricted stock options to purchase SVS, stock options to purchase SVS, provided that the number of SVS reserved for issuance will not exceed 10% of the issued and outstanding SVS of the Company. Such options will be exercisable for a period of up to five years from the date of grant.

- No Stock Options were issued during the six months period ended December 31, 2024
- Stock Options issued during the year ended June 30, 2024

On December 6, 2023, the Company granted 115,000 incentive stock options to consultants to purchase SVS at an exercise price of \$3.90 per stock option for up to five years. The stock options will vest over twelve months, with 25% vesting each quarter, starting March 6, 2024. The total grant date fair value of the options was measured at \$369,681. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - \$3.90; exercise price - \$3.90; expected life – 5 years; volatility – 117%; dividend yield – \$0; and risk-free rate – 3.48%. As at June 30, 2024, the Company recorded stock-based compensation of \$266,712.

On September 6, 2023, the Company granted 120,000 incentive stock options to consultants and management at an exercise price of \$1 per stock option for up to four years. The stock options vested as follows: 113,750 vested immediately, with the remainder vesting every 3 months over a one-year period. The total grant date fair value of the options was measured at \$203,283. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - \$2.00; exercise price - \$1; expected life – 4 years; volatility – 117%; dividend yield – \$0; and risk-free rate – 3.99%. During the year ended June 30, 2024, the Company recorded stock-based compensation of \$202,790.

On September 1, 2023, the Company granted 527,500 restricted stock options to management and consultants the Company at an exercise price of \$1 per stock option for up to four years. The stock options vested as follows: 332,500 vested immediately, with the remainder vesting every 3 months over a one-year period. The total grant date fair value of the options was measured at \$891,464. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - \$2.00; exercise price - \$1; expected life – 4 years; volatility – 116%; dividend yield – \$0; and risk-free rate – 3.97%. During the year ended June 30, 2024, the Company recorded stock-based compensation of \$861,844.

On July 19, 2023, the Company issued 50,000 stock options to a former director of the Company that vested immediately, are exercisable at \$1 and expire on July 19, 2027. The grant date fair value of the options was measured at \$85,891. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - \$2.00; exercise price - \$1; expected life – 4 years; volatility – 122%; dividend yield – \$0; and risk-free rate – 3.83%. During the year ended June 30, 2024, the Company recorded stock-based compensation of \$85,891.

The following table summarizes the continuity of the Company's stock options activity.

	Number of Options
Outstanding, June 30, 2023	-
Issued	812,500
Exercised	(5,000)
Cancelled and expired	(55,000)
Outstanding as at June 30, 2024 and December 31, 2024	752,500
Exercisable as at June 30, 2024 and December 31, 2024	644,688

(e) Reserve

The share-based payment reserves record items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

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12. FINANCIAL INSTRUMENTS

(a) Fair value information

As at December 31, 2024, the Company's financial instruments consist of cash, tax receivables, convertible note receivable, loan receivable, investments, accounts payable and loans payable. The carrying values of receivables, accounts payable and loans payable approximate their fair values because of their current nature. All financial assets and financial liabilities are recorded at fair value on initial recognition.

The categories of the fair value hierarchy that reflect the significance of inputs used in making fair value measurements are as follows:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity);

There were no transfers between levels during the six months period ended December 31,, 2024 and during the year ended June 30, 2024.

Where the fair values of investments in private companies recorded on the unaudited condensed interim consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair value.

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at December 31, 2024:

	As at December 31, 2024		
	Level 1	Level 2	Level 3
Investments	\$ -	\$ -	\$ 287,767

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at June 30, 2024:

	As at June 30, 2024		
	Level 1	Level 2	Level 3
Investments	\$ -	\$ -	\$ 287,767

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13. DIGITAL ASSETS AND RISK MANAGEMENT

Digital assets and risk management

Cryptocurrency held by the Company is measured using Level 1 fair values, determined by taking the rate from <https://ca.finance.yahoo.com/>. Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been relatively volatile. Historical performance of digital assets is not indicative of their future price performance.

The Company's digital assets currently consist of Bitcoin, Ethereum and NFTs. As at December 31, 2024, if the market price of digital currencies increased or decreased by 10% with all other variables held constant, the corresponding digital assets value increase or decrease respectively would amount to approximately \$4,854 (June 30, 2024 - \$3,640).

Liquidity Risk

As at December 31, 2024, the Company held cash of \$(104) (June 30, 2024 - \$2,525), and had a working capital deficit of \$435,019 (June 30, 2024 - \$224,548). As at December 31, 2024 and June 30, 2024, the Company expects that it will be able to meet its obligations.

Interest Rate Risk

Interest rate risk is the result that the fair values and future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company was not exposed to significant interest rate risk as loans payable were at fixed interest rates with short-term maturities.

Currency Risk

The Company is from time to time, exposed to currency risk related to certain accounts payable and accrued liabilities and other payable amounts which were denominated in USD. As at December 31, 2024, there were USD \$Nil (June 30, 2024 – USD \$Nil) liabilities denominated in USD.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company was mainly exposed to credit risk from holding cash, which it mitigates from holding balances with major financial institutions.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk and foreign currency risk. The Company holds investments in securities that will fluctuate in value as a result of fluctuations in estimated fair values of those securities. Furthermore, as the Company's investments are early-stage Web 3.0 development companies, market values will fluctuate subject to economic cycles and political events.

14. MANAGEMENT OF CAPITAL

The Company's objectives of capital management are to safeguard its ability to support the Company's normal operating requirements on an ongoing basis. The Company includes shareholders' equity in the definition of capital.

The Company sets the amount of capital required in proportion to its operating requirements and perceived risk of loss. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company has historically relied on the equity markets to fund its activities and is open to new sources of financing to manage its expenditures in the interest of sustaining long-term viability. The Company's capital management objectives, policies and processes have not changed over the periods presented.

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Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

15. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2024	December 31, 2024
	\$	\$
Interest paid	-	-
Income taxes paid	-	-
Reclassification of obligation to issue shares to share capital	-	65,439
Shares issued for unstopable domain	-	3,021,860
Restricted share units exercised	-	100,000

Other non-cash investing and financing activities:

On August 30, 2023, the Company issued 15,109 MVS to Pluto 11.11 Inc., in exchange for 24,084 shares of Series A-1 Preferred Stock (the "Transaction") of Unstoppable Domains Inc. The Transaction constitutes a related party transaction.

On May 10, 2023, the Company completed the share swap agreement with Novobeing and issued 83,334 SVS of the Company in exchange for 1,250,000 common shares of Novobeing.

On January 12, 2023, the Company entered into a \$480,000 promissory note agreement with Orthogonal Thinker Inc., whereby Orthogonal Thinker Inc. paid for certain expenditures on behalf of the Company. The note was non-interest bearing, unsecured and due on demand. On March 21, 2023, the Company issued 240,000 SVS, 120,000 SVS warrants, 2,400 MVS and 1,200 MVS warrants to settle the loan payable. Each SVS warrant is exercisable at \$3 and matures two years from the date of issuance. Each MVS warrant is exercisable at \$300 and matures two years from the date of issuance.

16. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

The remuneration of current directors who resigned during the year, and former directors and key management personnel for the six months period ended December 31, 2024, are as follows:

	December 31, 2024	December 31, 2023
Consulting fee paid to a former officer	\$ -	\$ 52,713
Consulting fee paid to a company controlled by the former acting CFO	-	4,000
Consulting shares paid to a former officer	-	40,000
RSU's exercised by directors	-	100,000
Share based compensation	-	577,946
	\$ -	\$ 774,659

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As at December 31, 2024, the Company owed \$269,055 (June 30, 2024 - \$525) to related parties.

On July 19, 2023, the Company issued 20,000 SVS to a former director of the Company with a fair value of \$40,000.

On January 12, 2023, the Company entered into a promissory note agreement with Orthogonal Thinker Inc, an entity with common directors, whereby the Company had a loan payable of \$480,000. The note was non-interest bearing, unsecured and due on demand. On March 21, 2023, the Company issued 240,000 SVS, 120,000 SVS warrants, 2,400 MVS and 1,200 MVS warrants to settle the loan payable. Each SVS warrant is exercisable at \$3 and matures two years from the date of issuance. Each MVS warrant is exercisable at \$300 and matures two years from the date of issuance.

On March 21, 2023, the Company completed an equity financing and debt settlement, and issued 1,015,237 SVS and 10,152 MVS for \$2,030,475. As part of the financing, Pluto 11.11 Inc. ("Pluto") participated in the financing. Pluto participated in the Financing in the amount of \$995,600 and acquired 497,800 SVS, 4,978 MVS, 248,900 SVS Warrants and 2,489 MVS Warrants. Prior to the Financing, Pluto held no securities of the Company, following the Financing,

On February 26, 2025, the Company completed an equity financing round and issued 2,562,112 SVS for \$768,633. As part of the financing, CEO and co-founder David Nikzad and co-founder Jason Hobson participated in the financing acquiring 952,000 SVS.

On February 26, 2025, the Company completed a deb settlement and issued 2,340,000 SVS for \$468,000. at a deemed price of CAD\$0.20 per share to settle aggregate debt of CAD\$468,000 of accrued liabilities owed to an insider and a consultant.

17. SEGMENTED INFORMATION

The Company operates in one industry segment.

18. REVENUE

Revenue consists of mined digital currency. For the period ended December 31, 2024, mined revenue was \$Nil (June 30, 2024 - \$113,246).