

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Web3 Ventures Inc. (the “**Company**”)
22 Leader Lane, Suite 409
Toronto, Ontario M5E 0B2

Item 2: Date of Material Change

March 21, 2023

Item 3: News Release

A news release was issued and disseminated on March 21, 2023 over Globe Newswire and filed on SEDAR at www.sedar.com.

Item 4: Summary of Material Change

On March 21, 2021, the Company completed a non-brokered private placement (the “**Offering**”), pursuant to which the Company issued a total of 20,302 units (each, a “**Unit**”). Each Unit consists of 1,000 subordinate voting shares (each, an “**SVS Shares**”), ten multiple voting shares (each, an “**MVS Shares**”), 500 warrants, where each warrant entitles the holder to purchase one SVS (each, an “**SVS Finance Warrant**”) and five warrants where each warrant entitles the holder to purchase one MVS (each, an “**MVS Finance Warrant**”) in the capital of the Company. Each SVS Finance Warrant is exercisable for a period of two years following the date of issue, at an exercise price of C\$0.15 per SVS Share. Each MVS Finance Warrant is exercisable for a period of two years following the date of issue, at an exercise price of C\$15.00 per MVS Share. Each MVS Share is economically equivalent to and holds the same voting rights as 100 SVS Shares. Each Unit was purchased for C\$100 per Unit, for aggregate gross proceeds of C\$2,030,200.

Additionally, on March 21, 2021, pursuant to the terms of a securities purchase agreement dated December 16, 2022, as amended, (the “**Securities Purchase Agreement**”) between a group of shareholders of the Company (the “**Vendors**”) and an arm’s length group of purchasers (collectively, the “**Purchasers**”): (i) the purchase by the Purchasers of a total 4,250,000 SVS Shares, 4,250,000 SVS Share purchase warrants (the “**SVS Purchase Warrants**”) each of which are exercisable for the purchase of one SVS Share at a price of C\$0.10 per share for a period of 5 years from the date of their original issuance, 220,531 MVS Shares (the “**Initial Shares**”) and 220,531 MVS Share purchase warrants (the “**MVS Purchase Warrants**”) each of which are exercisable for the purchase of one MVS Share at a price of C\$10 per MVS Share for a period of 5 years from the date of their original issuance, owned by the Vendors, and (ii) the issuance of options (the “**Options**”) to purchase, pursuant to option agreements entered into by certain Vendors and Orthogonal Thinker Inc. (“**OT**”), 246,969 MVS Shares and 246,969 MVS Purchase Warrants held by certain Vendors (the “**Optioned Securities**”). The aggregate purchase price for the Initial Shares and Options was C\$1,000,000. The Options are exercisable for an aggregate of C\$1.00 commencing on the date that is four months plus one day following the closing date of the Transaction (as defined below), on the condition that exercise of the Options will not result in the Options holder acquiring over 20% of the Company’s then issued and outstanding voting shares.

On March 21, 2023, the following transactions contemplated by the Securities Purchase Agreement (and together with the closing of the Securities Purchase Agreement, the “**Transaction**”) were completed concurrently to the closing of the Securities Purchase Agreement.

1. Various shareholders that acquired common shares in the capital of the Company or SVS at a price of \$0.05 or less, or MVS at a price of \$5.00 or less (together, the “**Restricted Securities**”) entered

into lock-up agreements (the “**Lock-Up Agreements**”) with the Company, whereby such shareholders of the Company agreed not to sell or transfer any Restricted Securities for a period of 12 months following the listing of the Company’s SVS Shares on the Canadian Securities Exchange;

2. a shareholder of the Company entered into a guarantee and share pledge agreement in favour of the Purchasers in support of the Vendors’ obligations pursuant to the Securities Purchase Agreement (the “**Share Pledge Agreement**”);
3. In connection with the Options, various Vendors granted a power of attorney appointing the OT as the true lawful attorney for the applicable Vendor, and in the name, place and stead of such Vendor to: (i) vote at and to execute and deliver any and all proxies for the Optioned Shares relating to any meeting of shareholders of the Company, or any adjournment thereof in respect of the matters arising in the course of business and requiring approval of the shareholders of the Company; and (ii) to execute on behalf of such Vendor with respect to the Optioned Shares, any written resolution to be executed by the shareholders of the Company.
4. all options to purchase securities of Web3 that existed prior to the completion of the Transaction were forfeited by the holders thereof;
5. the Company entered into an investor rights agreement with OT, pursuant to which, OT holds the right to appoint a majority of the Directors, the right to appoint two officers of the Company, rights of first refusal in respect of a third-party change of control transaction and participation rights in relation to subsequent financings following the Transaction (the “**Investor Rights Agreement**”); and
6. James Henning and Gerald Kelly resigned as Directors. Kirill Kompaniyets resigned as interim CEO. David Nikzad, Jason A. Hobson, Brian D. Keane, and Eric Baum were appointed to the Board. Mr. Nikzad was appointed CEO and Mr. Hobson was appointed COO.

Item 5.1: Full Description of Material Change

On March 21, 2021 the Company completed the Offering and issued a total of 20,302 Units at a price of C\$100 per Unit for gross proceeds of C\$2,030,200.

Additionally, on March 21, 2021, pursuant to the Transaction:

- (i) the Vendors sold to the Purchasers 4,250,000 SVS Shares, 4,250,000 SVS Purchase Warrants 220,531 Initial Shares, 220,531 MVS Purchase Warrants and 246,969 Options to purchase the Optioned Securities for aggregate consideration of C\$1,000,000;
- (ii) holders of the Restricted Securities entered into the Lock-Up Agreements,
- (iii) a shareholder of the Company provided a guarantee of the Vendors’ obligations pursuant to the Securities Purchase Agreement and entered into the Share Pledge Agreement with respect to 5,000,000 SVS Shares held by such shareholder;
- (iv) the Vendors that sold Options granted a power of attorney appointing Orthogonal Thinker Inc. as the true lawful attorney for the applicable Vendor, and in the name, place and stead of such Vendor to: (A) vote at and to execute and deliver any and all proxies for the Optioned Shares relating to any meeting of shareholders of the Company, or any adjournment thereof in respect of the matters arising in the course of business and requiring approval of the shareholders of the Company; and (B) to execute on behalf of such Vendor with respect to the Optioned Securities, any written resolution to be

executed by the shareholders of the Company.

- (v) all options to purchase securities of Web3 that existed prior to the completion of the Transaction were forfeited by the holders thereof or cancelled by the Company;
- (vi) the Company entered into the Investor Rights Agreement with Orthogonal Thinker Inc.;
- (vii) the Vendors delivered to the Purchasers releases of all liabilities of the Company, duly executed by the Company's various creditors, including release of all loans and accounts payable by the Company to its creditors;
- (viii) the Company entered into a service agreement with Partum Advisory Services Corp. for a monthly retainer rate equal to \$7,500 per month plus applicable tax in connection with consultancy services, bookkeeping and back-office matters;
- (ix) James Henning and Gerald Kelly resigned as Directors;
- (x) Kirill Kompaniyets resigned as interim CEO and remains the CFO;
- (xi) David Nikzad, Jason A. Hobson, Brian D. Keane, and Eric Baum were appointed to the board of directors; and
- (xii) Mr. Nikzad was appointed CEO and Mr. Hobson was appointed COO of the Company.

In connection with the Offering, Pluto 11.11 Inc. ("**Pluto**"), a corporation with common directors and management to OT, acquired 99,560 MVS Shares, 9,956,000 SVS Shares, 49,780 MVS Financing Warrants and 4,978,000 SVS Financing Warrants for an aggregate purchase price of C\$995,600. Prior to the Offering, Pluto held no securities of the Company, following the Offering, Pluto now owns approximately 14.43% of the issued and outstanding SVS Shares (calculated by the total number of MVS Shares held on an as-converted basis) on a non-diluted basis and 14.48% on a fully diluted basis.

In connection with the Transaction, OT acquired 76,099 MVS Shares, 76,099 MVS Purchase Warrants and a right to purchase an additional 246,969 Optioned Securities under the Options. The MVS Purchase Warrants acquired by OT are not exercisable if the exercise of the MVS Purchase Warrants will result in the holder of the MVS Purchase Warrants obtaining control over 20% or more of the voting securities of the Company. The aggregate consideration for the securities purchased by OT pursuant to the Transaction was C\$646,136.

Prior to the closing of the Offering and the Transaction, each of OT and Pluto did not own or control any securities of the Company.

Subsequent to the Offering and Transaction, OT and Pluto together hold 175,659 MVS Shares, 76,099 MVS Purchase Warrants, 49,780 MVS Financing Warrants, 9,956,000 SVS Shares, 4,978,000 SVS Financing Warrants, and 246,969 Options to purchase Optioned Securities, representing approximately 19.95% of the issued and outstanding SVS Shares (calculated by the total number of MVS Shares held on an as-converted basis) on a non-diluted basis and 45.81% on a fully diluted basis.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102 (Confidentiality)

Not applicable.

Item 7: Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8: Executive Officer

For additional information with respect to this material change, the following person may be contacted:

David Nikzad
Chief Executive Officer and Director
808-213-8191
E: david@psly.com

Item 9: Date of Report

This report is dated March 31, 2023.