

## **Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**

### **Management Discussion and Analysis**

**For the year ended June 30, 2023 and 2022**

#### **MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF OCTOBER 30, 2023 TO ACCOMPANY THE CONSOLIDATED FINANCIAL STATEMENTS OF WEB3 VENTURES INC. (THE "COMPANY" or "WEB3 ") FOR THE YEAR ENDED JUNE 30, 2023**

This Management Discussion and Analysis ("MD&A") of Web3 Ventures Inc. (formerly, La Jolla Capital Inc.) (the "Company" or "Web3") has been prepared by management as of October 30, 2023 and should be read in conjunction with the consolidated financial statements for the year ended June 30, 2023 and related notes thereto of the Company.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Readers are also advised to read the Company's audited consolidated financial statements and accompanying notes for the year ended June 30, 2023, (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in the Company's presentation currency which is Canadian dollars.

Our consolidated financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" we mean Web3 Ventures Inc. as it may apply.

#### **FORWARD LOOKING INFORMATION**

The following discussion contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. These forward-looking statements may include, among other things, statements concerning plans, objectives and future economic prospects, expectations, beliefs, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements and industry result, to be materially different from what is said or implied with such forward-looking statements.

#### **OVERVIEW AND DESCRIPTION OF BUSINESS**

The Company was incorporated on April 6, 1990 under the laws 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 to La Jolla Capital Inc. on May 21, 2015 and to Web3 Ventures Inc. on April 19, 2022. The Company continues to be a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. The Company is an investment holding firm focused on incubating, accelerating and developing projects and applications for Web 3.0. In addition, the Company mines digital assets with an operational focus on utilizing equipment to solve complex computation problems to validate transactions on different blockchains and receive Bitcoin in return for successful services. The Company's registered office is located at 409-22 Leader Lane, Toronto Ontario, M5E 0B2.

#### **LISTING ON THE STOCK EXCHANGE**

On September 13, 2023 the Company successfully listed on the h the Canadian Securities Exchange ("CSE"), its successful listing under the symbol "**WEBV**" is commemorated.

## **Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**

### **Management Discussion and Analysis**

**For the year ended June 30, 2023 and 2022**

#### **KEY DEVELOPMENTS**

On September 19, 2023 the Company announced a new partnership with Insomnia Labs, a product consulting and solutions company, to provide blockchain and artificial intelligence “AI” services. With a team of industry veterans, Insomnia Labs helps organizations implement innovative solutions to transform operations and growth. Together, the two companies will offer cutting-edge capabilities to the Company’s portfolio companies as well as jointly develop new venture initiatives.

This new partnership underscores the Company’s commitment to identifying and investing in transformative technologies. By leveraging Insomnia Labs’ expertise, the Company aims to drive greater efficiency, prediction capabilities, automation, and customer service for its portfolio companies through AI solutions. Additionally, blockchain offerings will enable secure, transparent recordkeeping and operations.

The Collaboration with Insomnia Labs will provide the following services:

AI:

- AI Training - Custom model development for business needs;
- Predictive Analytics - AI tools to uncover insights;
- Process Automation - Streamlining operations; and,
- Customer Service Solutions.

Blockchain:

- Enterprise platforms;
- Loyalty programs; and,
- Supply chain optimization.

Jointly, the Company and Insomnia Labs will also co-develop new business ideas and startups focused on decentralized and ethical AI solutions powered by blockchain

On September 19, 2023, the Company announced that the Company has changed its auditor from WDM Chartered Professional Accountants to Reliant CPA PC effective immediately. There are no reportable events between the Company and the former auditor.

On September 8, 2023, the Company has retained Integral Wealth Securities Limited to provide services as a market maker in compliance with the policies and guidelines of the CSE and applicable legislation.

On September 7, 2023, the Company closed a non-brokered private placement through the issuance of 669,691 Units at a price of \$0.10 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 \$0.20 per SVS for a period of 24 months from the date of issue.

On September 7, 2023, the Company granted 2,400,000 incentive stock options to consultants and management at an exercise price of \$0.05 per stock option for up to four years. The options vested immediately.

On September 1, 2023, the Company granted 1,000,000 restricted stock options to management of the Company that vested immediately and expire four years from the date of grant. In addition, the Company granted 10,550,000 stock options to management, directors and consultants at an exercise price of \$0.05 per stock option and expires on September 1, 2027. The options vested as follows: 6,837,500 vested immediately, with the remainder vesting over a one-year period.

On August 30, 2023, the Company issued 302,186 MVS to Pluto 11.11 Inc., in exchange for 24,084 shares of Series A-1 Preferred Stock of Unstoppable Domains Inc. The Transaction constitutes a related party transaction.

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

On July 19, 2023, the Company issued 400,000 SVS to a director of the Company. In addition, the Company issued 1,000,000 stock options to a director of the Company that vested immediately, are exercisable at \$0.05 and expire on July 19, 2027.

During the year ended June 30, 2023, the company completed a share swap with Rocket Wellness, whereby the Company issued 1,666,667 SVS with a fair value of \$166,666, using the Company's recent financing price per share, in exchange for 1,250,000 Rocket Wellness shares.

On March 21, 2023, the Company completed a non-brokered private placement and issued 20,305 Units for gross proceeds of \$2,030,475. Each unit consists of 1,000 SVS, 10 MVS, 500 warrants to purchase one SVS and five warrants to purchase one MVS in the capital of the Company. In aggregate, the Company issued 20,304,746 SVS and 203,047 MVS. 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 matures two years from the date of issuance. No finder's fee was paid. The full proceeds were allocated to the shares under the residual value method.

**STRATEGIC INVESTMENTS**

Unstoppable Domains

On August 30, 2023, the Company issued 302,186 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.

As a condition of the Transaction, the Company entered into several agreements with Unstoppable Domains and its existing shareholders, including a Voting Agreement, ROFR and Co-Sale Agreement, Investors' Rights Agreement, and Token Agreement.

Unstoppable Domains is at the forefront of revolutionizing digital identity and web presence by launching domains secured by blockchains and creating un-censorable websites. Their groundbreaking NFT domains empower individuals with control over their online identities, allowing usernames to serve as access keys to over 150 Web3.0 applications, facilitating seamless interactions within the decentralized web landscape.

The Transaction constitutes a "related party transaction" in accordance with Multilateral Instrument 61-101.

Contango Digital Assets

On March 20, 2023 the Company entered into a Simple Agreement for Future Equity (the "Contango SAFE") and paid \$165,500 (US \$125,000). In connection with the Contango SAFE, the Company has been granted the right to nominate a member to the board of directors of Contango.

Contango is a venture capital firm seeking to make web3 more globally accessible by investing in early-stage infrastructure and consumer applications while delivering added-value services such as advisory, launch support and staffing for its portfolio companies. Contango is domiciled in the British Virgin Islands and regulated by the British Virgin Islands Financial Services Commission. Contango has a common director.

Dynasty Studios

On March 20, 2023, the Company entered into a Simple Agreement for Future Equity (the "Dynasty SAFE") and paid \$72,820 (US \$55,000).

Dynasty is a venture capital firm backed game company creating next-generation games. Striving to lead the mass adoption of blockchain technology through never-before-seen gameplay experiences, Dynasty aims to shape the future of gaming by creating new, superior player experiences powered through community ownership and player-driven economies.

## **Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**

### **Management Discussion and Analysis**

**For the year ended June 30, 2023 and 2022**

#### By-Lines

On April 28, 2022, the Company entered into a Simple Agreement for Future Equity (the “By-Lines SAFE”) and paid \$30,445 (US \$25,000). By-Lines is an encrypted wallet-to-wallet on-chain messaging company. Founded by a team from Harvard, By-Lines is building the missing communications platform for web3, making it possible to send and receive encrypted messages to and from any crypto wallet and supporting integrations with web2 platforms like Telegram and Discord.

By-Lines is focused on more than simply attaching a wallet identity to chat – they are building a web3 native messaging experience: DAOs can suddenly send all of their token holders a DM or an airdrop, their members can vote inside their group chat, and a user can spin up a chat with all the people who hold a specific token or NFT, allowing effortless token-gated access to communities and channels, unlocking significant utility and value on the decentralized web.

#### Column

On June 9, 2022, the Company entered into a Simple Agreement for Future Equity and paid \$33,100 (US \$25,000). Column is a decentralized social media network focused on generating, socially-validating, and incentivizing high-quality, topic-specific discussions.

With past experience from Amazon, Facebook, Spotify, and multiple technology startups, Column’s core team is leveraging web3 to influence and build an intelligent social community, giving content and therefore users a value.

Billed as a decentralized intelligence network, Column’s platform revolves around the concept of empowering users to pull signal from noise, positioning high-quality content from subject matter experts to the top of a reader’s feed, or ‘Column’. For example, a reader looking to track emerging technologies could join a ‘Column’ for that topic, and instantly receive a content stream on that subject from authors that the platform’s users have deemed reputable.

Columns are sensibility-specific rooms: they can be public or private. In them, you can follow professional fields, discover new ideas, share information, and discuss. Typically, they are invite-only. Members of the platform can join as many Columns as they want. Some Columns are large and public, others are small and private. Columns persist for as long as they are useful. Some Columns may encompass a whole field and will last for decades, and some may be more temporary.

Web3 Ventures’ core investment pillars are identity, communication, and gaming. Web3 believes that the future of social media will be driven and heavily influenced by decentralized communities, and Column offers a unique model that incentivizes the creation of community, as well as the digital identity aspect of reputational currency and community content validation. Column’s network and its further development has them well positioned to capitalize on these trends, and Web3 sees multiple synergistic partnership and collaborative opportunities to accelerate Column’s user adoption through the projects, companies, and applications that Web3 is developing and accelerating internally.

#### PunkScape NFTs

As at June 30, 2023, the Company owns 179 PunkScape NFTs (“PunkScape”). The PunkScape collection is a digital identity and immersive land project. The Company ownership represents a 1.50% stake in the fixed supply of all existing and outstanding PunkScape NFTs.

PunkScape is a metaverse space for digital-art that takes aim at the existing Web2 configurable “locations” – locations like banners on X (Formerly, Twitter), LinkedIn, and so forth—and carries them into the Web3 space. Every Scape is digital land, a home for your digital assets and identity. Punkscape are sold on OpenSea here: <https://opensea.io/collection/scapes>

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

Launched in September 2021, PunkScape has a passionate community base of 3,000+ token holders, including notable members such as Tobi Lütke, CEO of Shopify (\$SHOP) and Jack Butcher, founder of leading media platform Visualize Value. Focused on providing interactive digital real estate and immersive experience applications, PunkScapes are designed to integrate with social profile banner sections such as X (Formerly, Twitter), Discord, LinkedIn, OpenSea, the Ethereum Name Service, and more.

In addition to potential market price appreciation of the PunkScape NFTs that Web3 Ventures has acquired, Web3 will earn royalty revenue from their PunkScape NFTs through Gallery27, an internally developed daily auction platform that utilizes AI technology to mint generative art derivatives of PunkScape NFTs. Web3 and other collection holders earn a 50% royalty on the winning bids. As at June 30, 2023, the Company has not earned any royalty revenue.

Rocket Wellness Inc; Convertible Debenture and Share Swap Agreement

On April 27, 2023, the company completed a share swap with Rocket Wellness, whereby the Company issued 1,666,667 SVS with a fair value of \$166,666, using the Company's recent financing price per share, in exchange for 1,250,000 Rocket Wellness shares.

On February 13, 2023, the Company closed an unsecured convertible debenture (the "Debenture") with Rocket Wellness Inc. ("RWI") for \$331,000. 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 \$8,452 (2022 - \$Nil).

**Amendments to 2022 Equity Incentive Plan**

On September 6, 2023, the Company announced that it has adopted an amended equity incentive plan, the "2023 Equity Incentive Plan", which replaces the previous equity incentive plan which was approved by the shareholders on December 19, 2022. The 2023 Equity Incentive Plan accurately reflects the number of options, restricted share units "RSUs" and share award allowances to represent a maximum of 10% of the total equity shares of the Company.

**FINANCINGS AND SHARE CONSOLIDATION**

**A) 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.

**i. Subordinate Voting Shares**

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.

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

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.

**ii. Multiple Voting Shares**

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 45,750,000 SVS to 457,500 MVS. On March 7, 2023, the Company's shareholders voluntarily converted 2,250,000 SVS into 22,500 MVS on a 100 to 1 basis.

**A) Share Swap Agreement**

During the year ended June 30, 2023, the company completed a share swap with Rocket Wellness, whereby the Company issued 1,666,667 SVS with a fair value of \$166,666, using the Company's recent financing price per share, in exchange for 1,250,000 Rocket Wellness shares.

**B) Financings**

On March 21, 2023, the Company completed a non-brokered private placement and issued 20,305 Units for gross proceeds of \$2,030,475. Each unit consists of 1,000 SVS, 10 MVS, 500 warrants to purchase one SVS and five warrants to purchase one MVS in the capital of the Company. In aggregate, the Company issued 20,304,746 SVS and 203,047 MVS. 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 matures two years from the date of issuance. No finder's fee was paid. The full proceeds were allocated to the shares under the residual value method.

**C) Stock Options**

On September 7, 2023, the Company granted 2,400,000 incentive stock options to consultants and management at an exercise price of \$0.05 per stock option for up to four years. The options vested immediately.

On September 1, 2023, the Company granted 1,000,000 restricted stock options to management of the Company that vested immediately and expire four years from the date of grant. In addition, the Company granted 10,550,000 stock options to management, directors and consultants at an exercise price of \$0.05 per stock option and expires on September 1, 2027. The options vested as follows: 6,837,500 vested immediately, with the remainder vesting over a one-year period.

On July 19, 2023, the Company issued 1,000,000 stock options to a director of the Company that vested immediately, are exercisable at \$0.05 and expire on July 19, 2027.

## **Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**

### **Management Discussion and Analysis**

**For the year ended June 30, 2023 and 2022**

On July 15, 2022, the Company granted incentive stock options to a consultant to purchase an aggregate of 75,000 common shares at an exercise price of \$0.15 per common share for up to five years. The options issued vest 1/3 every six months for 18 months from grant date. The total grant date fair value of the options was measured at \$672. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - \$0.02; exercise price - \$0.15; expected life – 5 years; volatility – 120%; dividend yield – \$0; and risk-free rate – 3.02%. As at June 30, 2023, all \$672 was recorded as vested.

On July 4, 2022, the Company granted incentive stock options to a consultant to purchase an aggregate of 25,000 common shares at an exercise price of \$0.15 per common share for up to five years. The options issued vest 1/3 every six months for 18 months from grant date. The total grant date fair value of the options was measured at \$225. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - \$0.02; exercise price - \$0.15; expected life – 5 years; volatility – 120%; dividend yield – \$0; and risk-free rate – 3.02%. As at June 30, 2023, all \$225 was recorded as vested.

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During the year ended June 30, 2023, pursuant to the Company's stock option plan, all outstanding stock options were cancelled at the Company's discretion and all stock options not yet fully vested were recorded as stock-based compensation. The Company did not issue any replacement instruments.

### **BOARD AND ADVISORY BOARD UPDATES**

#### Advisory board update:

On April 26, 2023, the Company formed its advisory board and its first member, co-founder and CEO of Insomnia Labs, Billy Huang.

On May 11, 2023, the Company added Yu-Kai Chao, Founder of the Octalysis Group and Brian Johnson, Senior Director, Head of Crypto at Republic Capital to its advisory board

#### Board updates:

On November 16, 2022, the Company announced that James Henning has been appointed to the Board of Directors of the Company (the "Board") effective November 10, 2022. Mr. Henning is a Chartered Professional Accountant and the founder and president of Corpfinance Advisors Inc. since 1984. Mr. Henning has expertise and experience in valuating businesses in a broad range of industries. He has assisted companies in financing, public offerings and restructuring. Areas of expertise include retail cannabis, manufacturing, telecommunications, software, biomedical, oil and gas services, and renewable energy industries. Mr. Henning has served as a Chief Financial Officer and director for a number of TSX Venture Exchange and Canadian Securities Exchange-listed companies over the past several years.

On March 21, 2023, David Nikzad, Jason Hobson, Brian D. Keane, Mike Grantis, and Eric Baum have joined the board of directors of the Company. Gerald Kelly and James Henning have resigned as directors. Mr. Nikzad has been appointed as CEO of the Company, Mr. Hobson has been appointed as COO of the Company, and Mr. Keane has been appointed VP Capital Markets & Acquisitions.

On June 7, 2023, Kirill Kompaniyets resigned as CFO. In connection with such resignation, James Henning was appointed as CFO.

On September 6, 2023, Brian D. Keane resigned and was replaced by Dr. Jack Rentz.

Dr. Jack Rentz, M.D. is a board-certified anesthesiologist and pain medicine doctor. After completing his undergraduate degree at the University of Georgia, he attended the Medical School of Georgia where he received his doctorate in medicine. Dr. Rentz then moved to New Orleans where he completed his residency in anesthesiology. He accepted a fellowship at the Pain Medicine Center at Texas Tech University. After completing his double board certification, he moved to Denver.

## Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)

### Management Discussion and Analysis

For the year ended June 30, 2023 and 2022

In addition to practicing medicine through patient care, Dr. Rentz owns his practice, Denver Diagnostic Pain, surgery center, Denver Diagnostic Ambulatory Surgery Center, and regenerative medicine company, Colorado Stem Cells. As a consultant and instructor, Dr. Rentz travels the country lecturing and teaching labs to fellow doctors for medical device companies. With a comprehensive knowledge of technology as well as medicine, Dr. Rentz partners with emerging companies as an angel investor and consultant.

### SELECTED ANNUAL INFORMATION

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the Financial Statements. Financial Statements for all years presented are prepared in accordance with IFRS.

Years ended June 30,	2023	2022	2021
	\$	\$	\$
Revenues	48,260	Nil	Nil
Gross profit	5,639	Nil	Nil
Operating expense	943,211	724,893	137,797
Other income	87,491	257,685	Nil
Net loss for the year	(850,081)	(467,208)	(137,797)
Basic and diluted loss per share	(0.01)	(0.04)	(0.03)
Total assets	2,009,173	502,872	1,363
Total long-term liabilities	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

During fiscal 2023, the Company began to mine digital currencies and recorded revenues from operations of \$48,260 (2022 - \$Nil). The Company's assets increased to \$2,009,173 (2022 - \$502,872) as the Company deployed capital to make various investments and raised capital through equity financings.

During fiscal 2022, the Company ceased seeking operational opportunities and commenced operations focused on incubating, accelerating and developing projects and applications for the decentralized web. These changes resulted in an increase of operating expenses and total assets since fiscal 2021.

### RESULTS OF OPERATIONS

For the year ended June 30, 2023, the Company incurred a net loss and comprehensive loss of \$849,635 compared to \$468,907 for the year ended June 30, 2022. During the year ended June 30, 2023, the Company commenced digital mining operations and recorded revenues of \$48,260 (2022 - \$Nil). The Company's operating expenses increased to \$943,211 from \$724,893. In general, the Company's operations have grown year over year, resulting in an overall increase in operating expenses. Other income decreased to \$87,491 from \$257,685 and is attributed to a decrease in the gain on write off of accounts payable, year over year.

Some of the significant charges to operations are as follows:

- The Company commenced digital mining operations and recorded revenue of \$48,260 during the year ended. The Company recorded cost of revenue of \$42,621 consisting of hosting services.
- Consulting and management fees decreased to \$302,625 from \$354,942 as the Company's management changed during the year. The Company engages various consultants to assist with the Company's operations.
- Professional fees increased to \$519,932 from \$80,781 and primarily consists of accounting and legal expenses. During the year ended June 30, 2023, the Company was in the process of listing the Company on the CSE and entering into various agreements with key investees. As such, the Company incurred legal and accounting fees related to this process.
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## Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)

### Management Discussion and Analysis

For the year ended June 30, 2023 and 2022

- Investor relations fees decreased to \$36,862 from \$135,038 as the Company was focused on developing its operations rather than investor communication.
- Share based compensation decreased to \$10,448 from \$102,309 and is related to the Company granting stock options to management, advisors and consultants. During the year ended June 30, 2023, the Company issued 100,000 stock options compared to 10,725,000 in the comparative year.
- During the year ended June 30, 2023, the Company entered into loan and account payable forgiveness agreements and recorded a gain on forgiveness of debt of \$100,997 (2022 - \$Nil).
- The Company recorded a loss on revaluation of digital assets of \$38,191 (2022 - \$136) related to the fair value revaluation of the Company's NFTs and ETH.
- The Company recorded a gain on write off of accounts payable of \$40,642 (2022 - \$263,785) for old and historical debt.

### Cash Flow Analysis

#### Operating Activities

During the year ended June 30, 2023 and 2022, cash used in operating activities was \$652,097 and \$1,322,152, respectively. In the comparative year, the Company paid outstanding debt of \$696,050 which contributed to the cash outflow in the comparative year.

#### Investing Activities

During the year ended June 30, 2023, the Company invested \$418,535 (2022 - \$176,420). The Company invested \$171,250 (2022 - \$Nil) in a convertible note receivable with RWI. Orthogonal Thinker Inc. paid the remaining \$171,250 on behalf of the Company. In addition, the Company paid \$247,285 (2022 - \$96,430) in investments, including \$165,500 in Contango Digital Assets Inc. and \$72,820 in Dynasty Studios Inc.

#### Financing Activities

During the year ended June 30, 2023, The Company received \$1,531,214 (2022 - \$1,827,500) from financing activities. The Company received \$1,550,475 (2022 - \$1,800,000) as proceeds from private placements, \$65,439 (2022 - \$Nil) received from unissued shares and advanced \$84,700 (2022 - \$Nil) as a loan receivable.

### SUMMARY OF QUARTERLY RESULTS

2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
	\$	\$	\$	\$
Total assets	2,009,173	2,179,455	194,183	358,249
Net income (loss)	(618,189)	25,557	(107,122)	(150,327)
Income (loss) per share	(0.01)	0.00	(0.00)	(0.00)

  

2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
	\$	\$	\$	\$
Total assets	502,872	4,354	3,290	1,345
Net loss	(602,317)	(26,899)	196,601	(34,593)
Loss per share - post consolidation	(0.34)	(0.05)	0.45	(0.08)

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

There are no general trends regarding the Company's quarterly results and the Company's business is not seasonal, as it can develop and progress on a year-round basis, funding permitting. Quarterly results may vary significantly depending mainly on whether the Company has engaged in new activities or abandoned any projects and these factors which may account for material variations in the Company's quarterly losses are not predictable. See also the results of operations discussion above.

During Q4 2023, The Company's net loss increased primarily due to an increase in professional fees of \$422,079. The increase is related to the Company's usage of outside counsel and listing on the CSE. The Company's total assets decreased compared to Q3, 2023 to due a fair value revaluation of digital assets.

During Q3 2023, the Company's total assets increased due to a financing and making various investments. The net income of \$25,557 compared to a loss of \$26,899 in Q3 of 2022, was mainly a result of a gain on write off of account payable of \$40,642 and gain on forgiveness of debt of \$100,997.

During Q2 2023, the Company's total assets decreased mainly due to the decline in cash to \$15,493 from \$171,036 at Q1 2023, as a result of increased operating activities.

During Q1 2023, total assets decreased mainly due to the decline in cash to \$171,036 from \$329,932 at Q4 2022, as a result of operating activities. The net loss increased from \$34,593 in Q1 2022 to \$150,327 as the Company's business focus shifted to incubating, accelerating and developing projects and applications for the decentralized web.

**LIQUIDITY AND CAPITAL RESOURCES**

At June 30, 2023, the Company had cash of \$790,514 (June 30, 2022 - \$329,932) and working capital of \$704,056 (June 30, 2022 - \$168,436).

On March 21, 2023, the Company completed a non-brokered private placement and issued 15,505 Units for gross proceeds of \$1,550,475. Each unit consists of 1,000 SVS, 10 MVS, 500 warrants to purchase one SVS and five warrants to purchase one MVS in the capital of the Company. In aggregate, the Company issued 15,504,746 SVS and 155,047 MVS. 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 matures two years from the date of issuance. No finder's fee was paid. The full proceeds were allocated to the shares under the residual value method.

The Company commenced digital mining operations and recorded revenue of \$48,260 during the year ended. The Company recorded cost of revenue of \$42,621 consisting of hosting services.

The Company is currently not generating sufficient cash flows and as a result the Company is dependent on external financing to fund its operations. The Company's working capital was \$704,056 (2022 - \$168,436) as at June 30, 2023 and the Company may need to raise additional capital to meet the Company's objectives. On September 13, 2023, the Company listed on the CSE. There is no certainty with respect to the Company's ability to raise capital.

As at June 30, 2023, the Company had cash of \$790,514 (2022 - \$329,932) to pay current liabilities of \$320,698 (2022 - \$185,049), which is normally due within one year. As of June 30, 2023, the Company had loans payable of \$Nil (June 30, 2022 - \$52,742).

At June 30, 2023, the Company expects that it will be able to obtain funding from investors in order to meet its obligations. Additional financing needs for planned developments will be obtained in the normal course of operations.

## Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)

### Management Discussion and Analysis

For the year ended June 30, 2023 and 2022

#### Outstanding Share Data

As at the date of this report, the Company has the following outstanding share data:

- 74,085,645 SVS shares outstanding;
- 968,120 MVS shares outstanding;
- 58,822,064 SVS warrants;
- 581,522 MVS warrants;
- 13,950,000 stock options; and,
- 1,000,000 RSUs.

#### OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

#### TRANSACTIONS WITH RELATED PARTIES

As of the date of this MD&A, the Company's directors and officers are as follows:

Eric Baum	Director
Mike Grantis	Director
Jason Hobson	Director and COO
Kirill Kompaniyets	Director
David Nikzad	Director and CEO
Jack Rentz	Director
James Henning	CFO
Orthogonal Thinker Inc.	Related entity
Pluto 11.11, Inc.	Related entity

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

As at June 30, 2023, the Company owed \$1,575 (2022 - \$79,932) to related parties.

The company has a loan receivable of \$84,700 for expenditures paid for on behalf of a related entity.

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 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 matures two years from the date of issuance.

On March 27, 2023, the Company invested \$165,500 into Contango Digital Assets Inc., a private company, with common directors.

The remuneration of current directors who resigned during the year, and former directors and key management personnel during the year ended June 30, 2023, are as follows:

	<b>June 30, 2023</b>	June 30, 2022
Management, consulting, directors' and professional fees	\$ 69,660	\$ 132,525
Share based compensation	7,815	2,706
	<b>\$ 77,745</b>	<b>\$ 135,231</b>

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

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.

On March 22, 2023, the Company completed a financing and issued 15,504,746 SVS and 155,047 MVS for gross proceeds of \$1,550,475. 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 9,956,000 SVS, 99,560 MVS, 4,978,000 SVS Warrants and 49,780 MVS Warrants. Prior to the Financing, Pluto held no securities of the Company, following the Financing, Pluto now owns approximately 14.43% of the issued and outstanding SVS (calculated by the total number of MVS held on an as-converted basis) on a non-diluted basis and 14.48% on a fully diluted basis.

**FOURTH QUARTER RESULTS**

For the three-month period ended June 30, 2023, the Company incurred a net loss and comprehensive loss of \$713,887 compared to \$569,725. During the three-month period ended June 30, 2023, the Company commenced digital currency mining and recorded revenues of \$48,260 (2022 - \$Nil). The Company's operating expenses increased by \$3,721 to \$594,497 (2022 - \$590,776).

Some of the significant charges to operations are as follows:

- The Company commenced digital mining operations and recorded revenue of \$48,260 during the year ended and three months ended June 30, 2023. The Company recorded cost of revenue of \$42,621 consisting of hosting services.
- Consulting and management fees decreased to \$102,065 (2022 - \$297,942) as the Company's management team changed.
- Professional fees of \$422,079 (2022 - \$48,849) consists of accounting and legal expenses. The increase is primarily due to legal counsel usage with regards to the Company's listing on the CSE and other matters.
- Share-based compensation decrease to \$Nil (2022 - \$102,309) as the Company did not issue any stock options during the three months period ended June 30, 2023.
- The Company recorded a loss on revaluation of digital assets of \$38,191 (2022 - \$136) related to the fair value revaluation of the Company's NFTs.

**PROPOSED TRANSACTION**

There was no proposed transaction.

**BASIS OF PRESENTATION**

The Company's consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

At June 30, 2023, the Company incurred a loss of \$850,081 for the year then ended (2022 - \$467,208), had a working capital of \$704,056 (2022 - \$168,436) and has accumulated losses of \$18,495,666 (2022 - \$17,645,585) 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.

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

The Company's 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 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 consolidated financial statements.

The Company's 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 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.

**CHANGES IN ACCOUNTING STANDARDS NOT YET EFFECTIVE**

Other standards have been issued for future adoption. The Company is in the process of assessing the impact of these pronouncements but does not expect their impact to be material.

**FINANCIAL INSTRUMENTS RISK EXPOSURE**

***Fair value information***

As at June 30, 2023, 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 year ended June 30, 2023 and during the year ended June 30, 2022.

Where the fair values of investments in private companies recorded on the 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.

## Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)

### Management Discussion and Analysis

For the year ended June 30, 2023 and 2022

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at June 30, 2023 and June 30, 2022:

	As at June 30, 2023		
	Level 1	Level 2	Level 3
Cash	\$ 790,514	\$ -	\$ -
Tax receivable	\$ 23,978	\$ -	\$ -
Convertible note receivable	\$ -	\$ 339,452	\$ -
Loan receivable	\$ 84,700	\$ -	\$ -
Investments	\$ -	\$ -	\$ 512,059
Accounts payable	\$ (320,698)	\$ -	\$ -

	As at June 30, 2022		
	Level 1	Level 2	Level 3
Cash	\$ 329,932	\$ -	\$ -
Tax receivable	\$ 4,722	\$ -	\$ -
Investments	\$ -	\$ -	\$ 96,645
Accounts payable	\$ (185,049)	\$ -	\$ -
Loans payable	\$ -	\$ -	\$ (52,742)

#### *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 June 30, 2023, 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 \$5,172.

#### *Liquidity Risk*

As at June 30, 2023, the Company held cash of \$790,514 (\$329,932), had working capital of \$704,056 (2022 - \$168,436). At June 30, 2023, 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 June 30, 2023, there were USD Nil (2022 – 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.

## **Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**

### **Management Discussion and Analysis**

**For the year ended June 30, 2023 and 2022**

#### *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.

#### **OTHER RISKS AND UNCERTAINTIES**

The Company's principal activity is focused on incubating, accelerating and developing projects and applications for the decentralized web. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, application prices, political and economic risk.

The decentralized web business is risky and most projects will not be successful. The Company may offer an opportunity to another company to acquire an interest in a project in return for funding all or part of the project. For the funding of project acquisitions and development that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive decentralized web environment, positive stock market conditions, a company's track record and the experience of management.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its projects are successful and are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish successful projects.

There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the applications development needed for the decentralized web, and may fail to meet its incubating, accelerating and developing projects and applications for the decentralized web commitments. The projects that the Company has an interest in is in the development stages only, are without known commercial success. The process of incubating, accelerating and developing projects and applications for the decentralized web involves a high degree of risk and few projects, that are developed, are ultimately developed into income producing projects.

If the Company's efforts do not result in any discovery of commercially viable projects, the Company will be forced to look for other commercially viable projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to the discharge of hazardous material and other matters.

#### ***Reliance on Management and Key Personnel***

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. The Company attempts to enhance its management and technical expertise by recruiting qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees as well as information technology, engineering, and technical support resources could have a material adverse impact on the Company's financial condition and results of operation. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

***Lack of Operating History***

Many of the Company's Investments have only recently started to carry their businesses. The Company will therefore be subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. The failure by the Company to meet any of these conditions could have a materially adverse effect on the Company and may force it to reduce, curtail, or discontinue operations. There is no assurance that the Company will be successful in achieving a return on the Company Shareholders' investment and the likelihood of success must be considered in light of the early stage of operations. The Company may not successfully address all of the risks and uncertainties or successfully implement its existing and new products and services. If the Company fails to do so, it could materially harm its business and impair the value of its common stock, resulting in a loss to Company Shareholders. Even if the Company accomplishes these objectives, the Company may not generate the anticipated positive cash flows or profits. No assurance can be given that the Company can or will ever be successful in its operations and operate profitably.

***Volatile Market Price for SVS***

The market price for the SVS may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding SVS;
- sales or perceived sales of additional SVS;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry generally and its business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.



**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of SVS may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the SVS may be materially adversely affected.

***Additional Financing***

The Company's future capital requirements depend on many factors, including its ability to market cash flows from operations, locating and retaining talent, and competing market developments. The Company's business model requires spending funds in order to generate revenue. Based on the Company's current financial situation, the Company may have difficulty continuing its operations at the current level, or at all, if it does not raise additional financing in the near future.

In order to execute the Company's business plan, the Company will require some additional equity and/or debt financing to undertake capital expenditures. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to support on-going operations or to fund capital expenditures could limit the Company's operations and may have a material adverse effect upon future profitability. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities, existing Company Shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of SVS. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital or to pursue business opportunities, including potential acquisitions. If adequate funds are not obtained, the Company may be required to reduce, curtail, or discontinue operations. There is no assurance that the Company's future cash flow, if any, will be adequate to satisfy its ongoing operating expenses and capital requirements.

***In Certain Circumstances, the Company's Reputation Could be Damaged***

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

***Difficult to Forecast***

The Company will have to rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this stage of the industry in Canada and the United States. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

***Environmental and Employee Health and Safety Regulations***

The Investments' operations may be subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Accordingly, the Investments will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in costs for corrective measures, penalties or restrictions on certain Investments' production operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Investments' operations or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and/or results of operations of the Investments and the Company.

***Operations in Emerging Markets***

The Company's Investments may have operations in various emerging markets in the future. Such operations expose the Company to the socio-economic conditions as well as the laws governing the industry in such countries.

Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates, military repression; war or civil war; social and labour unrest; organized crime; hostage taking; terrorism; violent crime; expropriation and nationalization; renegotiation or nullification of existing licences, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political norms, banking and currency controls and governmental regulations that favour or require the Investments to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in industry or investment policies or shifts in political attitude in the countries in which the Company invests may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of licences, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licences, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The Company continues to monitor developments and policies in the emerging markets in which it invests and the Investments operate and assess the impact thereof to its operations; however, such developments cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

***Operating Risk and Insurance Coverage***

The Company will obtain and maintain insurance to protect its assets, operations and employees. However, insurance that is otherwise readily available, such as workers compensation, general liability, and directors and officers' insurance, may be more difficult for the Company to obtain and more costly because the Company will be engaged in the cannabis industry. There are no guarantees that the Company will be able to find adequate insurance coverage in the future or that the cost will be affordable to the Company. While the Company believes it will be able to obtain sufficient insurance coverage to address all material risks to which it will be exposed, such insurance will be subject to coverage limits and exclusions and may not be available for all risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover all of the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

***Management of Growth***

Should the Company experience rapid growth and development in its business in a relatively short period of time the Company may encounter growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Certain of the directors and officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies. For more information see Section 13.10 "*Conflicts of Interest*" of this Listing Statement.

***Litigation***

The Company may be forced to litigate, enforce, or defend its intellectual property rights, protect its trade secrets, or determine the validity and scope of other parties' proprietary rights. Such litigation would be a drain on the financial and management resources of the Company which may affect the operations and business of the Company.

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for SVS and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

***The market price of SVS may be subject to wide price fluctuations***

The market price of SVS may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time-to-time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for SVS.

***Resale of Shares and Liquidity***

There can be no assurance that an active and liquid market for the SVS will develop or be maintained and an investor may find it difficult to resell any securities of the Company. In addition, there can be no assurance that the publicly-traded share price of the Company will be high enough to create a positive return for investors. Further, there can be no assurance that the shares of the Company will be sufficiently liquid so as to permit investors to sell their position in the Company without adversely affecting the share price. In such event, the probability of resale of the SVS would be diminished. An active public market for the SVS might not develop or be sustained after the completion of the listing of the SVS on the CSE. If an active public market for the SVS does not develop, the liquidity of a shareholder's investment may be limited, and the share price may decline.

**Risks Relating to Investments in Cryptocurrency & Cybersecurity**

***Lack of Regulation of Cryptocurrency Market***

Cryptocurrency exchanges are largely unregulated. Over the past several years, several cryptocurrency exchanges have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such cryptocurrency exchanges were not compensated or made whole for the partial or complete losses of their account balances in such cryptocurrency exchanges. The closure or temporary shutdown of cryptocurrency exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in cryptocurrency. These potential consequences could adversely affect the value of the Company's investments in cryptocurrency and the Company's ability to exchange cryptocurrency for other forms of liquid capital.

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

***Inherent Instability of the Cryptocurrency Market***

The further development and acceptance of the cryptocurrency industry is subject to a variety of factors that are difficult to anticipate and evaluate. The use of cryptocurrency to buy and sell goods and services, among other things, is a new and rapidly evolving industry. There is no assurance that cryptocurrency will become a leading means of digital payment. Any slowing or stopping of the development in the acceptance of cryptocurrency may adversely affect an investment in the Company. For a number of reasons, including for example, the lack of recognized security technologies, inefficient processing of payment transactions, problems in the handling of warranty claims, limited user-friendliness, inconsistent quality, and lack of clear universally applicable regulation as well as uncertainties regarding proprietary rights and other legal issues, cryptocurrency activities may in fact prove in the long run to be an unprofitable means for businesses. Factors affecting the further development of the cryptocurrency industry include: (i) continued worldwide growth in the adoption and use of cryptocurrency; (ii) government and quasi-government regulation of cryptocurrency and their use, or restrictions on or regulation of access to and operation of cryptocurrency systems; (iii) changes in consumer demographics and public tastes and preferences; (iv) the availability and popularity of other forms or methods of buying and selling goods and services; and (v) the regulatory environment and general economic conditions and the regulatory environment related to cryptocurrency. A decline in the popularity or acceptance of cryptocurrency would harm the business and affairs of the Company.

***Volatility of Cryptocurrency Markets***

The markets for cryptocurrencies have experienced much larger fluctuations than other markets, and there can be no assurances that erratic swings in price will slow in the future. In the event that the price of cryptocurrency declines, the value of an investment in the Company could also decline. Several factors may affect the price and volatility of cryptocurrency including, but are not limited to: (i) global cryptocurrency demand, depending on the acceptance of cryptocurrency by retail merchants and commercial businesses; (ii) the perception that the use and holding of cryptocurrency is safe and secure, and the related lack of or inconsistency in regulatory restrictions, particularly across various jurisdictions; (iii) conversely, heightened regulatory measures restricting the use of cryptocurrency as a form of payment or the purchase of cryptocurrency; (iv) investor's expectations with respect to the rate of inflation; (v) interest rates; (vi) currency exchange rates, including exchange rates between cryptocurrency and fiat currency; (vii) fiat currency withdrawal and deposit policies on cryptocurrency exchanges and liquidity on such cryptocurrency exchanges; (viii) interruption of services or failures of major cryptocurrency exchanges; (ix) general governmental monetary policies, including trade restrictions, currency revaluations; (x) global or regional political, economic or financial events and situations, including increased threat or terrorist activities; and/or (xi) self-fulfilling expectations of changes in the cryptocurrency market. As well, momentum pricing is typically associated with assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Momentum pricing of cryptocurrency may result in speculation regarding future appreciation in the value of cryptocurrency. As a result, changing investor confidence could adversely affect an investment in the Company.

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

***Exposure to Hacking***

Cryptocurrency trading platforms, or the Company's digital wallets may be hacked. Access to the Company's crypto-assets, maintained in a hosted online wallet, could also be restricted by cybercrime. Any of these events may adversely affect the operations of the Company and, consequently, its business and profitability. The loss or destruction of a private key required to access the Company's digital wallets may be irreversible. Any loss of access to its private keys or its experience of a data loss relating to the Company's digital wallets could adversely affect its business. To the extent such private keys are lost, destroyed or otherwise compromised, the Company will be unable to access coins held for users, and such private keys will not be capable of being restored by network. Any loss of private keys relating to digital wallets used to store the Company's cryptocurrency could adversely affect its business and profitability.

***Technology Obsolescence and Difficult Obtaining Hardware***

To remain competitive, the Company will have to continue to invest in further updating subsidiaries' online platforms and hardware required for its activities. Should competitors introduce new services/software embodying new technologies, the Company recognizes its hardware and equipment and its underlying technology may become obsolete and require substantial capital to replace such equipment. The advances in technology in the cryptocurrency sector is rapid, and is likely to continue to evolve quickly. There is no assurance the Company will be able to maintain any technological edge over the competition.

***Banking Regulations***

A number of companies that provide cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing cryptocurrency-related services. The inability of the Company or any subsidiary to maintain a bank account could have a negative impact on its business.

***Intellectual Property Rights Claims against Crypto-Assets***

Third parties may assert intellectual property claims relating to the holding and transfer of cryptocurrency and their source code, or claims against any of the Company's or any of its subsidiaries' patents or intellectual property rights associated with online platforms or NFTs. Regardless of the merit of any intellectual property claim or other legal action, any threatened action that reduces confidence in the cryptocurrency network's long-term viability or the ability of end-users to hold and transfer cryptocurrency may adversely affect an investment in the Company. As a result, an intellectual property claim could adversely affect the business and affairs of the Company.

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

**Risks Relating to Multiclass Share Structure**

***Allocation of Multiple Voting Shares has the Effect of Concentrating Voting Control***

The Company's MVS will have one hundred (100) votes per share and its SVS will have one (1) vote per share. Due to the 100-to-1 voting ratio between the MVS and SVS, the holders of MVS will continue to control a majority of the combined voting power of the Company until such time as the MVS represent a substantially reduced percentage of the total outstanding shares of the Company. The concentrated voting control could limit the ability of holders of SVS to influence corporate matters for the foreseeable future, including the election of directors as well as with respect to decisions regarding amendments to share capital, creating and issuing additional classes of shares, making significant acquisitions, selling significant assets or parts of the Company's business, merging with other companies and undertaking significant transactions. As a result, holders of MVS will have the ability to substantially influence most matters affecting the Company and actions may be taken that holders of SVS may not view as beneficial. The market price of the SVS could be adversely affected due to the significant influence and voting power of the holders of MVS. Additionally, the significant voting interest of holders of MVS may discourage transactions involving a change of control, including transactions in which an investor, as a holder of the SVS, might otherwise receive a premium for the SVS over the then-current market price, or discourage competing proposals if a going private transaction is proposed by one or more holders of MVS.

**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.

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.

**FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES**

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the financial statements of the Company for the period ended June 30, 2023 (together the "Annual Filings").

The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Interim and Annual Filings on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

**Web3 Ventures Inc. (formerly, La Jolla Capital Inc.)**  
**Management Discussion and Analysis**  
**For the year ended June 30, 2023 and 2022**

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

**CAUTIONARY STATEMENT**

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of projects and scope of projects and programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavors to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with incubating, accelerating and developing projects and applications for the decentralized web, price volatility in the decentralized web commodities we seek, and operational and political risks.