

WEB3 VENTURES INC.

Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and approved by the Audit Committee.

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

WEB3 VENTURES INC.**Condensed Interim Consolidated Statements of Financial Position****As at September 30, 2023 and 2022**

(Expressed in Canadian dollars)

	Note	September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
ASSETS			
Current assets			
Cash		\$ 573,683	\$ 790,514
Tax receivable		34,606	23,978
Prepaid expenses and deposits	4	16,386	40,269
Loan receivable	5	84,700	84,700
Digital assets	6	87,095	85,293
Total current assets		796,470	1,024,754
Non-current assets			
Investments	7	3,541,602	512,059
Equipment	8	120,826	132,908
Convertible note receivable	9	353,446	339,452
Total assets		\$ 4,812,344	\$ 2,009,173
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	\$ 222,893	\$ 320,698
Total liabilities		222,893	320,698
SHAREHOLDERS' EQUITY			
Share capital	12	23,229,950	20,101,121
Reserves	12	1,109,294	112,757
Obligation to issue shares	12	-	65,439
Accumulated other comprehensive loss		(98,825)	(95,176)
Deficit		(19,650,968)	(18,495,666)
Total Shareholders' Equity		4,589,451	1,688,475
Total Liabilities and Shareholders' Equity		\$ 4,812,344	\$ 2,009,173

Nature and Continuation of Operations (Note 1)

Subsequent events (Note 21)

Approved on behalf of the Board of Directors on November 22, 2023:

"David Nikzad"
Director

"Jason Hobson"
Director

WEB3 VENTURES INC.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended September 30, 2023 and 2022**

(Expressed in Canadian dollars - Unaudited)

	Note	September 30, 2023	September 30, 2022
		\$	\$
Revenue	21	13,719	-
Cost of revenue	20	(12,755)	-
Gross income		964	-
EXPENSES			
Consulting and management fees	17	146,286	119,964
Depreciation	8	12,083	-
Investor relations		23,498	-
Office expense		1,912	492
Professional fees	17	33,836	23,100
Share based compensation	12, 17	996,537	1,229
Transfer agent and filing fees		19,661	5,542
Operating expenses		(1,233,813)	(150,327)
Other income (expenses)			
Gain on write off of accounts payable	10	6,706	-
Interest income	9	6,888	-
Foreign exchange gain		72,222	-
Loss on revaluation of digital assets	6	(8,269)	-
Other income		77,547	-
Net loss for the period		(1,155,302)	(150,327)
Foreign currency translation loss		(3,649)	5,820
Total loss and comprehensive loss for the period		\$ (1,158,951)	\$ (144,507)
Basic and diluted loss per share		\$ (0.01)	\$ (0.00)
Weighted average number of voting shares outstanding – basic and diluted		160,688,724	97,333,241

WEB3 VENTURES INC.

Consolidated Statements of Changes in Shareholders' Equity
For the three months periods ended September 30, 2023 and 2022
(Expressed in Canadian dollars - Unaudited)

	Share Capital			Obligation to issue shares	Reserves	Deficit	AOCL	Total
	Outstanding SVS	Outstanding MVS	Amount					
Balance, June 30, 2022	97,333,241	-	\$ 17,903,979	\$ -	\$ 102,309	\$ (17,645,585)	\$ (95,622)	\$ 265,081
Stock-based compensation	-	-	-	-	1,229	-	-	1,229
Net loss for the period	-	-	-	-	-	(150,327)	-	(150,327)
Other comprehensive loss for the period	-	-	-	-	-	-	5,820	5,820
Balance, September 30, 2022	97,333,241	-	\$ 17,903,979	\$ -	\$ 103,538	\$ (17,795,912)	\$ (89,802)	\$ 121,803
Balance, June 30, 2023	71,304,654	683,047	\$ 20,101,121	\$ 65,439	\$ 112,757	\$ (18,495,666)	\$ (95,176)	\$ 1,688,475
Private placement Shares issued for services	669,691	-	66,969	(65,439)	-	-	-	1,530
Shares issued for Unstoppable Domains Inc.	400,000	-	40,000	-	-	-	-	40,000
Stock based compensation	-	302,186	3,021,860	-	996,537	-	-	3,021,860
Net loss for the period	-	-	-	-	-	(1,155,302)	-	(1,155,302)
Loss on revaluation of digital assets	-	-	-	-	-	-	(3,649)	(3,649)
Balance, September 30, 2023	72,374,345	985,233	\$ 23,229,950	\$ -	\$ 1,109,294	\$ (19,650,968)	\$ (98,825)	\$ 4,589,451

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

WEB3 VENTURES INC.

Condensed Interim Consolidated Statements of Cash Flows

For the three months periods ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

	September 30, 2023	September 30, 2022
Cash provided by (used in):		
Operating Activities		
Net loss for the period	\$ (1,155,302)	\$ (150,327)
Items not involving cash:		
Consulting expense	40,000	-
Depreciation	12,082	-
Interest income	(6,762)	403
Loss on revaluation of digital assets	-	(5,820)
Foreign exchange loss (gain)	(18,564)	5,820
Share based compensation	996,537	1,229
	(132,009)	(148,695)
Change in non-cash working capital:		
Receivables	(10,628)	(428)
Prepays	23,883	(8,025)
Digital assets	(1,802)	-
Accounts payable and accrued liabilities	(97,805)	(1,748)
Cash used in operating activities	(218,361)	(158,896)
Financing Activities		
Proceeds from private placements	1,530	-
Cash provided by financing activities	1,530	-
Change in cash	(216,831)	(158,896)
Cash, beginning of the period	790,514	329,932
Cash, end of the period	\$ 573,683	\$ 171,036

Supplemental Cash Flow Information (Note 16)

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Web3 Ventures Inc., Formerly La Jolla Capital Inc., (the "Company") was incorporated on April 6, 1990 under the laws of the Province of British Columbia as MicroCoal Technologies Inc. and on June 19, 1997 the Company continued as a federal corporation under the Canada Business Corporation Act. The Company changed its name from MicroCoal Technologies Inc. to La Jolla Capital Inc. on May 21, 2015, and from La Jolla Capital Inc. to Web3 Ventures Inc. on April 19, 2022. The Company is primarily 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 common shares trade on the Canadian Securities Exchange ("CSE") under the symbol "WEBV" and its registered office is located at 409-22 Leader Lane, Toronto Ontario, M5E 0B2.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim consolidated financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these unaudited condensed interim consolidated financial statements be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2023.

These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 22, 2023.

(b) Going Concern

At September 30, 2023, the Company incurred a loss of \$1,155,302 for the three months period then ended (2022 - \$150,327), had a working capital of \$573,577 (June 30, 2023 - \$704,056) and has accumulated losses of \$19,650,968 (June 30, 2023 -\$18,495,666) since its inception. The Company expects to incur further losses in the development of its new business. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management estimates that the Company has sufficient funds to maintain its operations and activities for the upcoming year. These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern.

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

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

(c) Basis of Measurement

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

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

(d) Basis of Consolidation

As of the date of these consolidated financial statements, the Company's structure is represented by Web3 Ventures Inc. as the parent company, and the following wholly owned subsidiaries:

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

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

(e) Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these unaudited condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended June 30, 2023.

Going concern

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

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting standards issued but not yet effective

As at the date of authorization of these consolidated financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after July 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company has assessed that no material impact is expected upon the adoption of the following amendments on its consolidated financial statements:

The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The Company does not believe that these amendments will have a material impact on the consolidated financial statements.

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

4. PREPAIDS AND DEPOSITS

As at September 30, 2023 and June 30, 2023, prepaids consisted of the following:

	September 30, 2023	June 30, 2023
	\$	\$
Pre-paid hosting services	-	12,753
Hosting service deposit	14,316	14,316
Consulting services	2,070	13,200
Closing balance	16,386	40,269

5. LOANS RECEIVABLE

As at June 30, 2023, the Company paid for certain expenditures on behalf of Orthogonal Thinker, an entity with common management, and has recognized a receivable of \$84,700 (2023 - \$84,700). The loan is unsecured, non-interest bearing and is due on demand. (Note 17)

6. DIGITAL ASSETS

As at September 30, 2023, digital assets consisted of NFTs and digital currencies. The Company's BTC is held in custody by an arm's length party and ETH is held in self-custody. The details of the Company's digital currencies are as follows:

	Bitcoin		Ethereum	
	Amount \$	Number of Bitcoin	Amount \$	Number of Ethereum
Balance, June 30, 2022	-	-	247	0.18
Mined currency	48,260	1.28	-	-
Gain on revaluation of digital assets	3,459	-	189	-
Balance, June 30, 2023	51,719	1.28	436	0.18
Mined currency	13,719	0.36	-	-
Loss on revaluation of digital assets	(5,260)	-	(33)	-
Balance September 30, 2023	60,178	1.65	403	0.18

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

Digital assets held are revalued each reporting period based on the fair market value of the price of the respective digital currency on the reporting date. As at September 30, 2023, the price of Bitcoin and Ethereum was \$36,561 and 2,266 (June 30, 2023 - \$40,345 and \$2,454), respectively, resulting in a loss on revaluation of digital assets of \$5,293 (June 30, 2023 – gain of \$3,648). During the year ended June 30, 2023, the gain of \$3,648 was recorded to other comprehensive income and reversed during the period ended September 30, 2023, with the balance of \$1,612 recorded as a loss on revaluation of digital assets in the Statement of Loss and Comprehensive Loss.

As at September 30, 2023, the Company owned 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. During the year ended June 30, 2022, the Company acquired 179 NFTs and paid \$71,326 or 35.63 Ethereum. During the three months period ended September 30, 2023, the fair value of these NFTs was \$26,514 (June 30, 2023 - \$33,138). During the period ended September 30, 2023, the Company recorded a loss on revaluation on digital assets of \$6,657 on the Statement of Loss and Comprehensive Loss.

7. INVESTMENTS

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

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

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

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

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

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

The Company holds the following SAFE investments:

	Bylines	Column	Contango	Dynasty	Total
	\$	\$	\$	\$	\$
Balance, June 30, 2022	30,445	33,100	-	-	63,545
Addition	-	-	165,500	72,820	238,320
Fair value change	8,143	-	-	-	8,143
Foreign exchange	2,285	-	-	-	2,285
Balance, June 30, 2023	40,873	33,100	165,500	72,820	312,293
Foreign exchange	1,242	700	3,500	1,540	6,982
Balance September 30, 2023	42,115	33,800	169,000	74,360	319,275

- i. On April 25, 2022, the Company invested \$30,445 into Bylines Inc., a private company, to invest in future rights to shares of Bylines Inc. capital stock. During the year ended June 30, 2023, Bylines Inc. completed a financing at a higher valuation than the Company's initial investment and the Company recorded a fair value change on investments of \$8,143. During the three months period ended September 30, 2023, the Company recorded a foreign exchange gain of \$1,242 (year ended June 30, 2023 - \$2,285).
- ii. On June 10, 2022, the Company invested \$33,100 into Column Inc. a private company, to invest in future rights to shares of Column Inc. capital stock. During the three months period ended September 30, 2023, the Company recorded a foreign exchange gain of \$700.
- iii. On March 27, 2023, the Company invested \$165,500 into Contango Digital Assets Inc., a private company, to invest in future rights to shares of Contango Digital Assets Inc. capital stock. During the three months period ended September 30, 2023, the Company recorded a foreign exchange gain of \$3,500.
- iv. On March 20, 2023, the Company invested \$72,820 into Dynasty Studios, Inc, a private company, to invest in future rights to shares of Dynasty Studios, Inc. capital stock. During the three months period ended September 30, 2023, the Company recorded a foreign exchange gain of \$1,540.

(b) Strategic Investment

On June 7, 2022, the Company completed a \$33,100 (June 30, 2022 - \$32,215) investment in OpenPool, a private decentralized web company focused on simplifying crypto investing. During the three months period ended September 30, 2023, the Company recorded a foreign exchange gain of \$700.

(c) Other Investments

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 August 30, 2023, the Company issued 302,186 MVS with a fair value of \$3,021,860 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.

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

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

	\$
Balance, at June 30, 2022	96,645
Additions – SAFE Investments	247,285
Additions – share swap	166,667
Change in fair value	8,143
Foreign exchange	(6,681)
Balance, at June 30, 2023	512,059
Additions – Unstoppable Domains	3,021,860
Foreign exchange	7,683
Balance, at September 30, 2023	3,541,602

All of the Company's investments are categorized as a level 3 asset on the fair value hierarchy on the statements of financial position as at September 30, 2023 and June 30, 2023.

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the three months ended September 30, 2023 and for the year ended July 31, 2023. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized gains (losses) are recognized in the statements of loss and comprehensive loss.

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

Description	Fair value at	Fair value at	Valuation technique / Unobservable inputs
	September 30, 2023	June 30, 2023	
	\$	\$	
SAFE Agreements	319,275	312,293	New investments / recent transactions / subsequent financings
Equity – private	3,222,327	199,766	New investments / recent transactions / subsequent financings
	3,541,602	512,059	

On September 30, 2023, a 10% change in the fair value (i.e., recent transaction price) of this investment will result in a corresponding \$354,160 (June 30, 2023 - \$51,206) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of the investments.

Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of this investment. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

As at September 30, 2023 and on June 30, 2023, the Company did not recognize an impairment on its investments.

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

8. EQUIPMENT

During the year ended June 30, 2023 the Company purchased mining infrastructure for the mining of digital currencies.

	Equipment \$	Total \$
Cost		
Balance, June 30, 2022	-	-
Additions	144,991	144,991
Balance, June 30, 2023	144,991	144,991
Balance, September 30, 2023	144,991	144,991
Accumulated depreciation		
Balance, June 30, 2022	-	-
Change	12,083	12,083
Balance, June 30, 2023	12,083	12,083
Change	12,082	12,082
Balance, September 30, 2023	24,165	24,165
Net book value		
June 30, 2023	132,908	132,908
September 30, 2023	120,826	120,826

9. CONVERTIBLE NOTE RECEIVABLE

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

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of:

	September 30, 2023	June 30, 2023
Accounts payable	\$ 66,670	\$ 46,417
Due to related parties	3,675	1,575
Accrued professional fees	152,548	272,706
Total	\$ 222,893	\$ 320,698

During the three months period ended September 30, 2023, the Company recorded a gain on write off of accounts payable of \$6,706 (year ended June 30, 2023 - \$40,642) and accrued liabilities that have been outstanding for several years without any claims from the past vendors. During the year ended June 30, 2023, the Company entered into a settlement agreement and recorded a gain on forgiveness of debt of \$47,054.

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

11. LOANS PAYABLE

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

12. 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 ("SVS")

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

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

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

i. Multiple Voting Shares ("MVS")

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

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

On February 27, 2023, the Company converted 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.

On October 19, 2023, the Company converted 17,113 MVS to 1,711,300 SVS.

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

(b) Issued and Outstanding

As at September 30, 2023, there were:

72,374,345 **SVS** issued and outstanding.

695,233 **MVS** issued and outstanding

i) Shares issued during the three months period ended September 30, 2023.

On July 19, 2023, the Company issued 400,000 SVS to a director of the Company with a fair value of \$40,000.

On August 30, 2023, the Company issued 302,186 MVS with a fair value of \$3,021,860 to Pluto 11.11 Inc., in exchange for 24,084 shares of Series A-1 Preferred Stock (the "Transaction") of Unstoppable Domains Inc. The Transaction constitutes a related party transaction.

On 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.

ii) Shares issued during the year ended June 30, 2023.

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 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.

On March 21, 2023, the Company issued 4,800 Units and settled \$480,000 of debt (Note 11). 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 4,800,000 SVS and 48,000 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.

Obligation to issue shares

On September 7, 2023, the Company issued 669,691 Units for gross proceeds of \$66,969. The Company transferred \$65,439 from obligation to issue shares to share capital.

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

(c) Warrants

The following is a summary of the Company's share purchase warrant activity for the three months period ended September 30, 2023 and for the year ended June 30, 2023.

	Number of Warrants	Number of SVS warrants	Number of MVS Warrants
Outstanding, June 30 2022	96,500,000	-	-
Conversion	(96,500,000)	48,000,000	480,000
Issued	-	10,152,373	101,522
Outstanding, June 30 2023	-	58,152,373	581,522
Issued	-	669,691	-
Outstanding, September 30, 2023	-	58,822,064	581,522

As at September 30, 2023 and as at June 30, 2023, all SVS and MVS warrants are vested.

During the year ended June 30, 2023, pursuant to the amendment to redesignate the existing class of common share to SVS and MVS, the Company converted 96,500,000 warrants to 48,000,000 SVS and 480,000 MVS warrants.

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.

Details of warrants outstanding as at September 30, 2023 are as follows:

Exercise price	Number of SVS Warrants Outstanding	Number of MVS Warrants Outstanding	Expiry date
\$ 0.10	13,250,000	-	April 22, 2027
\$10.00	-	153,750	April 22, 2027
\$ 0.10	33,750,000	-	May 17, 2027
\$10.00	-	183,750	May 17, 2027
\$ 0.10	-	-	May 24, 2027
\$10.00	-	122,500	May 24, 2027
\$ 0.10	1,000,000	-	June 3, 2027
\$10.00	-	20,000	June 3, 2027
\$ 0.15	10,152,373	-	March 21, 2025
\$15.00	-	101,522	March 21, 2025
\$0.20	669,691	-	September 7, 2025
	58,822,064	581,522	

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

(d) Stock options

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

i) Stock Options issued during the three months period ended September 30, 2023

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 stock options vested as follows: 2,275,000 vested immediately, with the remainder vesting every 3 months over a one-year period. The total grant date fair value of the options was measured at \$203,283. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - \$0.10; exercise price - \$0.05; expected life - 4 years; volatility - 117%; dividend yield - \$0; and risk-free rate - 3.99%. As at September 30, 2023, the Company recorded stock-based compensation of \$194,098.

On September 1, 2023, the Company granted 10,550,000 restricted stock options to management and consultants the Company at an exercise price of \$0.05 per stock option for up to four years. The stock options vested as follows: 6,650,000 vested immediately, with the remainder vesting every 3 months over a one-year period. The total grant date fair value of the options was measured at \$891,464. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - \$0.10; exercise price - \$0.05; expected life - 4 years; volatility - 116%; dividend yield - \$0; and risk-free rate - 3.97%. As at September 30, 2023, the Company recorded stock-based compensation of \$616,548.

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. The grant date fair value of the options was measured at \$85,891. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - \$0.10; exercise price - \$0.05; expected life - 4 years; volatility - 122%; dividend yield - \$0; and risk-free rate - 3.83%.

ii) Stock Options issued during the year ended June 30, 2023

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.

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.

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

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

	Number of Options
Outstanding, June 30, 2020 and 2021	-
Issued	10,725,000
Outstanding, June 30, 2022	10,725,000
Issued	100,000
Cancelled and expired	(10,825,000)
Outstanding and exercisable June 30, 2023	-
Issued	13,950,000
Outstanding and exercisable September 30, 2023	13,950,000

At September 30, 2023, the following share purchase options were outstanding:

Exercise price	Number of stock options	Number of stock options vested	Expiry date
\$0.05	1,000,000	1,000,000	July 19, 2027
\$0.05	10,550,000	6,650,000	September 1, 2027
\$0.05	2,400,000	2,275,000	September 6, 2027
	13,950,000	9,925,000	

(e) Restricted Stock options

On September 1, 2023, the Company granted 1,000,000 restricted stock options ("RSU") to management. All RSU's are allotted and reserved for issuance, and all subordinate voting shares duly vested in accordance with the terms of the RSU grant agreements shall be issued as fully paid and non-assessable shares in the capital of the Company. The RSUs vested immediately. The fair value of the restricted stock options was \$100,000.

(f) Reserve

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

13. FINANCIAL INSTRUMENTS

(a) Fair value information

As at September 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);

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

There were no transfers between levels during the three months period ended September 30, 2023 and during the year ended June 30, 2023.

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

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

	As at September 30, 2023		
	Level 1	Level 2	Level 3
Cash	\$ 573,683	\$ -	\$ -
Tax receivable	\$ 34,606	\$ -	\$ -
Convertible note receivable	\$ -	\$ 353,446	\$ -
Loan receivable	\$ 84,700	\$ -	\$ -
Investments	\$ -	\$ -	\$ 3,541,602
Accounts payable	\$ (222,893)	\$ -	\$ -

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

	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)	\$ -	\$ -

14. DIGITAL ASSETS AND RISK MANAGEMENT

Digital assets and risk management

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

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

The Company's digital assets currently consist of Bitcoin, Ethereum and NFTs. As at September 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 \$6,018 (June 30, 2023 - \$5,172).

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

Liquidity Risk

As at September 30, 2023, the Company held cash of \$573,683 (June 30, 2023 - \$790,514), had working capital of \$573,577 (June 30, 2023 - \$704,056). At September 30, 2023 and 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 September 30, 2023, there were USD Nil (June 30, 2023 – USD Nil) liabilities denominated in USD.

Credit Risk

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

Other Price Risk

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

14. MANAGEMENT OF CAPITAL

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

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

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.

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

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15. SUPPLEMENTAL CASH FLOW INFORMATION

	September 30, 2023	September 30, 2022
	\$	\$
Interest paid	-	-
Income taxes paid	-	-
Reclassification of obligation to issue shares to share capital	65,439	-

Non-cash investing and financing activities:

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.

On May 10, 2023, the Company completed the share swap agreement with Rocket Wellness Inc. and issued 1,666,667 SVS of the Company in exchange for 1,250,000 common shares of Rocket Wellness Inc.

On January 12, 2023, the Company entered into a \$480,000 promissory note agreement with OT, whereby OT paid for certain expenditures on behalf of the Company. The note was non-interest bearing, unsecured and due on demand. On March 21, 2023, the Company issued 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.

16. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

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

The remuneration of current directors who resigned during the year, and former directors and key management personnel for the three months period ended September 30, 2023, are as follows:

	September 30, 2023	September 30, 2022
Consulting fee paid to a former officer	\$ 52,713	\$ -
Consulting fee paid to a former director	-	5,500
Consulting fee paid to a company controlled by the CFO	1,500	-
Share based compensation	577,946	1,229
	\$ 632,159	\$ 6,729

As at September 30, 2023, the Company owed \$3,675 (June 30, 2023 - \$1,575) to related parties.

On August 30, 2023, the Company issued 302,186 MVS with a fair value of \$3,021,860 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.

On July 19, 2023, the Company issued 400,000 SVS to a director of the Company with a fair value of \$40,000.

WEB3 VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months period ended September 30, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

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.

The company has a loan receivable of \$84,700 (June 30, 2022 - \$84,700) for expenditures paid for on behalf of a related entity.

17. SEGMENTED INFORMATION

The Company operates in one industry segment.

18. COST OF REVENUE

Cost of revenue consists of site operating costs. As at September 30, 2023, cost of revenue was \$12,755 (September 30, 2022 - \$Nil).

19. REVENUE

Revenue consists of mined digital currency. As at September 30, 2023, mined revenue was \$13,719 (September 30, 2022 - \$Nil).

20. SUBSEQUENT EVENTS

On October 19, 2023, the Company converted 17,113 MVS to 1,711,300 SVS.

On October 23, 2023 50,000 options were exercised at \$0.05 for gross proceeds of \$2,500

On November 1, 2023, 1,000,000 RSU's were exercised.