

WEB3 VENTURES INC.

(Formerly La Jolla Capital Inc.)

Condensed Interim Consolidated Financial Statements

For the six months ended December 31, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

WEB3 VENTURES INC.**(Formerly La Jolla Capital Inc.)****Condensed Interim Consolidated Statements of Financial Position**

(Expressed in Canadian dollars - Unaudited)

	Note	At December 31, 2022	At June 30, 2022
ASSETS			
Current assets			
Cash		\$ 15,493	\$ 329,932
Receivables		5,496	4,722
Investments	4	101,580	96,645
Digital assets	5	71,614	71,573
Total assets		\$ 194,183	\$ 502,872
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6	\$ 125,315	\$ 185,049
Loans payable	7	53,548	52,742
Total liabilities		178,863	237,791
SHAREHOLDERS' EQUITY			
Share capital	8	17,903,979	17,903,979
Reserves		106,902	102,309
Deficit		(17,904,874)	(17,645,585)
Accumulated other comprehensive loss		(90,687)	(95,622)
Total Shareholders' Equity		15,320	265,081
Total Liabilities and Shareholders' Equity		\$ 194,183	\$ 502,872

Nature and Continuation of Operations (Note 1)

Proposed Transaction (Note 15)

Subsequent events (Note 16)

Approved on behalf of the Board of Directors on February 27, 2023:"Kirill Kompaniyets"

Director

"Gerald Kelly"

Director

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

WEB3 VENTURES INC.**(Formerly La Jolla Capital Inc.)****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****For the six-months periods ended December 31, 2022 and 2021**

(Expressed in Canadian dollars - Unaudited)

		Three months ended		Six months ended	
	Note	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
EXPENSES					
Consulting and management fees	13	\$ 67,010	\$ 24,000	\$ 186,974	\$ 48,000
Interest paid		403	-	806	-
Investor relations, agents and fees		-	600	-	600
Office expense		103	18	192	36
Professional fees	13	26,093	10,792	49,193	21,367
Share based compensation	13	3,364	-	4,593	-
Transfer agent and filing fees		12,030	-	17,572	-
Operating expenses		(109,003)	(35,410)	(259,330)	(70,003)
Other income (expenses)					
Foreign Exchange		41	-	41	-
Write off of liabilities		-	231,634	-	231,634
Other income (expenses)		41	231,634	41	231,634
Net income (loss) for the period		(108,962)	196,224	(259,289)	161,631
Other comprehensive (income) loss					
Foreign currency translation adjustment		(885)	377	4,935	(1,699)
Total (loss) income and comprehensive (loss) income for the period		\$ (109,847)	\$ 196,601	\$ (254,354)	\$ 159,932
Loss per share, basic and diluted		\$ (0.00)	\$ 0.45	\$ (0.00)	\$ 0.37
Weighted average number of common shares outstanding, basic and diluted		97,333,241	433,241	97,333,241	433,241

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

WEB3 VENTURES INC.**(Formerly La Jolla Capital Inc.)****Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)****For the six months periods ended December 31, 2022 and 2021**

(Expressed in Canadian dollars - Unaudited)

	Shares	Amount	Reserves Contributed Surplus	Deficit	Cumulative other comprehensive loss	Total
Balance, June 30, 2021	433,241	\$ 16,103,979	\$ -	\$ (17,178,377)	\$ (93,923)	\$ (1,168,321)
Net loss for the period	-	-	-	161,631	-	161,631
Other comprehensive loss for the period	-	-	-	-	(1,699)	(1,699)
Balance, December 31, 2021	433,241	\$ 16,103,979	\$ -	\$ (17,016,746)	\$ (95,622)	\$ (1,008,389)
Balance, June 30, 2022	97,333,241	\$ 17,903,979	\$ 102,309	\$ (17,645,585)	\$ (95,622)	\$ 265,081
Stock based compensation	-	-	4,593	-	-	4,593
Net loss for the period	-	-	-	(259,289)	-	(259,289)
Other comprehensive loss for the period	-	-	-	-	4,935	4,935
Balance, December 31, 2022	97,333,241	\$ 17,903,979	\$ 106,902	\$ (17,904,874)	\$ (90,687)	\$ 15,320

On April 19, 2022, the Company completed a one-for-ten share consolidation.

All references to share capital and per share data have been adjusted retrospectively to reflect the Company's one-for-ten share consolidation.

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

WEB3 VENTURES INC.
(Formerly La Jolla Capital Inc.)
Condensed Interim Consolidated Statements of Cash Flows
For the six months periods ended December 31, 2022 and 2021
(Expressed in Canadian dollars - Unaudited)

	Six Months Ended	
	December 31, 2022	December 31, 2021
Cash provided by (used in):		
Operating Activities		
Net gain/(loss) for the period	\$ (259,289)	\$ 161,631
Items not involving cash:		
Foreign exchange gain (loss)	(41)	(1,699)
Accrued interest	806	-
Share based compensation	4,593	-
Write off of liabilities	-	(231,634)
	(253,931)	(71,702)
Change in non-cash working capital:		
Receivables	(774)	(309)
Accounts payable and accrued liabilities	(59,734)	66,129
Cash Used in operating activities	(314,439)	(5,882)
Financing Activities		
Loans received	-	7,500
Cash (Used in) Provided by Financing activities	-	7,500
 (Decrease)Increase in cash	 (314,439)	 1,618
Cash, beginning of the period	329,932	1,004
Cash, end of the period	\$ 15,493	\$ 2,622

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

WEB3 VENTURES INC.

(Formerly La Jolla Capital Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the six-months periods ended December 31, 2022 and 2021

(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 an investment holding firm focused on incubating, accelerating and developing projects and applications for Web 3.0.

The Company's 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, 2022.

These unaudited condensed interim consolidated financial statements were authorized for issue on February 27, 2023 by the directors of the Company.

(b) Going Concern

At December 31, 2022, the Company incurred a loss of \$259,289 for the six-months period then ended (December 31, 2021 - \$161,631), had a working capital of \$15,320 (June 30, 2022 - \$265,081) and has accumulated losses of \$17,904,874 (June 30, 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. These circumstances indicate the existence of material uncertainty related to events and conditions that may cast significant doubt about the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of accounting principles applicable.

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.

(Formerly La Jolla Capital Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the six-months periods ended December 31, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

2. BASIS OF PREPARATION (continued)

(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 unaudited condensed interim 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 unaudited condensed interim 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%
Carbiopol – 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 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, 2022.

WEB3 VENTURES INC.

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Notes to the Condensed Interim Consolidated Financial Statements

For the six-months periods ended December 31, 2022 and 2021

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4. 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 instrument 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 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.

In accordance with IFRS 9, the Company initially recorded these SAFE investments at cost, which approximates fair value.

The Company holds the following SAFE investments:

- i. Bylines Inc. - \$32,215 SAFE investment in Bylines Inc, a private company, to invest in future rights to shares of Bylines Inc. capital stock. The "PostMoney Valuation Cap" is US\$32,000,000.
- ii. Column Inc. - \$32,215 SAFE investment in Column Inc., a private company, to invest in future rights to shares of Column Inc. capital stock. The "PostMoney Valuation Cap" is US\$10,000,000.

(b) Strategic Investment

During the year ended June 30, 2022, the Company completed a \$32,215 investment in OpenPool, a private decentralized web company focused on simplifying crypto investing. In accordance with IFRS 9, the Company initially recorded these SAFE investments at cost, which approximates fair value.

Summary of investments as at December 31, 2022, and June 30, 2022

	Fair Value - CAD December 31 2022 \$	Cost – CAD June 30 2022 \$	Cost – USD June 30 2022 \$
Bylines Inc.	33,860	32,215	25,000
Column Inc.	33,860	32,215	25,000
Open Pool	33,860	32,215	25,000
	101,580	96,645	75,000

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5. DIGITAL ASSETS

a) Ethereum

Ethereum is recorded at fair value on the acquisition date and revalued to their current market value at each reporting date. The fair value is determined using the spot rate based on reported prices on the date the tokens are received or recorded as a receivable. Ethereum held are revalued each reporting period based on the fair market value of the price of Ethereum on the reporting date. As at December 31, 2022, the price of Ethereum was \$1,623.96 (June 30, 2022 - \$1,374).

Ethereum transacted during the period was as follows:

	\$	Ethereum
Balance, June 30, 2021	-	-
Ethereum purchased	79,990	37.34
Acquired NFTs	(71,326)	(35.63)
Transaction costs	(2,101)	(1.53)
Loss on use of digital assets ⁽ⁱ⁾	(6,180)	-
Loss on revaluation of digital assets	(136)	-
Balance June 30, 2022	247	0.18
Foreign Exchange	41	-
Balance December 31, 2022	288	0.18

⁽ⁱ⁾ During the year ended June 30, 2022, the Company purchased NFTs and services with Ethereum for \$73,427 with a cost of \$79,610, which resulted in a realized loss on sale of \$6,180.

b) NFT

During May and June 2022, the Company purchased 180 NFTs for \$71,326 worth of Ethereum. NFTs are initially recorded at cost and under the cost model are carried at cost less any accumulated amortization and accumulated impairment losses. NFTs have an indefinite life and at December 31, 2022, and June 30, 2022, no impairment was recorded.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

During the six months ended December 31, 2022, the Company wrote-off \$Nil (Year ended June 30, 2022 - \$181,051) of trade payables and accrued liabilities that have been outstanding for several years without any claims from the past vendors. The Company recorded a gain on write-off of debt of \$Nil (Year ended June 30, 2022 - \$181,051).

Accounts payable and accrued liabilities consists of:

	December 31, 2022	June 30, 2022
Accounts payable	\$ 22,569	\$ 27,500
Due to related parties	2,050	79,932
Accrued liabilities	100,696	77,617
Total	\$ 125,315	\$ 185,049

WEB3 VENTURES INC.

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Notes to the Condensed Interim Consolidated Financial Statements

For the six-months periods ended December 31, 2022 and 2021

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7. LOANS PAYABLE

As at December 31, 2022, the Company had loans payable of \$53,548 (June 30, 2022 - \$52,742) to former related parties (Note 13). The loans are unsecured, non-interest bearing and are due on demand, except for one loan of \$20,000 that bears interest at 8% p.a. and had \$806 (2022 - \$442) interest accrued during the six months period.

During the six-months period ended December 31, 2022, the Company wrote-off \$Nil (year ended June 30, 2022 – \$82,734) from loans payable that were determined to be no longer liabilities.

8. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares, voting.

On April 19, 2022, the Company consolidated all of its issued and outstanding common shares on the basis of one new common share for every ten old common shares. Unless otherwise noted, all share information has been retroactively adjusted to reflect this consolidation. Also see subsequent event Note 15.

(b) Issued and Outstanding

As at December 31, 2022 there were 97,333,241 (June 30, 2022 – 97,333,241) shares issued and outstanding.

i) Shares issued during the six-months period ended December 31, 2022.

There were no shares issued during the six months period ending December 31, 2022.

ii) Shares issued during the year ended June 30, 2022.

On June 3, 2022, the Company closed a non-brokered private placement of 3,000,000 units of the Company issued at a price of \$0.02 per unit for gross proceeds of \$60,000. Each unit is comprised of one common share and one transferable share purchase warrant. Each warrant entitles the holder to purchase one share for a period of five years at an exercise price of \$0.10 per share.

On May 24, 2022, the Company closed a non-brokered private placement of 18,375,000 units of the Company issued at a price of \$0.02 per unit for gross proceeds of \$367,500. Each unit is comprised of one common share and one transferable share purchase warrant. Each warrant entitles the holder to purchase one share for a period of five years at an exercise price of \$0.10 per share.

On May 17, 2022, the Company closed a non-brokered private placement of 53,125,000 units of the Company issued at a price of \$0.02 per unit for gross proceeds of \$1,062,500. Each unit is comprised of one common share and one transferable share purchase warrant. Each warrant entitles the holder to purchase one share for a period of five years at an exercise price of \$0.10 per share.

On April 22, 2022, the Company closed a non-brokered private placement of 22,000,000 units of the Company issued at a price of \$0.005 per unit for gross proceeds of \$110,000. Each unit is comprised of one common share and one transferable share purchase warrant. Each warrant entitles the holder to purchase one share for a period of five years at an exercise price of \$0.10 per share.

On February 25, 2022, the Company closed a non-brokered private placement of 400,000 common shares of the Company issued at a price of \$0.50 per share for gross proceeds of \$200,000.

WEB3 VENTURES INC.**(Formerly La Jolla Capital Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

For the six-months periods ended December 31, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

8. SHARE CAPITAL (continued)**(c) Warrants**

The following is a summary of the Company's share purchase warrant activity for the six months period ended December 31, 2022 and for the year ended June 30, 2022.

	Number of Warrants
Outstanding, June 30, 2021	-
Issued	96,500,000
Outstanding, June 30 2022	96,500,000
Issued	-
Outstanding, December 31, 2022	96,500,000

Details of warrants outstanding as at December 31, 2022 are as follows:

Exercise price	Number of Warrants Outstanding	Expiry date
\$0.10	22,000,000	April 22, 2027
\$0.10	53,125,000	May 17, 2027
\$0.10	18,375,000	May 24, 2027
\$0.10	3,000,000	June 3, 2027
	96,500,000	

The weighted average price of warrants outstanding was \$0.10, and the weighted average life was 4.37 years.

(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, options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to five years from the date of grant.

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 – 100%; dividend yield – \$0; and risk-free rate – 3.02%. As at December 31, 2022, \$362 was recorded as vested.

WEB3 VENTURES INC.**(Formerly La Jolla Capital Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

For the six-months periods ended December 31, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

8. SHARE CAPITAL (continued)**(d) Stock options (continued)**

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 – 100%; dividend yield – \$0; and risk-free rate – 3.02%. As at December 31, 2022 \$135 was recorded as vested.

On June 30, 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 \$224. 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 – 100%; dividend yield – \$0; and risk-free rate – 3.09%. As at December 31, 2022 \$136 was recorded as vested.

On June 15, 2022, the Company granted incentive stock options to consultants to purchase an aggregate of 100,000 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 \$900. 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 – 100%; dividend yield – \$0; and risk-free rate – 3.37%. As at December 31, 2022 \$572 was recorded as vested.

On June 14, 2022, the Company granted incentive stock options to consultants to purchase an aggregate of 10,600,000 common shares at an exercise price of \$0.10 per common share for up to five years. Of the options issued, 750,000 options vest 36 months from grant date and 9,850,000 options vested upon grant. The total grant date fair value of the options was measured at \$109,928. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - \$0.02; exercise price - \$0.10; expected life – 5 years; volatility – 100%; dividend yield – \$0; and risk-free rate – 3.54%. As at December 31, 2022 \$105,689 was recorded as vested.

The following is a summary of the Company's option 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	(300,000)
Outstanding, December 31, 2022	10,525,000
Exercisable December 31, 2022	9,841,665

WEB3 VENTURES INC.**(Formerly La Jolla Capital Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

For the six-months periods ended December 31, 2022 and 2021

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8. SHARE CAPITAL (continued)**(d) Stock options (continued)**

Details of options outstanding as at December 31, 2022 are as follows:

Exercise price	Number of Options outstanding	Expiry date
\$0.10	10,300,000	June 14, 2027
\$0.10	100,000	June 15, 2027
\$0.10	25,000	June 30, 2027
\$0.15	25,000	July 4, 2027
\$0.15	75,000	July 15, 2027
Total Options		10,775,000

The weighted average price of options outstanding was \$0.10, and the weighted average life was 4.46 years.

(d) 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.

9. FINANCIAL INSTRUMENTS**(a) Fair value information**

As at December 31, 2022, the Company's financial instruments consist of cash, receivables, investments, accounts payable and loans payable. The carrying values of receivables, accounts payable and loans payable approximate their fair values because of their current nature. All financial assets and financial liabilities are recorded at fair value on initial recognition.

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

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

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

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

There were no transfers between levels during the six-month period ended December 31, 2022 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.)****Notes to the Condensed Interim Consolidated Financial Statements**

For the six-months periods ended December 31, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

9. FINANCIAL INSTRUMENTS (continued)**(a) Fair value information (continued)**

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at December 31, 2022 and June 30, 2022:

	As at December 31, 2022			
		Level 1	Level 2	Level 3
Cash	\$	15,493	\$ -	\$ -
Investments	\$	-	\$ -	\$ 101,580

	As at June 30, 2022			
		Level 1	Level 2	Level 3
Cash	\$	329,932	\$ -	\$ -
Investments	\$	-	\$ -	\$ 96,645

10. 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 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 Ethereum and NFTs. As at December 31, 2022, if the market price of Ethereum increased or decreased by 10% with all other variables held constant, the corresponding digital assets value increase or decrease respectively would amount to approximately \$28.

Liquidity Risk

As at December 31, 2022, the Company held cash of \$15,493 (June 30, 2022 - \$329,932), had working capital of \$15,320 (June 30, 2022 - \$265,081). At December 31, 2022, the Company expects that it will be able to obtain funding from investors in order 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.

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.

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10. DIGITAL ASSETS AND RISK MANAGEMENT (continued)

Currency Risks (continued)

The Company is from time to time, exposed to currency risk related to certain accounts payable and accrued liabilities and other payable amounts which were denominated in USD. As at December 31, 2022, there were USD Nil (June 30, 2022 – USD Nil) liabilities denominated in USD.

11. 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 and to start to development its mining interest. The Company considers its capital to be share capital.

The Company's operations are currently not generating any cash flows; as such, the Company is dependent on external and related party financing to fund its costs. The Company will need to raise additional amount in order to meet its obligations. Companies in this stage typically rely upon equity and debt financing to fund operations. The Company is not listed on a stock exchange at December 31, 2022. There is no certainty with respect to the Company's ability to raise capital.

Additional financing may be required to meet the Company's business objectives.

At December 31, 2022, there was no externally imposed capital requirement to which the Company is subject.

12. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2022	December 31, 2021
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

13. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

As at December 31, 2022, the Company owed \$1,000 (June 30, 2022 - \$1,000) to the current CFO and \$1,050 (June 30, 2022 - \$Nil) to a current director of the Company.

As at December 31, 2022, the Company owed \$Nil (June 30, 2022 - \$78,932) to various former directors and their companies.

As at December 31, 2022, the Company had loans payable of \$53,548 (June 30, 2022 - \$52,742) to the Company of a former director (Note 7).

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13. RELATED PARTY TRANSACTIONS (continued)

The remuneration of current and former directors and key management personnel during the six-months periods ended December 31, 2022 are as follows:

	Six-month period ended	
	December 31, 2022	December 31, 2021
Management, consulting, directors' and professional fees	\$ 12,000	\$ 66,000
Share based compensation	3,432	-
	\$ 15,425	\$ 66,000

The Company issued on June 14, 2022, 250,000 Options at \$0.10 for five years vesting immediately, to a former director, recording a fair value and vesting of \$2,592.

The Company also issued on June 14, 2022, 750,000 Options to the new directors at \$0.10 for five years, to be vested 36 months from grant date, fair valued at \$7,778. As at December 31, 2022 a further \$3,432 (June 30, 2022 - \$114) vesting was recorded and 250,000 Options were cancelled.

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.

14. SEGMENTED INFORMATION

The Company operates in one industry segment. At December 31, 2022 and June 30, 2022, the Company has operations on the web and there was no property and equipment in any geographical area.

15. PROPOSED TRANSACTION

The Company have entered into a Securities Purchase Agreement, the "**Agreement**" with a group of purchasers, the "**Purchasers**" to complete a sale of securities of the Company, the "**Transaction**". The group of Purchasers under the Agreement are led by Orthogonal Thinker Inc.

The Transaction remains subject to the receipt of all necessary corporate and regulatory approvals.

In accordance with the Agreement, it is proposed that the following are to occur:

- 1.the calling of an Annual and Special Meeting of the Company to address: among other matters, the reconstitution of the board of directors and management of the Company such that the majority directors and officers of the Company are comprised of Orthogonal Thinker Inc.'s nominees and to make changes to the Company's articles to reclassify its common shares into a Multiple Voting Share "**MVS**" and Subordinated Voting Share ("**SVS**") class structure;
- 2.the Purchasers will purchase from the Vendors an aggregate of 50,000,000 shares and 50,000,000 warrants of the Company. The existing shares and warrants of the Company will be adjusted on a 1:1 basis, in the case of SVS, or 100:1 basis, in the case of MVS, with certain Purchasers to receive units to purchase SVS and corresponding warrants, and others to receive MVS and corresponding warrants; and

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15. PROPOSED TRANSACTION (continued)

3. the Company, with the support of the new management proposed following the Transaction, will launch a non-brokered private placement on December 20th, 2022, which will be an offering of units, the **"Financing Units"** for aggregate proceeds of at least \$1,000,000. Each Financing Unit consisting of 10 MVS and 1,000 SVS, to be priced at \$100 per such Financing Unit. Each Financing Unit will therefore consist of 2,000 SVS on an as-converted basis, resulting in an effective price of \$0.05 per SVS.

The AGM took place on December 19th, 2022, at 1:00 PM (Toronto time) and all matters to be proposed at the AGM as per the Agreement were approved.

16. SUBSEQUENT EVENTS

On January 12, 2023, the Company received a loan in the amount of \$480,000 and issued a promissory note for this amount to the lender. The loan matures in ninety days, is unsecured and bears no interest.

On February 13, 2023, the Company closed an unsecured convertible debenture financing ("Debenture") with an aggregate face value of USD \$250,000 with Rocket Wellness Inc. (the "Issuer"). 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 also entered into an investor rights agreement with the Issuer, a corporation existing under the laws of Delaware, the Company will receive the right to appoint a director on the board of the Rocket.