

## FORM 9

### **NOTICE OF ISSUANCE OR PROPOSED ISSUANCE OF LISTED SECURITIES** **(or securities convertible or exchangeable into listed securities<sup>1</sup>)**

Name of Listed Issuer:	Symbol(s):
Prophecy DeFi Inc. (the "Issuer").	PDFI

Date: November 30, 2021 Is this an updating or amending Notice:  Yes  No

If yes provide date(s) of prior Notices: November 15, 2021.

Issued and Outstanding Securities of Issuer Prior to Issuance: 131,947,212.

#### **Pricing**

Date of news release announcing proposed issuance: November 15, 2021 and November 30, 2021 or

Date of confidential request for price protection: November 12, 2021

Closing Market Price on Day Preceding the news release: \$0.77 or

Day preceding request for price protection: \$0.67

#### **Closing**

Number of securities to be issued: Up to \$10,000,000 aggregate principal amount of convertible debenture units of the Issuer (each, a "Debenture Unit") at an issue price of \$1,000 per Debenture Unit (with an agent's option for an additional \$1,500,000 of Debenture Units). Each Debenture Unit will be comprised of \$1,000 principal amount of 10.0% unsecured convertible debentures of the Issuer (the "Convertible Debentures") and 1,250 common share purchase warrants of the Issuer (the "Warrants"). Each Convertible Debenture will mature thirty-six (36) months following the closing date of the offering (the "Maturity Date") and will bear interest at a rate of 10.0% per annum from the date of issue, payable quarterly in cash. The Convertible Debentures will be convertible into common shares of the Issuer (each, a "Common Share") at the option of the holder at any time prior to the Maturity Date, or on the business day immediately preceding a date fixed for redemption of the Convertible Debentures, at a conversion price equal to \$0.80 per Common Share (the "Conversion Price"). Upon conversion, the holder will receive accrued and unpaid interest on the principal amount of the Convertible Debentures that is the subject of the conversion for the period from and including the date of the latest interest payment date to, but excluding, the date of conversion. The Conversion Price shall be subject to adjustment upon the occurrence of certain customary events. The Issuer will have the right to force conversion of the Convertible Debentures at the Conversion Price if the daily volume weighted average trading price of the Common Shares on the Canadian Securities Exchange (the "CSE") is greater than \$1.50 for 10 consecutive trading days. The Warrants will be exercisable into one Common Share at a price of \$1.25 per Common Share for a period of thirty-six (36) months from the closing date of the offering, subject to the right of the Issuer to accelerate the expiry date of the

Warrants if, at any time following the date that is four months and one day following the closing date of the offering, the daily volume weighted average trading price of the Common Shares on the CSE is greater than \$2.50 for 10 consecutive trading days. Up to 14,375,000 Common Shares at a price of \$0.80 per Common Share will be issued upon conversion of the Convertible Debentures, up to an additional 14,375,000 Common Shares will be issued upon exercise of the Warrants, up to an additional 1,437,500 Common Shares will be issued upon conversion and exercise of Convertible Debentures and Warrants issued in satisfaction of the Agents' Cash Fee, up to an additional 1,437,500 Common Shares upon exercise of the Agents' Units and exercise of Warrants issued in connection therewith, and up to an additional 718,750 Common Shares will be issued upon conversion of the Convertible Debentures and Warrants issued in connection with the corporate finance fee.

Issued and outstanding securities following issuance: 164,290,962 (conversion or exercise of all convertible securities)

**Instructions:**

1. For private placements (including debt settlement), complete tables 1A and 1B in Part 1 of this form.
2. Complete Table 1A – Summary for all purchasers, excluding those identified in Item 8.
3. Complete Table 1B – Related Persons only for Related Persons
4. If shares are being issued in connection with an acquisition (either as consideration or to raise funds for a cash acquisition) please proceed to Part 2 of this form.
5. An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10 – Notice of Proposed Transaction
6. Post the completed Form 9 to the CSE website in accordance with *Policy 6 – Distributions*. In addition, the completed form must be delivered to [listings@thecse.com](mailto:listings@thecse.com) with an appendix that includes the information in Table 1B for ALL places.

**Part 1. Private Placement**

**Table 1A – Summary**

Each jurisdiction in which purchasers reside	Number of Purchasers	Price per Security	Total dollar value (CDN\$) raised in the jurisdiction
To be determined	To be determined	\$1,000	To be determined
Total number of purchasers:			
Total dollar value of distribution in all jurisdictions:			

## **Table 1B – Related Persons**

Full Name & Municipality of Residence of Placee	Number of Securities Purchased or to be Purchased	Purchase price per Security (CDN\$)	Conversion Price (if Applicable) (CDN\$)	Prospectus Exemption	Total Securities Previously Owned, Controlled or Directed	Payment Date(1)	Describe relationship to Issuer (2)
To be determined							

<sup>1</sup>An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10.

1. Total amount of funds to be raised: Up to \$11,500,000.
2. Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material. The Issuer intends to use the net proceeds from the offering for advancement to its subsidiary for liquidity mining operations and general working capital purposes.
3. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer: Not applicable.
4. If securities are issued in forgiveness of indebtedness, provide details of the debt agreement(s) or and the agreement to exchange the debt for securities.  
Not applicable.
5. Description of securities to be issued:
  - (a) Class: Debenture Units.
  - (b) Number: Up to \$11,500,000 of Debenture Units.
  - (c) Price per security: \$1,000.
  - (d) Voting rights: Not applicable.
6. Provide the following information if warrants, (options) or other convertible securities are to be issued:
  - (a) Number: Up to 14,375,000 Warrants.

- (b) Number of securities eligible to be purchased on exercise of warrants (or options): Up to 14,375,000 Common Shares.
  - (c) Exercise price: \$1.25.
  - (d) Expiry date: 36 months from the closing date of the offering, subject to the right of the Issuer to accelerate the expiry date of the Warrants if, at any time following the date that is four months and one day following the closing date of the offering, the daily volume weighted average trading price of the Common Shares on the CSE is greater than \$2.50 for 10 consecutive trading days.
7. Provide the following information if debt securities are to be issued:
- (a) Aggregate principal amount: Up to \$11,500,000.
  - (b) Maturity date: 36 months from the closing date of the offering.
  - (c) Interest rate: 10%.
  - (d) Conversion terms Each Convertible Debenture is convertible into Common Shares at the option of the holder at any time prior to the Maturity Date, or on the business day immediately preceding a date fixed for redemption of the Convertible Debentures, at the Conversion Price. Upon conversion, the holder will receive accrued and unpaid interest on the principal amount of the Convertible Debentures that is the subject of the conversion for the period from and including the date of the latest interest payment date to, but excluding, the date of conversion. The Conversion Price shall be subject to adjustment upon the occurrence of certain customary events. The Issuer will have the right to force conversion of the Convertible Debentures at the Conversion Price if the daily volume weighted average trading price of the Common Shares on the CSE is greater than \$1.50 for 10 consecutive trading days. Upon a change of control of the Issuers, holders of Debentures will have the right to require the Issuer to repurchase their Convertible Debentures, in whole or in part, on the date that is 30 days following notice of the change of control at a price equal to 105% of the principal amount of the Convertible Debentures then outstanding plus accrued and unpaid interest thereon.
  - (e) Default provisions: Not applicable.
8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the placement (including warrants, options, etc.):

Canaccord Genuity Corp., 161 Bay Street, Suite 3000, Toronto, ON M5J 2S1

INFOR Financial Inc., 200 Bay Street, Royal Bank Plaza South, Suite 2350, Toronto, ON M5J 2J2

- (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, and if a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer):
  - (b) Cash: 5.0% of the aggregate gross proceeds of the offering payable in cash or Debenture Units, or any combination thereof, at the option of the agents.
  - (c) Securities: The agents will receive units (the “Agents’ Units”) equal to 5.0% of the gross proceeds of the offering divided by the Conversion Price, exercisable at an exercise price equal to the Conversion Price for a period of thirty-six (36) months following the closing date of the offering. Each Agents’ Unit will be comprised of one Common Share and one Warrant.
  - (d) Other: The Issuer will also pay to the Canaccord Genuity Corp., as lead agent, a corporate finance fee equal to that number of Debenture Units which is equal to 2.5% of the number of Debenture Units issued pursuant to the offering.
  - (e) Expiry date of any options, warrants etc.: 36 months from the closing date of the offering.
  - (f) Exercise price of any options, warrants etc.: \$0.80 for the Agents’ Units and \$1.25 for the Warrants.
9. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship.
- Not applicable.
10. Describe any unusual particulars of the transaction (i.e. tax “flow through” shares, etc.).
- Please see above.
11. State whether the private placement will result in a change of control.
- Not applicable.

- 12. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders. Not applicable.
- 13. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period required by National Instrument 45-102 Resale of Securities.

**Part 2. Acquisition**

- 1. Provide details of the assets to be acquired by the Issuer (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material: \_\_\_\_\_ .
- 2. Provide details of the acquisition including the date, parties to and type of agreement (eg: sale, option, license etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material: \_\_\_\_\_ .
- 3. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments:
  - (a) Total aggregate consideration in Canadian dollars: \_\_\_\_\_ .
  - (b) Cash: \_\_\_\_\_ .
  - (c) Securities (including options, warrants etc.) and dollar value: \_\_\_\_\_ .
  - (d) Other: \_\_\_\_\_ .
  - (e) Expiry date of options, warrants, etc. if any: \_\_\_\_\_ .
  - (f) Exercise price of options, warrants, etc. if any: \_\_\_\_\_ .
  - (g) Work commitments: \_\_\_\_\_ .
- 4. State how the purchase or sale price was determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).

5. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer: \_\_\_\_\_

6. The names of parties receiving securities of the Issuer pursuant to the acquisition and the number of securities to be issued are described as follows:

Name of Party (If not an individual, name all insiders of the Party)	Number and Type of Securities to be Issued	Dollar value per Security (CDN\$)	Conversion price (if applicable)	Prospectus Exemption	Total Securities, Previously Owned, Controlled or Directed by Party	Describe relationship to Issuer <sup>(1)</sup>

(1) Indicate if Related Person

7. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired: \_\_\_\_\_

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the acquisition (including warrants, options, etc.):

(a) Details of any dealer, agent, broker or other person receiving compensation in connection with the acquisition (name, and if a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): \_\_\_\_\_

(b) Cash \_\_\_\_\_

(c) Securities \_\_\_\_\_

(d) Other \_\_\_\_\_

(e) Expiry date of any options, warrants etc. \_\_\_\_\_

(f) Exercise price of any options, warrants etc. \_\_\_\_\_

9. State whether the sales agent, broker or other person receiving compensation in connection with the acquisition is a Related Person or has any other relationship with the Issuer and provide details of the relationship. \_\_\_\_\_

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10. If applicable, indicate whether the acquisition is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. \_\_\_\_\_



## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance on behalf of the Issuer.
2. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.
3. the Issuer has obtained the express written consent of each applicable individual to:
  - (a) the disclosure of their information to the Exchange pursuant to this Form or otherwise pursuant to this filing; and
  - (b) the collection, use and disclosure of their information by the Exchange in the manner and for the purposes described in Appendix A or as otherwise identified by the Exchange, from time to time
4. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
5. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated: November 30, 2021

John McMahon  
Name of Director or Senior  
Officer

"John McMahon" (signed)  
Signature

Chief Executive Officer  
Official Capacity

## Appendix A

### PERSONAL INFORMATION COLLECTION POLICY REGARDING FORM 9

The Canadian Securities Exchange and its subsidiaries, affiliates, regulators and agents (collectively, “CSE or the “Exchange”) collect and use the information (which may include personal or other information) which has been provided in Form 9 for the following purposes:

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- To determine whether an individual is suitable to be associated with a Listed Issuer;
- To determine whether an issuer is suitable for listing;
- To determine whether allowing an issuer to be listed or allowing an individual to be associated with a Listed Issuer could give rise to investor protection concerns or could bring the Exchange into disrepute;
- To conduct enforcement proceedings;
- To ensure compliance with Exchange Requirements and applicable securities legislation; and
- To fulfil the Exchange’s obligation to regulate its marketplace.

The CSE also collects information, including personal information, from other sources, including but not limited to securities regulatory authorities, law enforcement and self-regulatory authorities, regulation service providers and their subsidiaries, affiliates, regulators and agents. The Exchange may disclose personal information to these entities or otherwise as provided by law and they may use it for their own investigations.

The Exchange may use third parties to process information or provide other administrative services. Any third party will be obliged to adhere to the security and confidentiality provisions set out in this policy.

All personal information provided to or collected by or on behalf of The Exchange and that is retained by The Exchange is kept in a secure environment. Only those employees who need to know the information for the purposes listed above are permitted access to the information or any summary thereof. Employees are instructed to keep the information confidential at all times.

Information about you that is retained by the Exchange and that you have identified as inaccurate or obsolete will be corrected or removed.

If you wish to consult your file or have any questions about this policy or our practices, please write the Chief Privacy Officer, Canadian Securities Exchange, 220 Bay Street – 9th Floor, Toronto, ON, M5J 2W4.