

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company

Prophecy DeFi Inc. (the “**Company**”)
87 Scollard Street, Suite 100
Toronto, Ontario M5R 1G4

2. Date of Material Change

September 10, 2021

3. News Release

A press release disclosing the material change was released on September 13, 2021, through the facilities of Cision.

4. Summary of Material Change

The Company announced that it has closed the acquisition of the remaining 40% of Layer2 Blockchain Inc. (“**Layer2**”) through the issuance of 25,000,000 common shares in the capital of the Company.

5. Full Description of Material Change

The Company completed the acquisition of the remaining 40% of the issued and outstanding common shares of Layer2. As consideration for the Transaction, the Company issued an aggregate of 25,000,000 common shares of the Company (each a “**Common Share**”) to the shareholders of Layer2 on a pro rata basis (the “**Transaction**”).

All Common Shares issued in connection with the acquisition of Layer2 are subject to voluntary lock-ups of up to 21 months, subject to certain accelerated releases in the event the Company’s Common Shares trade above certain prices. Further information on the Transaction can be found in the press releases of the Company dated June 8, 2021 and July 9, 2021.

The Company initially acquired a 60% interest in Layer2 Blockchain on July 9, 2021. Layer2’s management team has proven to be extremely skilled at identifying opportunities in the Decentralized Finance (“**DeFi**”) space, executing on market trades and creating returns that exceeded the Company’s targets. On this basis, the Company decided to proceed with accelerating the timeline of the purchase of the remaining 40% interest in Layer2 Blockchain

Layer2 specializes in liquidity provisioning, pooled lending, and staking in non-Ethereum DeFi protocols. By providing capital to emerging marketplaces, Layer2 does not just profit from high yields, but also takes an early ownership stake in these growing exchanges.

In connection with the Transaction, the Company agreed to issue 500,000 Common Shares to a certain eligible finder. The shares issued to such finder are subject to a four-month and one day resale restriction and the same lock-ups as noted above.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis.

7. Omitted Information

No significant facts have been omitted from this Material Change Report.

8. Executive Officer

For further information, contact John McMahon, Chief Executive Officer of the Company at (416) 786-9031.

9. Date of Report

This report is dated at Toronto, this 20th day of September, 2021.

Cautionary Statement Regarding Forward-Looking Information

Certain information set forth in this material change report may contain forward-looking information that involves substantial known and unknown risks and uncertainties. This forward-looking information is subject to numerous risks and uncertainties, certain of which are beyond the control of the Company, including, but not limited to, the impact of general economic conditions, industry conditions, and dependence upon regulatory approvals. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking information. The parties undertake no obligation to update forward-looking information except as otherwise may be required by applicable securities law.

Neither the Canadian Securities Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this report.