



PROPHECY DEFI ANNOUNCES ACQUISITION OF 100% OF LAYER2 BLOCKCHAIN

September 13th, 2021 (Toronto, Ontario): Prophecy DeFi Inc. ("**Prophecy DeFi**" or the "**Company**") (CSE: PDFI) is pleased to announce that, further to its press releases of June 8, 2021 and July 9, 2021, it has completed the previously announced acquisition (the "**Transaction**") of the remaining 40% of the issued and outstanding common shares of Layer2 Blockchain Inc. ("**Layer2**"). As consideration for the Transaction, the Company issued a further 25,000,000 common shares of the Company (each a "**Common Share**") to the shareholders of Layer2 on a pro rata basis.

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.

Prophecy DeFi initially acquired a 60% interest in Layer2 Blockchain on July 8th. 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 Prophecy DeFi'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.

"We are thrilled to acquire full ownership of this innovative company," said John McMahon, CEO, Prophecy DeFi. "Layer2 is managed by an extremely talented team of DeFi operators, and we will be accelerating the growth of the existing Layer2 business with additional capital and resources that will continue to enhance their operations."

"This relationship with Prophecy DeFi is truly symbiotic. With the access to capital and knowledgeable advisors that Prophecy DeFi offers, we are able to concentrate our efforts on executing our business plan. Just 60 days after the initial Transaction, we've proven the business thesis and see a tremendous future in the growth prospects of the company." said Andrew Young, CEO, 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.

Layer2 Blockchain Performance

Layer2 Blockchain has performed exceptionally well since it began deploying capital into DeFi opportunities on July 17th. As of September 2nd, or its first 47 days of operations, Layer2 has initiated 9 trades. The largest of these trades was providing liquidity provisioning to DinoSwap and the amount of capital deployed into this trade reached a height of \$3,282,660.50. Through this trade alone, Layer2 has had capital appreciation of \$1,023,719 in this period and yielded a time weighted rate of return of 77.75%. This trade remains active and continues to generate positive returns.

Further to the DinoSwap trade, Layer2 initiated additional trades within this 47-day period, by deploying capital through liquidity provisioning on ApeSwap, QuickSwap and Impermax where ETH, BTC, MATIC, and stable coins have been deployed. These trades have yielded holding period returns of 76.31%, 42.3%, and 25.9%, respectively. Layer2 aggressively compounds the profits from these trades multiple times a day to amplify returns.

The company is seeing a growing number of opportunities to increase its activity and capital deployment into this high-growth market.

Outlook

DeFi is one of the fastest growing asset classes worldwide, having grown 150x from less than \$1B in May 2020 to over \$150B in total value locked today.¹

Since the initial acquisition of Layer2 on July 8th, Prophecy DeFi has advanced \$1.1M to Layer2 in order to accelerate the growth of the business. With the closing of this Transaction, Prophecy DeFi is planning to advance additional funds to Layer2, which will allow them to take advantage of new and quickly emerging market opportunities.

Layer2's performance is strengthened by the continuous expansion of Prophecy DeFi's Advisory Committee. Prophecy DeFi's Advisors are world-renowned leaders in DeFi and blockchain technology, who have built some of the largest and fastest growing protocols in the sector. These Advisors support Prophecy DeFi's long-term mission to not only capitalize on opportunities in the market, but to actively grow and build on existing DeFi infrastructures. The expertise, access, and industry connections of Prophecy DeFi's Advisory Committee is proving to be paramount in achieving these corporate objectives and will continue to serve as a competitive advantage to the operations of Layer2.

Share Issuances

The Company has agreed to extend a consulting contract with an investor relations firm, The Bid Capital (the "Contract"). The Contract has a fee payable of \$250,000, which will be satisfied through the issuance of 500,000 common shares at a deemed price of \$0.50 per share (the "Shares"). These Shares will be subject to a statutory holding period expiring on the date that is four (4) months and one day from the issuance date and subject to an additional escrow of up to 21 months based on certain agreed upon performance milestones. 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 the same lock-ups as noted above.

¹ Source: DeFi Llama (<https://defillama.com/>)

About Layer2 Blockchain

Layer2 Blockchain is focused on accelerating the development of the DeFi industry on scalable blockchains by providing early-stage liquidity to the most promising DeFi projects.

Additional information about the Company can be found on the Company's website at www.layer2defi.com

About Prophecy DeFi

Prophecy DeFi (CSE:PDFI) aims to bring together technology start-ups in the Blockchain and DeFi sectors to fund innovation, elevate industry research, and create new business opportunities in a coherent ecosystem.

Additional information about the Company can be found on the Company's website at: www.prophecydefi.com

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Forward-Looking Information

Certain information set forth in this news release 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 and the possibility that the completion of the transaction may not occur. 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 release.