



**PROPHECY DEFI'S INVESTMENT COMPANY LAYER2 BLOCKCHAIN CONTINUES TO IDENTIFY AND  
DEPLOY CAPITAL INTO HIGH YIELD DEFI OPPORTUNITIES**

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**January 20, 2022 (Toronto, Ontario):** Prophecy DeFi Inc. ("**Prophecy DeFi**", "**Prophecy**" or the "**Company**") (CSE: PDFI) is pleased to provide investors with an operational update on its wholly owned subsidiary, Layer2 Blockchain Inc. ("**Layer2 Blockchain**", "**Layer2**", or the "**Company**").

**Layer2 Blockchain Investment Update**

Layer2 continues to produce significant yields from its existing positions in the DeFi sector. Core to Layer2's strategy is liquidity mining, which returns a yield on deployed crypto assets irrespective of market conditions. As such, Layer2 will continue to generate revenue even if there is a decline in the underlying price of its crypto assets. Unlike proof of work miners, liquidity miners provide capital to a liquidity pool on a decentralized exchange. These pools support the function of decentralized exchanges, and the liquidity miners are rewarded with a fee for every transaction. In some cases, Layer2 also earns additional founding tokens in the underlying exchanges, which grant governance rights as well as the opportunity for capital appreciation when the tokens initiate trading on the blockchain.

These founding tokens are provided to Layer2 due to the strategic benefits the company provides to new DeFi protocols prior to launch. This includes advice on market positioning along with initial capital allocation. Layer2 refers to these opportunities as "Day Zero", which is where they can add the most value to new protocols and generate outsized returns for investors.

The Layer2 team continues to identify new and fast-growing decentralized exchanges, and has deployed capital into Ronin and IDEX. Ronin is a "Day Zero" opportunity and IDEX is a new exchange that has launched on their own newly created layer two blockchain.

***Ronin***

Ronin is the underlying blockchain of Axie Infinity, which is the world's most popular play-to-earn video game. Layer2 has become a "Day Zero" liquidity provider to Ronin. To date, Layer2 has earned 28,890 RON tokens which are anticipated to begin trading on January 30, 2022.

Andrew Young, CEO of Layer2, states: "Axie Infinity is the undisputed leader of the play-to-earn revolution and we're extremely optimistic that Axie's underlying blockchain, Ronin, will similarly become the go-to infrastructure layer of this new play-to-earn ecosystem. By farming RON, Prophecy DeFi gets exposure to one of the fastest growing segments of the market by utilizing its growing balance sheet to earn RON tokens via liquidity mining."

## *IDEX*

The IDEX exchange recently moved from Ethereum to the layer two blockchain Polygon, which should encourage rapid growth on this new low fee blockchain. IDEX is the first Hybrid Liquidity decentralized exchange in the world that combines order books and AMMs. Layer2 has deployed capital into 4 positions on this exchange and overall, this has returned an annual percentage yield of 46.78% from the liquidity mining fees it has received. Layer2 believes that this unique decentralized exchange model will attract sophisticated market makers and traders to IDEX, who will make it one of the most profitable and active crypto exchanges globally.

"We're thrilled to partner with the Layer2 team and we're confident that their support will help drive monumental growth for the IDEX ecosystem." commented Alex Wearn, Co-founder & CEO at IDEX.

## **DeFi Sector Overview**

DeFi has been among the fastest growing segments of the crypto market, largely powered by layer two blockchains. There are now more than 9,000 cryptocurrencies circulating, and the total value locked in DeFi protocols has grown more than 100x over the past 18 months to \$240 billion USD.

Layer2 is uniquely positioned to identify high-quality DeFi projects before launch, which increases their ability to create outsized returns irrespective of broader market dynamics. The team currently mines in 14 different liquidity pools that are all generating daily yields, thereby hedging against volatility in cryptocurrency asset prices.

John McMahon, CEO of Prophecy DeFi, remarks: "Key to our proposition is to provide our shareholders with opportunities to realize gains from DeFi protocols that investors wouldn't otherwise have access to. It's the skill and experience of our team and the rapid deployment of capital that gives us a key advantage in the market. As a business we are focused on generating positive returns for our stakeholders while actively contributing to the growth of the DeFi sector. Layer2's strategy is specifically tailored to produce sustainable results both in times of market growth and compression."

Prophecy DeFi is supported by their Advisory Committee consisting of accomplished leaders in decentralized finance. The following video expands on the work of our advisors, and outlines the crucial value they add to the Prophecy DeFi ecosystem: <https://youtu.be/U0bOu5pcY44>

## **Key Accomplishments for Prophecy DeFi in Fiscal 2021**

- On September 13th, 2021, Prophecy DeFi acquired full ownership of Layer2 Blockchain, an operating business with a uniquely qualified and experienced team of DeFi operators.
- Prophecy DeFi appointed an Advisory Board composed of accomplished leaders and builders in DeFi to support the company's business operations.
- On October 19, 2021, Prophecy DeFi reported annualized returns of 492.5% in its first 90 days of operations, fulfilling its stated goal of generating immediate returns from capital deployment.
- Layer2 Blockchain started with an initial deployment of \$3.65M in July 2021, and has since grown that capital base to \$8.14M as of December 31st, 2021, due to its liquidity mining operations and additional advances in capital from Prophecy DeFi.

## **Fiscal 2022 Outlook**

- Prophecy DeFi plans on deploying further capital into liquidity mining pools in order to increase absolute returns generated by Layer2.
- Prophecy DeFi looks to strengthen its operations by acquiring additional businesses and assets that complement Layer2 in order to increase profitability and broaden Prophecy's operational model.

- Prophecy DeFi anticipates building additional strategic partnerships in DeFi in order to reach a global investment audience focused on the development of DeFi protocols and solutions.

“Our mission is to provide investors with access to the decentralized finance space by building long-term value through our Tier 1 group of advisors and operators and producing consistent yields from our portfolio,” says John McMahon. “Layer2’s access to Day Zero positions in DeFi provides a tremendous opportunity to capitalize on this emerging and explosive sector. This is why we continue to increase our deployed capital in Layer2 as we have a bullish long-term outlook on the sector.”

### **About Prophecy DeFi**

Prophecy DeFi (CSE: PDFI) officially launched on June 23rd, 2021. The company provides retail and institutional investors with access to the decentralized finance space by bridging the gap between DeFi and traditional finance. Prophecy DeFi invests in diverse DeFi and Web 3.0 startups to create new business opportunities in a coherent ecosystem.

[www.prophecydefi.com](http://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.*

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