

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: Prophecy DeFi Inc (formerly Bucephalus Capital Corp) (the "Issuer")

Trading Symbol: PDFI

Number of Outstanding Listed Securities: 130,014,240

Date: September 30, 2021

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

Prophecy DeFi Inc. (PDFI) is a publicly traded investment company whose primary objective is to invest its funds for the purpose of generating returns from capital appreciation and income. It plans to accomplish these goals by bringing together technology start-ups in the Blockchain and Decentralized Finance sectors to fund

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innovation, elevate industry research, and create new business opportunities in a coherent ecosystem.

2. Provide a general overview and discussion of the activities of management.

The Company is pursuing investments in companies that are addressing these opportunities in innovative and technologically advanced ways. Our team will strive to accelerate the growth of these companies by providing capital, establishing advisory relationships, and providing strategic advice to leadership.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

N/A

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

N/A

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Prophecy DeFi 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.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

N/A

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

On September 13, 2021, the Company announced 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.

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.

8. Describe the acquisition of new customers or loss of customers.

N/A

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

N/A

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

N/A

11. Report on any labour disputes and resolutions of those disputes if applicable.

N/A

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

N/A

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

N/A

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds
Common Shares	700,000	700,000 warrants were excised at \$0.25 for total proceeds of \$175,000	Working Capital
Common Shares	25,000,000	To the shareholders of Layer2 on a pro rata basis for 40% of the issued and outstanding common shares of Layer2 Blockchain Inc.	N/A
	500,000	Issued to a consultant (see point 5 for details)	N/A
Common Shares	250,000	250,000 common shares were issued to a consultant.	N/A
Options	500,000	Options were granted to an Advisory Committee Member and are exercisable at \$0.36 until September, 2024 with a vesting period of 6 months	N/A
	500,000	Options were granted to an Advisory Committee Member and are exercisable at \$0.45 until September, 2024 with a vesting period of 6 months	N/A

15. Provide details of any loans to or by Related Persons.

N/A

16. Provide details of any changes in directors, officers or committee members.

On September 2, 2021, the Company announced that it has appointed Ms. Galia Benartzi to the Company's Advisory Committee, effective immediately.

Ms. Galia Benartzi is the co-founder of Bancor, the world's first open-source protocol ensuring on-chain liquidity between any blockchain-based asset, and the inventor of the Automated Market Maker, now a building block of Decentralized Finance (DeFi). More than \$2 billion in token conversions have been processed

via Bancor, as the protocol impacts organizations and people across the globe, from blockchain teams to real-world communities issuing local currencies. Galia was recognized by Forbes and Glamour Magazine as a leading woman in crypto; she has been featured on BloombergTV and CNBC, and has spoken at the United Nations, TEDx and the Oslo Freedom Forum on monetary theory and innovation. Galia previously co-founded Mytopia, the first social gaming company for smartphones (acquired by 888 in 2010), and Particle Code, a cross-platform development technology for mobile applications (acquired by Appcelerator in 2012). She was a Venture Partner at Peter Thiel's Founder's Fund, a founding member of Summit Powder Mountain, and the organizer of Bretton Woods 75, a commemoration event evaluating the historic monetary accords.

On September 21, 2021, the Company announced that it has appointed Mr. Peng Zhong to the Company's Advisory Committee, effective immediately. Peng Zhong, CEO of Tendermint, leads a world-class team that builds applications to improve the usability, accessibility, and safety of blockchain for developers and end-users. Tendermint is a core contributor to the Cosmos ecosystem, which houses more than 250 blockchain projects and secures over \$100B in digital assets. Projects on the Cosmos ecosystem include Binance Chain, Terra, Crypto.com, ThorChain, Osmosis, Kava, Fetch.ai, Injective Protocol, Persistence, Akash, Regen, and many more.

Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The global outbreak of COVID-19 had a significant impact on businesses through restrictions put in place by the Canadian federal, provincial, and municipal governments regarding travel, business operations, and isolations/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate that this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages and increased government regulations, all of which may negatively impact the Company's business and financial condition.

## 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.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. 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 CNSX Policy 1)
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated October 6, 2021.

Roland Nimmo  
Name of Director or Senior  
Officer

"Roland Nimmo"  
Signature  
CFO  
Official Capacity

<b>Issuer Details</b> Name of Issuer Prophecy DeFi Inc.	For Month End September 2021	Date of Report YY/MM/D 21/10/6
Issuer Address 87 Scollard St, Suite 100		
City/Province/Postal Code Toronto, ON, M5R 1G4	Issuer Fax No. ( )	Issuer Telephone No. (416) 786-9031
Contact Name Roland Nimmo	Contact Position CFO	Contact Telephone No. (416) 786-9031
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