



ProphecyDeFi

Prophecy DeFi's Wholly Owned Subsidiary Generates Over \$2.0M in Returns in First 90 Days of Operations from \$3.65M in Deployed Capital

TORONTO, Oct. 19, 2021 /CNW/ - Prophecy DeFi Inc. ("**Prophecy DeFi**", "**PDFI**" or the "**Company**") (CSE: PDFI) is pleased to provide an operational update on its wholly owned subsidiary, Layer2 Blockchain Inc. ("**Layer2**" or the "**Subsidiary**")

Layer2 Blockchain Yields 492.5% Annualized Rate of Return

Layer2 Blockchain, has generated yield and capital gains of \$2.01M or 55% in a 90-day period beginning on July 17, 2021. The Subsidiary purchased a total of \$3.65M in digital assets across three purchases on July 17th, August 6th, and October 4th and has deployed these digital assets across eleven positions to generate an annualized rate of return of 492.5%.

DinoSwap

The largest yielding position for Layer2 during this period was the cross-chain infrastructure project DinoSwap. Built on the Polygon Network, DinoSwap has been one of the fastest-growing decentralized exchanges built on this blockchain. Currently, Layer2 provides \$2,089,500 of liquidity to the DinoSwap exchange for the purposes of increasing trading liquidity and reducing slippage for traders. Liquidity provisioning is core to the profitability of the Layer2's business and this position continues to produce yields acceptable to management.

ApeSwap

Layer2 recently started providing liquidity provisioning to ApeSwap - the fastest growing decentralized exchange on Binance Smart Chain. From September 17th to 19th, Layer2 coordinated with ApeSwap's founding team to deploy \$1,646,969 of capital into the SX/ETH liquidity pair on ApeSwap. Since initiating this liquidity provisioning, Layer2 has generated \$67,470 in yield and \$140,709 in unrealized capital gains on ApeSwap, representing an annualized rate of return of 325.5%.

Additional DeFi Opportunities

Layer2's positions are currently spread across Polygon, Ethereum and Binance Smart Chain. These positions are concentrated in ETH, BNB, SX, and MATIC tokens.

Prophecy DeFi's conviction in the growth of decentralized finance through layer two blockchains is proving to be accurate, with the total value locked in layer two blockchains reaching an all-time high of \$3.76B on Friday October 15, according to L2 Beat. The Layer2 team believes it will continue to generate significant monthly yields on capital as opportunities to deploy capital continue to proliferate.

Andrew Young, Layer2 Blockchain Chief Executive, said: "It's been an incredible start to our liquidity provisioning business and shows the market potential of a well-managed DeFi operating vehicle. We're excited to continue leveraging our expertise and relationships within the DeFi space to create shareholder value for Prophecy DeFi. We believe DeFi is still in the first inning of a multi-decade, internet-scale adoption cycle."

Prophecy DeFi's Acquisition of Layer2 Blockchain and Subsequent Capital Advances

Prophecy DeFi initially acquired 60% of Layer2 on July 8, 2021, and subsequently acquired the remaining 40% interest on September 13, 2021. Further details regarding these transactions can be found in the Company's press releases dated July 9, 2021, and September 13, 2021.

At the time of acquisition, Layer2 had deployed \$2.5M in capital. An additional \$1.1M was advanced from Prophecy DeFi to Layer2 on September 13th, as part of the acquisition of the remaining 40% interest in Layer2. Subsequently, \$210k was advanced on September 30th.

When asked about Layer2's performance, John McMahon, CEO of Prophecy DeFi, explained:

"We believe in the longer-term prospects of decentralized finance and the opportunities this emerging technology presents to investors. Since the acquisition, we have provided the Layer2 team with \$1.3m of additional capital. As the team at Layer2 continues to generate outsized returns we will continue to provide additional capital. As our business is laser focused on generating returns for our investors, allocating resources to the Layer2 team is the best use of our capital."

As the only public company dedicated to operating directly in the layer two DeFi space, the company believes it is uniquely positioned to fulfill the emerging liquidity provisioning needs of the market. PDFI intends to continue advancing additional capital into the Layer2 business to increase exposure to DeFi related digital assets. An ever-increasing capital base has the effect of potentially increasing absolute returns. Further, Layer2 compounds 100% of its returns into additional trading positions.

Other Items

In addition to its acquisition of Layer2 Blockchain, PDFI has appointed a new group of Directors, entered into a strategic relationship with Ninepoint Partners, and has appointed a leading group of international Advisors since its formation.

PDFI is also pleased to announce the launch of its new website, which can be accessed at www.prophecydefi.com. This website is a great resource and contains the latest corporate and industry information.

About Prophecy DeFi

Prophecy DeFi (CSE:PDFI) officially launched on June 23rd, 2021. The company 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.

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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