



ProphecyDeFi

PROPHECY DEFI ANNOUNCES CLOSING OF BROKERED PRIVATE PLACEMENT OF CONVERTIBLE DEBENTURE UNITS

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Toronto, Ontario – December 23, 2021 – Prophecy DeFi Inc. (“**Prophecy DeFi**” or the “**Company**”) (CSE: PDFI) is pleased to announce that it has closed its previously announced brokered private placement of an aggregate of 5,680 convertible debenture units of the Company (the “**Debenture Units**”) at an issue price of \$1,000 per Debenture Unit for aggregate gross proceeds of \$5,680,000 (the “**Offering**”).

Each Debenture Unit is comprised of \$1,000 principal amount of 10.0% unsecured convertible debentures of the Company (the “**Convertible Debentures**”) and 1,667 common share purchase warrants of the Company (the “**Warrants**”). Each Convertible Debenture matures 36 months following the closing of the Offering (the “**Maturity Date**”) and bears interest at a rate of 10.0% per annum from the date of issue, payable quarterly in cash. The Convertible Debentures are convertible into common shares of the Company (“**Common Shares**”) at the option of the holder at any time prior to the Maturity Date, or on the business day immediately preceding a date fixed for redemption of the Convertible Debentures, at a conversion price equal to \$0.60 per Common Share (the “**Conversion Price**”). Upon conversion, the holder will receive accrued and unpaid interest on the principal amount of the Convertible Debentures that is the subject of the conversion for the period from and including the date of the latest interest payment date to, but excluding, the date of conversion. The Conversion Price is subject to adjustment upon the occurrence of certain customary events. The Company has the right to force conversion of the Convertible Debentures at the Conversion Price if the daily volume weighted average trading price of the Common Shares on the Canadian Securities Exchange (the “**CSE**”) is greater than \$1.20 for 10 consecutive trading days. Upon a change of control of the Company, holders of Convertible Debentures have the right to require the Company to repurchase their Convertible Debentures, in whole or in part, on the date that is 30 days following notice of the change of control at a price equal to 105% of the principal amount of the Convertible Debentures then outstanding plus accrued and unpaid interest thereon.

Each Warrant is exercisable into one Common Share at a price of \$0.90 per Common Share for a period of 36 months from the closing of the Offering, subject to the right of the Company to accelerate the expiry date of the Warrants if, at any time following the date that is four months and one day following the closing of the Offering, the daily volume weighted average trading price of the Common Shares on the CSE is greater than \$1.80 for 10 consecutive trading days.

As consideration for the services provided by Canaccord Genuity Corp. (the “**Lead Agent**”) on behalf of a syndicate of agents including INFOR Financial Inc. (collectively, the “**Agents**”), in connection with the Offering, the Agents received a commission of \$284,000 and issued 473,333 warrants of the Company, each of which is exercisable to acquire one unit of the Company (an “**Agent’s Unit**”) at any time prior to the date that is 36 months following the closing of the Offering at an exercise price equal to the Conversion Price. Each Agents’ Unit will be comprised of one Common Share and one Warrant. The Company also paid the Lead Agent a corporate finance fee of 142 Debenture Units.

The net proceeds of the Offering will be used by the Company for Layer2 Blockchain’s liquidity mining operations and for general working capital purposes. The Debenture Units, including the Convertible Debentures, the Warrants and the Common Shares issuable upon conversion or exercise thereof, will be subject to a four-month hold period from the date of the closing of the Offering.

The CSE has not reviewed this news release and does not accept responsibility for its adequacy or accuracy.

The securities described herein have not been registered under the U.S. Securities Act of 1933, as amended (the “**Act**”), and may not be offered or sold in the United States unless registered under the Act or unless an exemption from registration is available.

About Prophecy DeFi

Prophecy DeFi (CSE: PDFI) officially launched on June 23, 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.

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 includes, among others, statements regarding the expected use of proceeds of the Offering. 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. No assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur or, if any of them do so, what benefits the Company will derive therefrom. The forward-looking information is made as of the date of this news release and the Company undertakes no obligation to update forward-looking information except as otherwise may be required by applicable securities law.