

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company

Prophecy DeFi Inc. (the “**Company**”)
40 King Street West, Suite 1700
Toronto, Ontario, M5H 3Y2

2. Date of Material Change

December 13, 2024

3. News Release

A press release disclosing the material change was released on December 12, 2024, through the facilities of NewsFile Corp.

4. Summary of Material Change

The Company announced that it entered into supplemental warrant and convertible debenture indentures (the “**Supplemental Indentures**”) effective as of December 13, 2024, with TSX Trust Company which amend the terms of an aggregate of \$5,680,000 principal amount convertible debentures (the “**Debentures**”) and 9,468,560 common share purchase warrants (the “**Warrants**”) of the Company issued pursuant to the convertible debenture and warrant indentures (the “**Original Indentures**”) dated December 23, 2021.

5. Full Description of Material Change

The Company confirmed that it had received the requisite consents from the Debenture and Warrant holders to enter into the Supplemental Indentures and effect the following amendments (collectively, the “**Amendments**”):

Debentures		
Terms	Original Terms	Amendments
Maturity Date	December 23, 2024	December 23, 2025
Interest Rate	10% per annum payable in arrears in equal quarterly installments	12% per annum beginning on the effective date of the amendments payable in arrears as a balloon payment on the maturity date. Any accrued and unpaid interest from June 30, 2024, to the effective date will be calculated at 10% per annum and payable as a balloon payment on the maturity date.
Conversion Terms	Conversion Price: \$0.60 The Company has the right to force conversion of the Debentures at the conversion price if the daily volume weighted average trading price (“ VWAP ”) of the common shares on the Canadian Securities Exchange (the “ CSE ”) is greater than \$1.20 for 10 consecutive trading days.	Conversion Price: \$0.05 The Company has the right to force conversion of the Debentures at the conversion price if the daily VWAP of the Common Shares on the CSE is greater than \$0.10 for 10 consecutive trading days.

Warrants		
Terms	Original Terms	Amendments
Exercise Price	\$0.90	\$0.05
Expiry Date	December 23, 2024	December 23, 2026
Accelerated Expiry	The Company has the right to accelerate the expiry date of the Warrants if, at any time following the date that is four months and one day following the issuance of the Warrants, the daily VWAP of the common shares on the CSE is greater than \$1.80 for 10 consecutive trading days	The Company has the right to accelerate the expiry date of the Warrants if, at any time following the date that is four months and one day following the issuance of the Warrants, the daily VWAP of the common shares on the CSE is greater than \$0.10 for 10 consecutive trading days

In accordance with the policies of the Canadian Securities Exchange, the Amendments will not be applicable to an additional \$174,000 principal amount Debentures and 290,058 Warrants issued under the Original Indentures to the syndicate of agents involved in the initial issuance of the Debentures and Warrants as compensation for services provided to the Company. Such Debentures and Warrants will continue under their current terms, unaffected by the Amendments.

For additional details regarding the Debentures and Warrants, please refer to the Company's news releases dated [December 23, 2021](#), and [November 7, 2024](#), each of which, and along with the Supplemental Indentures and the Original Indentures, are available on the Company's SEDAR+ profile at www.sedarplus.ca.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis.

7. Omitted Information

No significant facts have been omitted from this Material Change Report.

8. Executive Officer

For further information, contact John McMahon, Chief Executive Officer of the Company at (416) 764-0314.

9. Date of Report

This report is dated at Toronto, this 18th day of December, 2024.

Cautionary Statement Regarding Forward-Looking Information

This material change report contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information. More particularly and without limitation, this material change report contains forward-looking statements and information relating to the effective date of the Amendments. The forward-looking statements and information are based on certain key expectations and assumptions made by management of the Company. Although management of the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information since no assurance can be given that they will prove to be correct.

Forward-looking statements and information are provided for the purpose of providing information about the current expectations and plans of management of the Company relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements and information address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this material change report. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements and information contained in this material change report are made as of the date hereof and no undertaking is given to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements or information contained in this material change report are expressly qualified by this cautionary statement.

Neither the CSE nor its Market Regulator (as such term is defined in the policies of the CSE) accept responsibility for the adequacy or accuracy of this release.