



ProphecyDeFi

Corporate Presentation

January 2022

Disclaimer

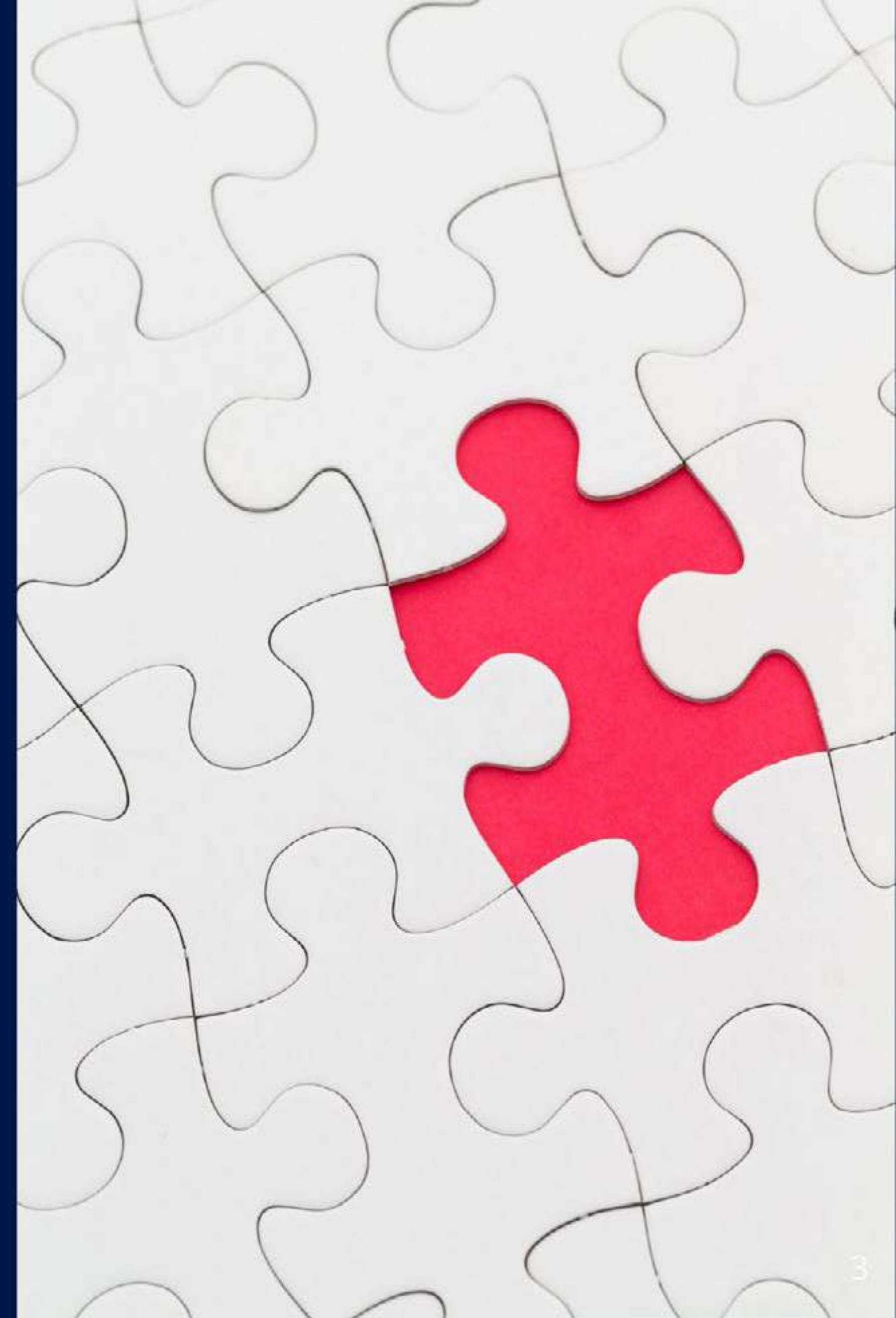
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The Mission

- Prophecy DeFi provides investors an opportunity to invest in one of the most disruptive and fastest growing asset classes in the world – Decentralized Finance (“DeFi”)
- Create and invest in the market makers of DeFi, to generate maximum short- and long-term returns
- Offer investors an easy and safe way to capture the rapidly emerging DeFi market early
- Break down the barriers to investing in DeFi and work actively with our partners to develop and scale the most innovative projects in the DeFi space
- Connect the best developers in the world with the most experienced cutting-edge finance experts





The Core Strategy

- Prophecy DeFi grows and invests with the world's most cutting-edge developers in the DeFi space to get in on the ground floor of this groundbreaking new era of financial markets
- Prophecy's first acquisition is Layer2 Blockchain
- The Layer2 team was one of the first to operate in the DeFi space, with access to the most innovative founders in the space
- DeFi applications are built on a second layer of blockchain to improve scalability and efficiency – this is referred to as a Layer Two blockchain and the origin of the company's name Layer2

Industry Overview

- Cryptocurrencies are digital currencies that attribute their credibility to technology rather than a central institution, such as a bank. As of January 2022, there are 9,929 cryptocurrencies worldwide
- The collective market capitalization of cryptocurrencies grew 724% percent in the last 18 months
- Total Market Capitalization of Cryptocurrencies is US\$2T
- The bleeding edge of this powerful technology is in the Decentralized Finance sector, which is experiencing rapid growth
- The Total Value Locked in DeFi is over \$240 billion, growing from \$16.69 billion a year ago

Source: CoinMarketCap, Statista, DeFi Llama

Number of cryptocurrencies worldwide from 2013 to January 2022

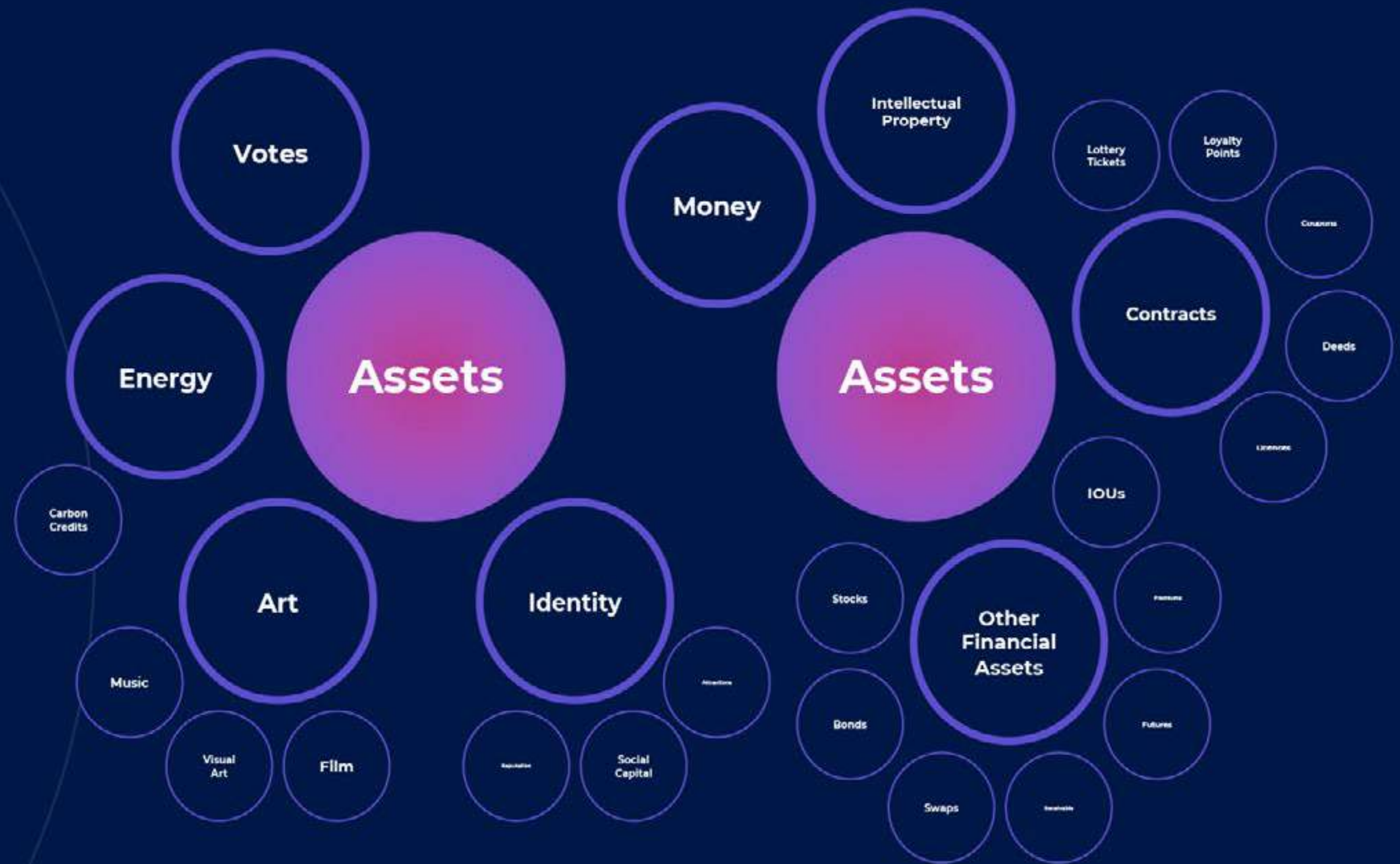
Quantity of cryptocurrencies as of January 3, 2022



Source: Statista

Blockchain: A New Digital Age

- Blockchain Technology has spurred a new digital age in the form of the Internet of Value
- Unlike when transferring information, it is not suitable to send a copy when it comes to the transfer of assets
- Blockchain Technology solves this problem as it can allow anything of value, from money to art, to be stored, moved, exchanged and managed, securely and privately – all without the need for intermediaries



Blockchain Replaces the Middleman

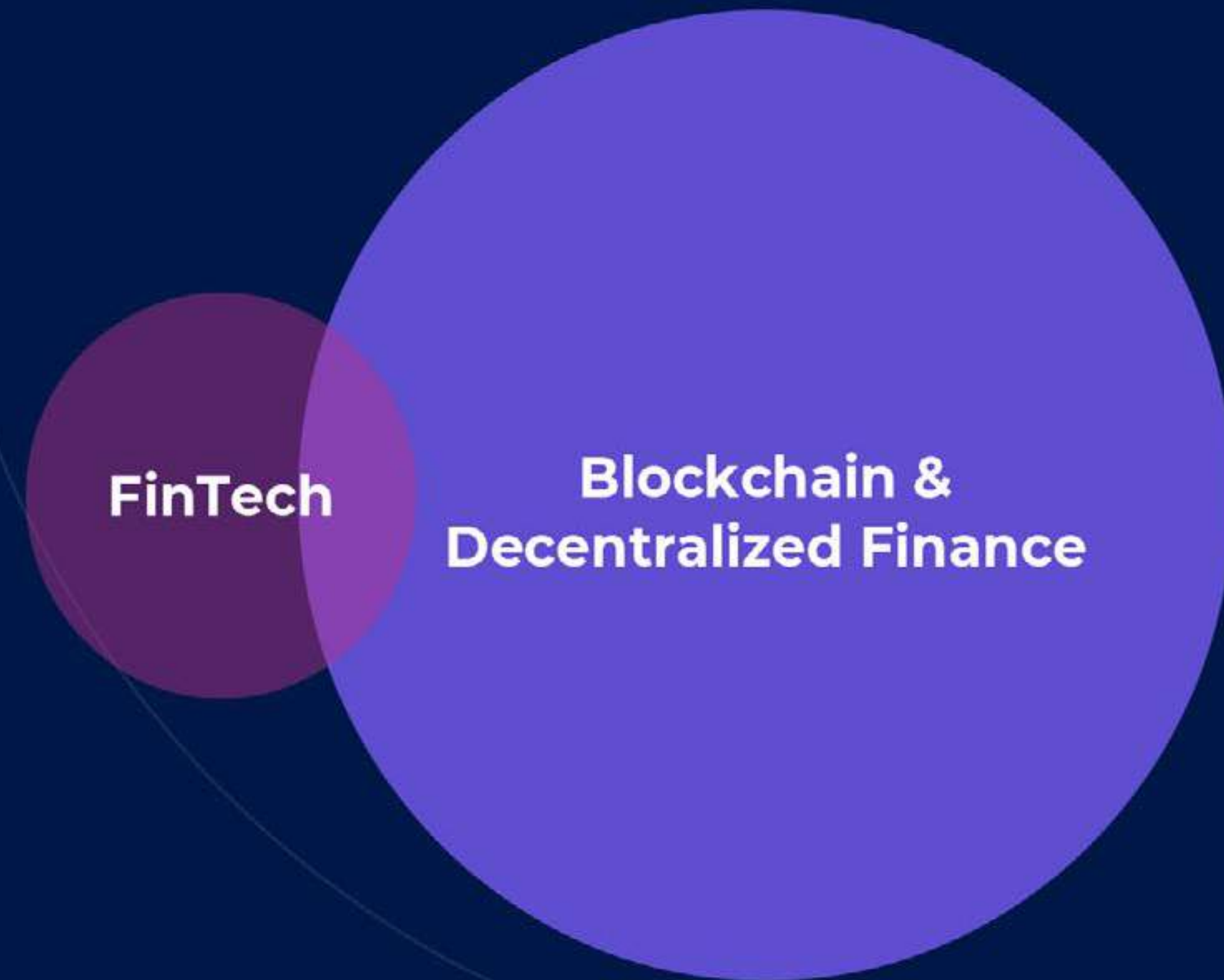
- Today, middlemen are relied upon to authenticate identity and establish trust between two parties, e.g. Banks and Brokerages
- Traditional finance relies on centralized middlemen to establish trust between counterparties
- Middlemen maintain transaction records and perform the transaction and business logic of virtually every kind of commerce; identification and authentication of parties, clearing, settling, and record keeping
- The limitations of their involvement are:
 - Centralized servers are vulnerable to hacks or down-periods
 - At least 1.7 billion people are unbanked or underbanked
 - High costs through charging fees, which can be substantial
 - Slow transaction speeds creates friction
 - Capturing customer data and often undermining privacy

Source: The World Bank, The Global Findex Database 2017

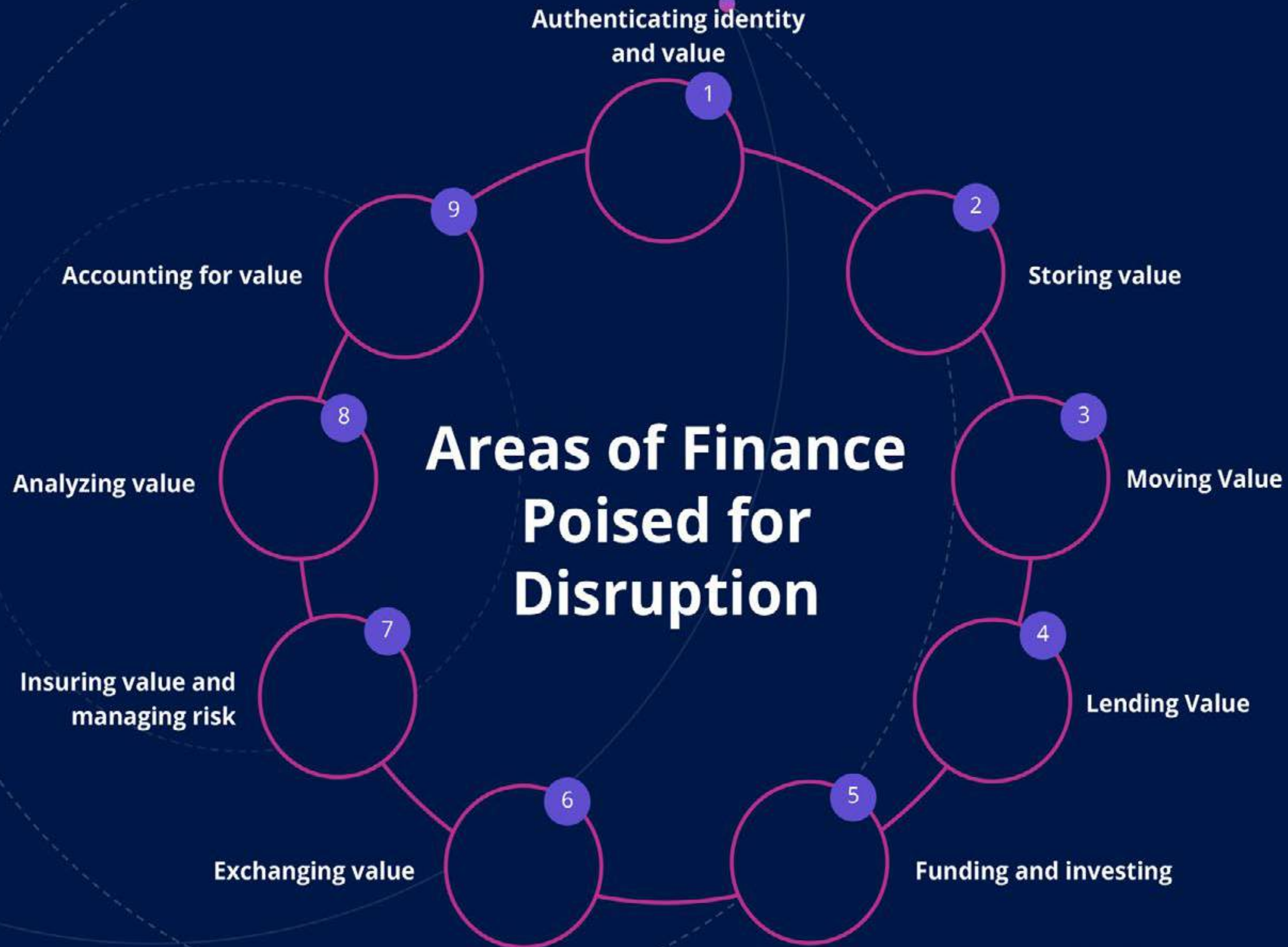


Decentralized Finance

- Decentralized Finance (DeFi) eliminates the middleman
- DeFi is a blockchain-based form of finance that does not rely on central financial intermediaries such as brokerages, exchanges, or banks to offer traditional financial instruments
- DeFi makes it possible for buyers, sellers, lenders, and borrowers to interact peer-to-peer or with a strictly software-based middleman rather than a company or institution facilitating a transaction
- DeFi applications are replacing an old system which is built on technology that can be up to 40 – 50 years old
- Not to be confused with FinTech; DeFi goes beyond FinTech as it has the potential to disrupt Art markets, Voting standards, and more
- While they overlap, Blockchain and DeFi applications are much larger and more widespread than FinTech
- FinTech should be considered to be a subsector of Blockchain & DeFi, and not the other way around

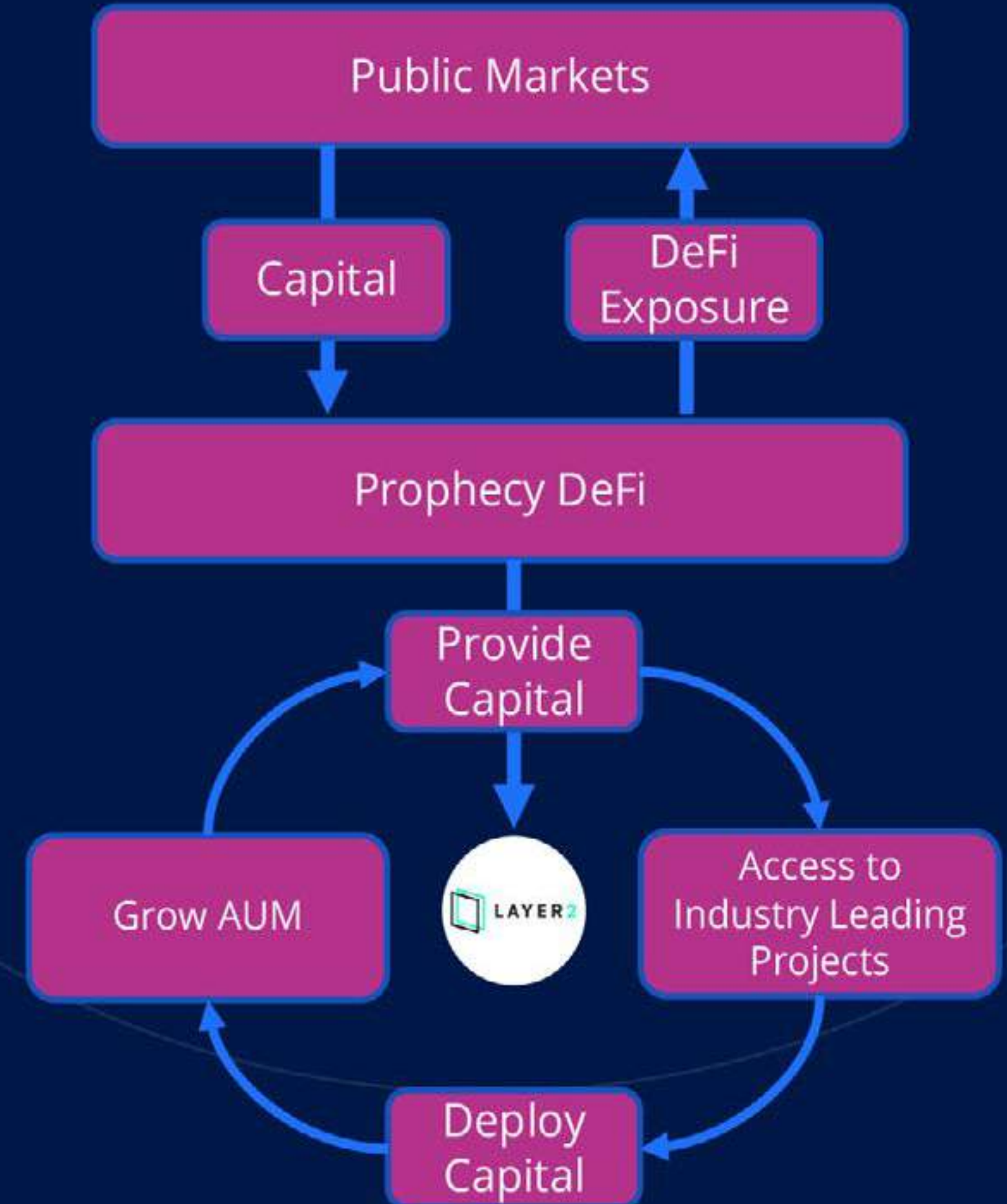


Areas of Finance Poised for Disruption



High Barriers to Entry Expertise Is Critical

- Prophecy DeFi's Management and Board of Directors are well complemented with deep industry expertise in traditional corporate finance, cryptocurrencies, and asset management
- Prophecy DeFi has a world-class Advisory Committee with some of the Blockchain and DeFi industry's most successful pioneers
- Prophecy DeFi uses this collective expertise to raise capital from traditional markets and deploy this in acquiring and funding portfolio businesses in the DeFi space
- Prophecy DeFi seeks to acquire majority interest in companies that are managed industry leaders, who have a track record of success and high-level of technical expertise
- Prophecy DeFi's first acquisition in DeFi was **Layer2 Blockchain Inc.**, who's operations will remain core to Prophecy's portfolio





LAYER2

Layer2 Blockchain

- Layer2 Blockchain is Prophecy DeFi's first acquisition in the Decentralized Finance sector
- Layer2's business is focused on the following DeFi opportunities:
 - Liquidity Mining & Market Making
 - Cross-Chain Protocol Arbitrage
 - Network Staking, Validation and Infrastructure
- Layer2's three Founders are very technically inclined. They have successfully founded their own VC-backed DeFi protocol, which was one of the first applications to move off of Ethereum to increase speeds and reduce scaling costs, and were early founding members of the original DeFi Network group in 2018
- Utilizing their deep industry knowledge and expertise of both DeFi and the "Ethereum Layer Two" ecosystem, Layer2's management deploys in-house technology to systematically discover and exploit opportunities

Layer2 Founders



Andrew Young

Andrew Young is CEO of Layer2 and is also a co-founder of SX Network (SportX) a DeFi prediction market and blockchain. Andrew has been full-time in the crypto space since 2017, specializing in the analysis of economic incentives and tokenomics of new DeFi projects. Andrew regularly engages in DeFi-related podcasts and interviews, and often publishes research reports examining the crypto space.



Jake Hannah

Jake Hannah is COO of Layer2 and is also a co-founder of SX Network (SportX) a DeFi prediction market and blockchain. Jake entered the blockchain space full time in 2017 running staking and market making strategies for NextGen Blockchain. Jake currently manages the operations of a DeFi protocol with 25,000 monthly transactions. Jake specializes in the operations of DeFi protocols, including liquidity mining, staking, validating and crypto network infrastructure.



Julian Wilson

Julian Wilson is CTO of Layer2 and is also the CTO of SX Network and one of the leading layer two blockchain engineers in the world. Julian has designed, built and deployed a network of smart contracts that have facilitated over \$100,000,000 in DeFi transactions. Julian is one of the only developers in the world to have built a successful DeFi application and blockchain. He specializes in smart contract development and security.

DeFi grew by 99x over the last 18 months to over \$240 billion

Summary

- The total value locked of all assets in DeFi stands at over **\$240 billion** today
- This represents a **9,941% increase** from 18 months ago (\$2.41B), and a **38,327% increase** from two years ago (\$630.54M)
- With new DeFi protocols coming online everyday and crypto going mainstream, growth is accelerating



Source: DeFi Llama

DeFi is currently on an internet level of adoption growth with no signs of stopping

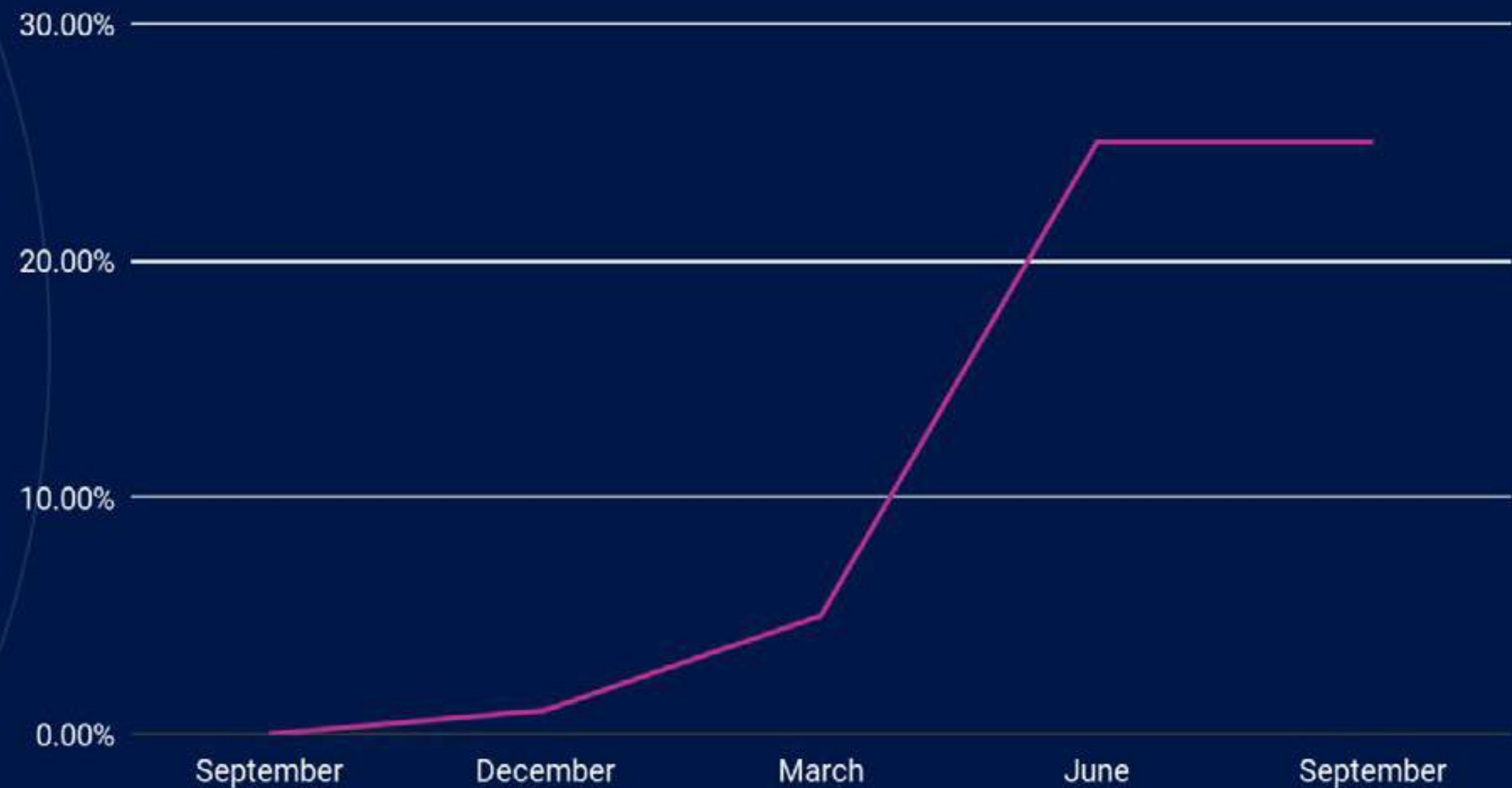


High fees have pushed DeFi into non-Ethereum networks

Summary

- Rapid rise in Ethereum transaction fees has pushed DeFi to new blockchains
- Non-Ethereum DeFi protocols have grown from \$0 to \$90 billion in just over 12 months
- These new non-Ethereum DeFi protocols now represent approximately **1/3rd** of the entire space

Non-Ethereum DeFi TVL as % of Total DeFi TVL

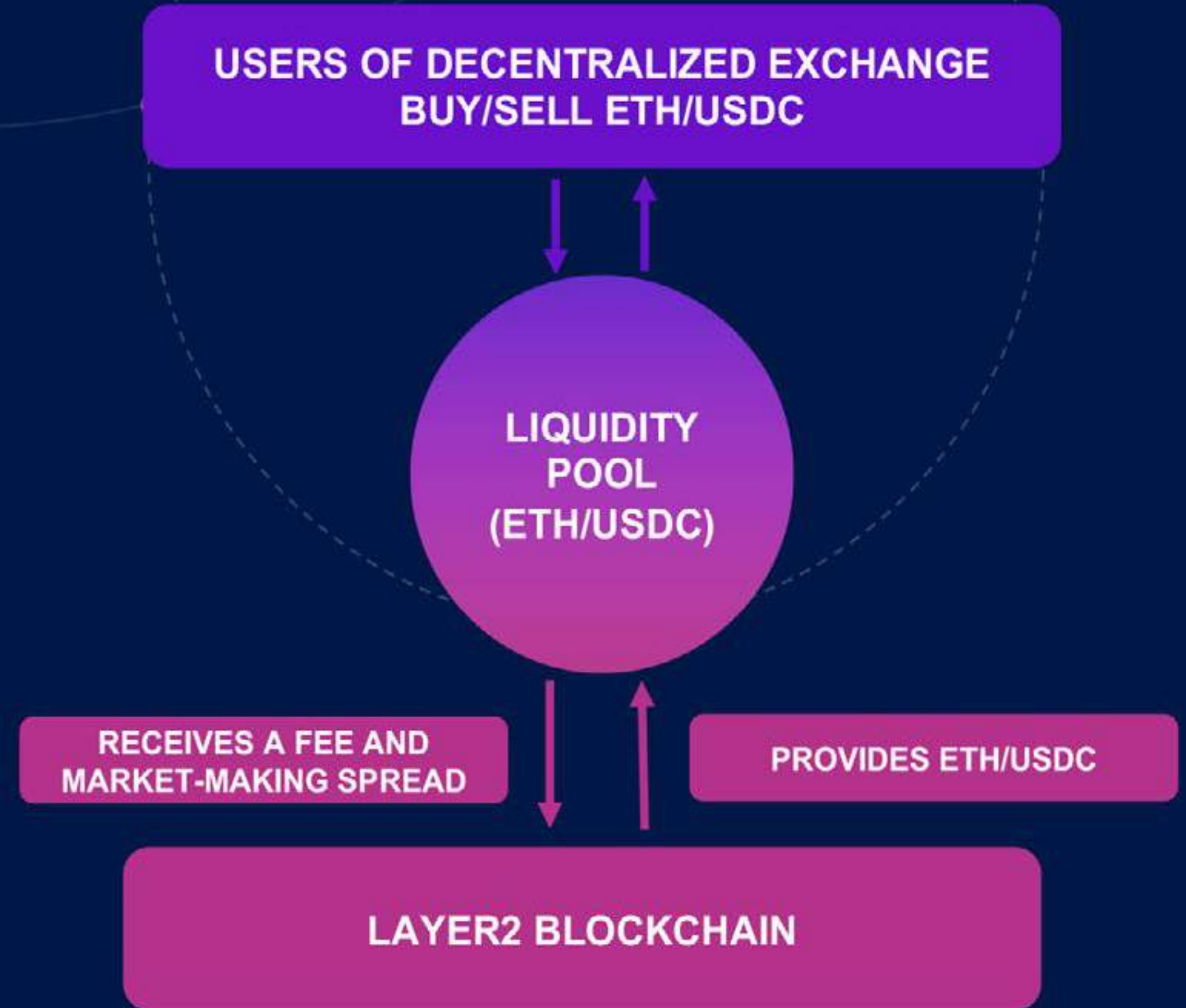


The fastest growing sub-sector of Decentralized Finance are non-Ethereum DeFi protocols






A new era of crypto mining: Liquidity Mining

- Decentralized Finance requires capital in order to function
- Crypto can be contributed to a decentralized exchange in the form of a liquidity pool, and in return it provides fees in its underlying token to the liquidity provider
- Like Bitcoin incentivizes Miners to create the blocks on its blockchain, DeFi applications incentivize users to stake capital for their protocols to grow



Layer2 is a leading non-Ethereum DeFi liquidity miner

	Source	Layer2 systematically discovers, analyzes, and sources DeFi protocols and liquidity mining opportunities.
	Deploy	Deploy capital into early-stage DeFi protocols in order to generate both transaction fees and protocol tokens.
	Harvest	Harvest token profits and either exit to cash or redeploy profits into existing positions.

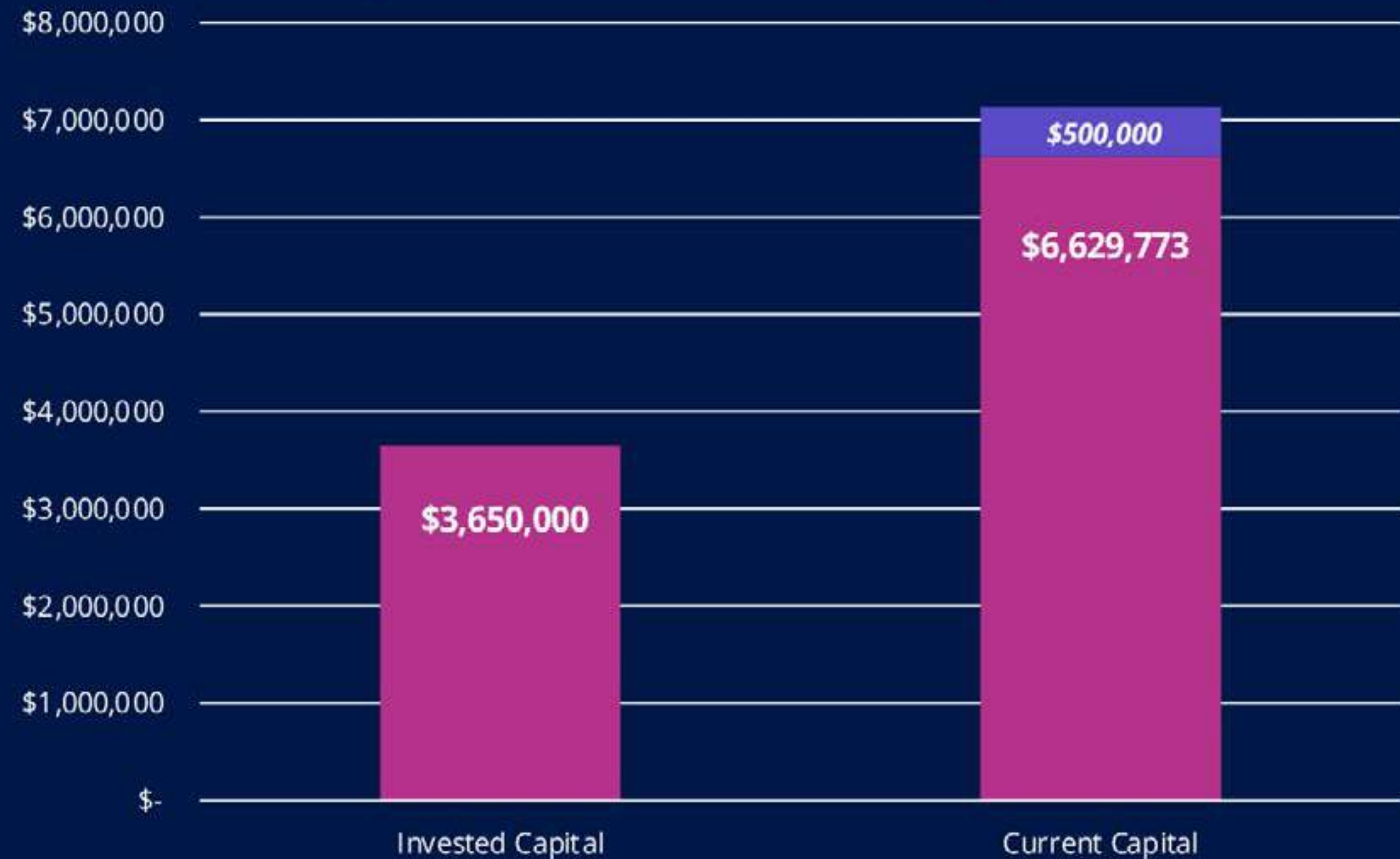
Layer2 specializes in systematically finding, exploiting, and profiting from opportunities in the DeFi space

Layer2 has been extremely profitable from day one

Summary

- Layer2 continues to consistently generate positive cashflow
- In its first 126 days of trading, Layer2 has generated **\$2.979M** in crypto returns on **\$3.65M** of invested capital
- This represents an **81.64%** return on capital in 126 days, equivalent to an annualized rate of return of **463.5%**
- Prophecy DeFi advanced an additional \$500,000 to Layer2 on November 12th, making their total deployable capital **\$7.13 million**

Layer2's Current vs. Invested Capital



As per November 12th Press Release






Layer2 generates returns in three core DeFi opportunities

	Liquidity Mining	Deploying liquidity into AMMs in order to generate tokens. Targeting opportunities with 200-500% APYs.
	Pooled Lending	Providing collateral to lending pools in order to generate yield. Looking for opportunities with 20-40% APYs.
	Staking	Staking tokens into proof-of-stake blockchains in order to generate rewards. Target APYs of 20-50%.

Layer2 specializes in liquidity mining, pooled lending, and staking in non-Ethereum DeFi protocols



Layer2's secret formula: the founding team

	Expertise	The Layer2 team has been operating in the DeFi space since its inception giving us world-class expertise.
	Access	Layer2 team has access to attractive early-stage DeFi opportunities not available to most people.
	Influence	Layer2 team are thought leaders within the DeFi space, making it easier to partner with projects.

The Layer2 team uses its expertise, access, and influence within DeFi to generate outsized returns

Case Study: Making 0.25% per day on DinoSwap

	Source	Identified a promising DeFi project and used influence to secure early access to the protocol.
	Deploy	Deploy \$500,000 of crypto assets into the DinoSwap as an early-stage liquidity provider.
	Harvest	Generated a 0.25% return each day (\$12,500) on invested capital, which was redeployed into the position.

Layer2 is focused on finding unique opportunities like DinoSwap to generate outsized returns

Management



John A. McMahon

Mr. John A. McMahon has served as Chairman and Chief Executive Officer of Prophecy DeFi since March 2021. He has held a number of senior banking roles within the investment industry and is currently, Managing Partner of Thought Launch Capital & Advisory. Prior to this role, he served as Vice Chairman and Head of Investment Banking for Mackie Research Capital Corporation and subsequently, Managing Director of Investment Banking for Industrial Alliance Securities.



Roland Nimmo

Mr. Roland Nimmo serves as the CFO of Prophecy DeFi. He has over 35 years of experience in both public and private companies in Canada and throughout the globe. He has provided financial leadership to some of Canada's most successful Manufacturing and Real Estate organizations including Magna International and was a Partner with Arthur Andersen and Deloitte. He is a Chartered Accountant (CPA) with a BA Hons in Economics from Queen's University at Kingston.



Cameron Day

Mr. Cameron Day is Vice President of Prophecy DeFi. He is involved in all aspects of the Firm's activities, including: analyzing potential investment opportunities, executing transactions and working with portfolio companies to develop and implement value-enhancing initiatives. Cameron was raised in Toronto. He graduated with a Bachelor of Arts (Honours) in Economics and a Master of Finance from Queen's University and is a CFA level 2 candidate.

Board of Directors



John A. McMahon

Mr. John A. McMahon has served as Chairman and Chief Executive Officer of Prophecy DeFi since March 2021. He has held a number of senior banking roles within the investment industry and is currently, Managing Partner of Thought Launch Capital & Advisory. Prior to this role, he served as Vice Chairman and Head of Investment Banking for Mackie Research Capital Corporation and subsequently, Managing Director of Investment Banking for Industrial Alliance Securities.



Charlie Morris

Charlie Morris is the Managing Partner of CMCC Global, an asset manager focused solely on digital assets. Mr. Morris co-founded CMCC Global in 2016 and has grown the business to over US\$300m in assets under management, with offices in Asia and North America. Previously, Mr. Morris was a software engineer in Hong Kong focused on iOS app development and a technology sector management consultant in London. Mr. Morris has acted as an expert adviser on blockchain technology for multinational enterprises and was an Ethereum ICO investor in 2014.



Tim Diamond

Mr. Diamond brings over 30 years of entrepreneurial and managerial experience across asset management, real estate, merchant banking, and venture investing including founding, building and successfully exiting several companies. Since 2014, Mr. Diamond has been CEO of Whitehall Apartments Corp. a private REIT and has served on the boards of numerous publicly listed investment funds during his career and was most recently on the board of Trichome Financial Corp., a publicly listed finance company.



Stuart Hensman

Mr. Hensman brings a wealth of knowledge from diversified industries, having over 40 years of experience in the financial services industry. Mr. Hensman has previously occupied the position of Chairman & Chief Executive Officer for Scotia Capital Inc. (USA), Managing Director (Equities) for Scotia Capital Inc. (United Kingdom), Chairman of the Board of Governors at CI Funds, Chairman of Board of Creststreet Asset Management and Chairman of the Board of Creststreet Power and Income Fund.

Advisory Committee

Alex Tapscott, Chair

Mr. Tapscott is Chairman of Prophecy DeFi's Advisory Committee and Managing Director of Ninepoint Partners' Digital Asset Group. In addition, Mr. Tapscott is an entrepreneur, author and seasoned capital markets professional focused on the impact of Bitcoin, blockchain and other digital assets on business and financial markets. Mr. Tapscott is the co-author of the critically acclaimed non-fiction best-seller, *Blockchain Revolution*, which has been translated into more than 15 languages and has sold more than 500,000 copies worldwide. He is also the Editor and Co-author of *Financial Services Revolution*. Mr. Tapscott is sought after world-wide for his expertise by business and government audiences. He has delivered over 200 lectures and executive briefings for global corporations and financial services firms. His TedX talk, "Blockchain is Eating Wall Street" has been viewed over 750,000 times. Mr. Tapscott has also written for *The New York Times*, *Harvard Business Review*, *The Globe and Mail*, *National Post* and many other publications. In 2017, Mr. Tapscott co-founded the Blockchain Research Institute (BRI), a global think-tank investigating blockchain strategies, opportunities and use-cases. Mr. Tapscott is also a CFA Charterholder.



Advisory Committee



Sandeep Nailwal, Advisor

Mr. Sandeep Nailwal is an Indian entrepreneur, software developer, and co-Founder of Polygon. Polygon has quickly become a protocol that is ranked in the top twenty worldwide and has a fully diluted valuation of over US\$10 billion. Polygon was founded in 2017 to solve the problem of high fees and slow transaction speeds on Ethereum, the world's second-largest cryptocurrency. Polygon is a Layer Two blockchain on Ethereum, allowing users to build applications on Polygon at a far lower cost than Ethereum. The valuation of Polygon's native token, Matic, has risen from a market capitalization of less than US\$26 million, at inception in 2019, to over US\$10 billion today. Mr. Nailwal is also the Founder of India's Crypto Covid Relief Fund, which incredibly, has raised over US\$1 Billion in less than 12 months.



Galia Benartzi, Advisor

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.



Peng Zhong, Advisor

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.

Corporate Partnerships



Ninepoint, through its Ninepoint Digital Asset Group, provides Prophecy DeFi with ongoing marketing and strategic advice, assistance with the corporate development of planned investment opportunities and provide introductions to certain parties that may further the business of the Company.

Ninepoint is among the largest independent asset management firms in Canada, with over \$8 billion in assets under management and institutional contracts. Ninepoint manages unique alternative investment solutions that offer investors the benefits of better diversification. It manages investment strategies that are uncorrelated from traditional asset classes, such as equities and bonds, with the goal of lowering overall portfolio risk.



Ninepoint Digital Assets Group is a division of Ninepoint Partners LP and is focused on providing ongoing analysis of the Bitcoin market and, more generally, of the digital asset sector, to the Ninepoint Investment team. These insights and analysis serve to inform Ninepoint in the development and management of innovative products in the financial digital asset space.



Prophecy DeFi is a proud Partner of the Blockchain Research Institute (BRI). The BRI is a global, independent think tank focusing on the strategic implications of blockchain technology on business, government and society. We provide member organizations with in-depth research exploring the opportunities, challenge and implementation hurdles of blockchain in their industry, as well as the impact of technology on corporate management.

In addition to this research, the BRI supports a global network of enterprise leaders, pioneering innovators and subject matter experts intended to help accelerate the adoption of blockchain technology in business and government.

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Capitalization

Common Shares Outstanding	Options & Warrants Outstanding*	Fully Diluted
132,147,212	58,033,493	190,180,705

*Options & Warrants have an average strike price of \$0.328, generating \$19,047,380 in cash

Contact

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ProphecyDeFi