

Prophecy Development's new CEO provides huge boost for Nevada Vanadium Project

To double the strength of steel you just need to add 0.5% vanadium. In high rise buildings vanadium alloy reinforced steel bars are required to help fend off earthquakes and floods. But it's just not steel hardening where vanadium's market strength is, it's also in vanadium redox batteries used in massive energy storage.

Meanwhile global vanadium demand is very strong and supply is constrained; hence the vanadium price has risen fourfold over the past 2 years.

The Right Time: Dwindle Vanadium Supply



Prophecy Development Corp.

Prophecy Development Corp. (TSX: PCY | OTCQX: PRPCF) engages in the acquisition, exploration, and development of mineral and energy projects and is developing their first major vanadium mine at their 100% owned Gibellini Project in Nevada USA.

The Gibellini Project Nevada

Prophecy's key focus is the Gibellini vanadium project, designed to be an open pit, heap leach operation. It is located in Nevada's Battle Mountain region, about 25 miles south of the town of Eureka. The Company's Preliminary Economic Assessment (PEA) resulted in a post tax NPV of \$338.3 million at a 7% discount rate, an internal rate of return of 50.8%, and a 1.72 years payback on investment from start-up, assuming an average vanadium pentoxide price (V2O5) of \$12.73 per pound. CapEx is estimated at a low \$117m. Overall a very solid result.

The project permitting is to be completed by 2020, construction estimated to begin in 2021, and production is estimated to commence in 2022.

Highlights of the PEA (after tax):	
Internal rate of return	50.8%
Net present value (NPV)	\$338.3 million at 7% discount rate
Payback period	1.72 years
Average annual production	9.65 million lbs V2O5
Average V2O5 selling price	\$12.73 per lb
Operating cash cost	\$4.77 per lb V2O5
All-in sustaining costs*	\$6.28 per lb V2O5
Breakeven price**	\$7.76 per lb V2O5
Initial capital cost including 25% contingency	\$116.76 million
Average grade	0.26% V2O5
Strip ratio	0.17 waste to leach material
Mining operating rate	3.4 million tons (leach material and waste) per year
Average V2O5 recovery through Direct Heap Leaching	62%
Life of mine	13.5 years

Management Changes

On October 10, 2018, Prophecy were pleased to announce the appointment of Gerald Panneton as the Company's President and new Chief Executive Officer, replacing John Lee, who will remain as Chairman of the Board of Directors of the Company. Mr Panneton is a geologist with over 30 years experience in mineral exploration and development, and was the founder, President and CEO of Detour Gold Corporation from its

incorporation in July 2006 until November 2013. Today, the Detour Lake mine ranks as one of the largest gold mines in Canada. Mr. Panneton helped raise approximately \$2.6 billion in capital while at Detour Gold. Under his leadership the Detour Lake Project grew over tenfold from 1.5 million ounces in resources to over 16 million ounces in reserves and into production. Mr. Panneton and his Detour Gold team were the recipients of the PDAC 2011 Bill Dennis Award for Canadian mineral discoveries and prospecting success of the year.

Mr. Panneton commented that: "I am very excited to join the Prophecy team to work on the Gibellini Vanadium Project in Nevada. The Gibellini Project represents an excellent opportunity to be developed in the very near future. I envision the Gibellini open pit project to have an excellent chance of expanding its resource base, in much the same way that I led Detour Gold in exploring, financing and developing the Detour Lake Project to become Canada's top gold mine with an annual gold production in excess of 500,000 oz today."

John Lee the former CEO added: "Gerald and I spent some time recently in Nevada, kicking rocks at Gibellini, and meeting and talking to regulators, community leaders, geologists and engineers. It's clear Gerald shares the same passion as Prophecy's team for the Gibellini Project and there is great chemistry".

Gerald Panneton comes to Prophecy at the right time with a huge record of success behind him in the mining industry. Along with John Lee the former CEO and the rest of his team, they are very likely to succeed; especially in a vanadium market that is growing from the demand from the steel hardening industry, and also from the surging energy storage sector.

Prophecy Development Corp. is based in Vancouver, Canada, and has a market cap of C\$ 23.6 m.

Prophecy Development's John Lee on the Gibellini Vanadium Project in Nevada

March 28, 2018 – “They are very eager to advance this project forward. In fact the state of Nevada at the PDAC conference in Toronto just a week ago had the Gibellini project front and center on the first page of their brochure.” states John Lee, CEO and Chairman of Prophecy Development Corp. (TSX: PCY | OTCQX: PRPCF), in an interview with InvestorIntel’s Peter Clausi.

Peter Clausi: Last time we chatted I think was in December.

John Lee: Around that timeframe; 3 or 4 months ago, yes.

Peter Clausi: A lot has happened to the project since. First we should remind our viewers it is a vanadium project. You have three of them, but we are really talking about one of them. It is in the lovely mining friendly state of Nevada. It has some advanced permitting on it from prior owners.

John Lee: That is correct Peter.

Peter Clausi: Tell us, what is the project called?

John Lee: The project’s name is Gibellini. It is located just about 20 miles south of Eureka in the southern Battle Mountain region in northeastern Nevada.

Peter Clausi: Right. You have Battle Mountain, Florida Canyon, Mill City is that way.

John Lee: It is close to everywhere, but not too close to

nowhere. It is a 5-hour drive from Vegas, 3-hour drive from Reno and 5-hour drive from Salt Lake City. I just recently made a trip there. I traveled from all those three different locations getting to the property.

Peter Clausi: What is happening at the project now?

John Lee: Peter when we last talked the project really has 4 competitive differentiators. The project is ideally located. According to the Fraser Institute it is one of the best places to do mining investments in North America. That has not changed.

Peter Clausi: Nevada it is a great jurisdiction.

John Lee: Yes. The price of vanadium has gone up 40% since January. Any addition to that is thanks to Donald Trump's tax policy. The corporate tax rate has dropped from 35% to 21%. The project has a feasibility study that was prepared by the previous operator and which we would expect to announce a revision. The numbers so far look very, very promising. You have a lower tax rate and higher metal prices that bode very well for the project going forward. Not to mention, I think the other thing is on the permitting, the previous operator also did extensive baseline studies. Nevada, even though it is mining friendly, but the permitting aspect is not for the faint hearted. We had a huge leg up in that baseline studies and plan of operation had been submitted and deemed accepted by the Bureau of Land and Management. I was just in Nevada. We sat down with these guys. They are very eager to advance this project forward. In fact the state of Nevada at the PDAC conference in Toronto just a week ago had the Gibellini project front and center on the first page of their brochure. We felt like the permitting side is also making some advances as well as the feasibility study, which we are looking to publish a revision very soon within the next 30 days.

Peter Clausi: You had some pretty good news come out today. It

is the kind of news that some people will overlook and fail to understand why it is so important. Tell us about that.

John Lee: Even though there is doldrums in this metals market we generated a bit good volume. This morning we announced the news of our technical partnership with a company called NWME, Northwest Nonferrous Mining Company...to access the complete interview, [click here](#)

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