

Prophecy Development readies to become the newest North American Vanadium producer in 2022

Many experts agree that vanadium is the new age miracle metal, but is it really that new? Vanadium is a medium-hard, steel-blue metal that has been a miracle metal since it was used by Henry Ford on an industrial scale, in the 1908 Model T car chassis. Although a lesser-known metal, it is quite valuable in the manufacturing industry due to its malleable, ductile and corrosion-resistant qualities. The old age miracle part comes from its hardening properties that Ford was interested in as just two pounds of vanadium added to a tonne of steel doubles its strength. Today's new age miracle label comes not only from its continuing use as a steel hardener but also its use in vanadium redox flow batteries, mostly used for grid-scale energy storage.

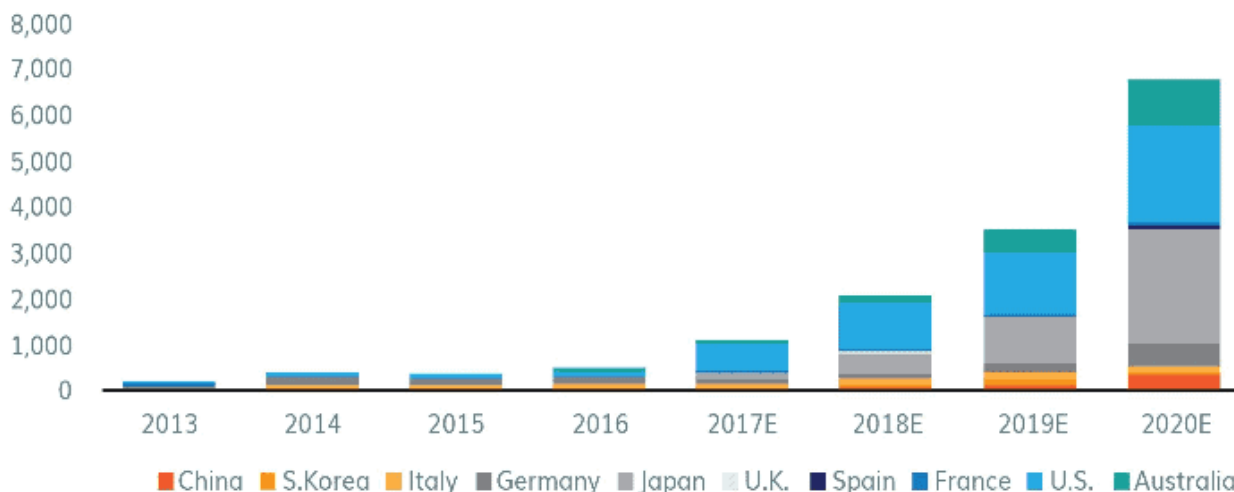
The battery energy storage industry is about to take off. Valued in 2018 at US\$11 billion it is forecast to grow to US\$170 billion by 2030. That's an annual growth of 25.6%, and total growth of 1,445%. China is already building several VRFB installations and California recently opened their first one with enough power for about 1,000 homes for up to four hours.

Vanadium based energy storage to grow rapidly

Cumulative Market Projection of Vanadium Consumption for Energy Storage

A New Player in Demand!

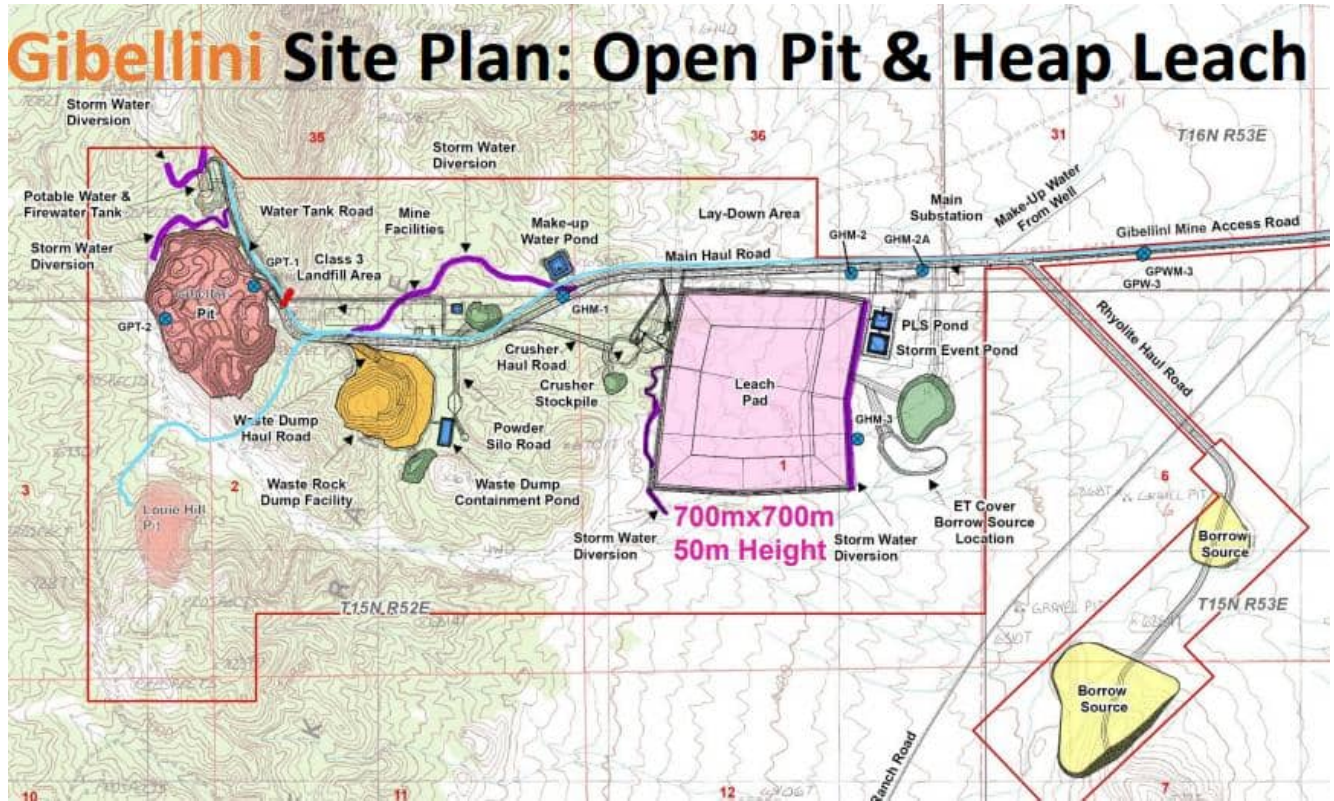
(Metric Tons V per Year)



Source: Azure International

Vanadium based energy storage to grow rapidly

Prophecy Development Corp. (TSX: PCY | OTCQX: PRPCF) is the owner of the Gibellini Mining Project located in Nevada. The Project is the only large scale, open-pit, heap-leach vanadium project of its kind in North America, and is currently undergoing EPCM and EIS preparation.



Prophecy's Gibellini Project key metrics

The economics of the Gibellini Project is solid with an NPV of \$338m, and a low CapEx of just \$117m, resulting in an IRR of 51%.



\$117M CAPEX
51% IRR
130M* LBS M + I
OPEN PIT & HEAP LEACH

Prophecy's next steps and timeline to production

After meeting with regulators in late April 2019, the Company has recently announced its guidance regarding expected permitting timelines at Gibellini. An Environmental Impact Statement (EIS) Record of Decision (ROD) would be expected no later than Q1 2021. On receipt of a positive ROD and issuance of State permits, Prophecy plans to start mine construction in 2021. The Company expects to be a vanadium producer by Q4 2022. In the interim of this process, the Company will be seeking project financing.

Prophecy Gibellini Project timeline to production



Mike Doolin, Prophecy's COO and interim CEO stated: "Selection process is underway for a qualified third party EIS contractor who will develop the EIS document and conduct the required environmental impact analysis for the Gibellini Project. In conjunction, M3 Engineering of Tucson AZ is working to complete the engineering designs as part of overall Engineering Procurement Construction Management."

Meanwhile, the 155 assays result from Prophecy's fall 2018 exploration program covering 3 locations, outlined surface grab samples as high as 2% vanadium pentoxide (V2O5) and 75 samples (48% of total 155) have V2O5 grades greater than the Gibellini deposit's cut-off grade of 0.101% V2O5. Results have demonstrated extensive mineralization with almost half the samples well above the cut-off grades.

Prophecy's timing as they head towards production could almost be prophetic. This new age metal will see very strong demand for vanadium from VRFBs, as well as vanadium-titanium alloys that have the best strength to weight ratio of any engineered material on earth. It could be the flow battery that will lead the way as many developing countries seek new energy solutions and how to store energy. Simply by using larger electrolyte storage tanks the vanadium redox battery can offer almost unlimited energy storage capacity.

Prophecy Development Corp. has a solid plan towards production with a defined timeline that should see them as the newest North American Vanadium producer by the end of 2022.

Based in Vancouver, Canada; Prophecy Development Corp. has a market cap of C\$ 17.7 million.

Prophecy Development's Oosterman on the permit license process for the Gibellini Vanadium Project in Nevada

Recently during PDAC 2019, Danniell Oosterman, Vice President of Exploration at Prophecy Development Corp. (TSX: PCY | OTCQX: PRPCF), shared an update on the Gibellini Vanadium Project in an interview with InvestorIntel's Peter Clausi.

Danniell said: "Currently we are in the permitting stage. We are an advanced stage project. This month we are about to submit all our baseline studies on the project. We are basically going to submit that and our updated mine plan of operations and what that will do, it will be reviewed by the BLM and it is going to kick off our environmental impact statement...at the end of that process we should have a permit in hand to mine and we will be the first vanadium mine in the United States."

Prophecy is developing the Gibellini Project – the only large-scale, open-pit, heap-leach vanadium project of its kind in North America. Located in Nevada, Gibellini is currently undergoing EPCM and Permit preparation. Prophecy also has mining projects in Mongolia and Bolivia.

To access the complete interview, [click here](#)

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Panneton on how Prophecy's Gibellini Project will be the first official primary vanadium mine in the U.S.

"The Gibellini Project is an excellent low-capital vanadium project that can be developed in Nevada in the U.S. There are no political risks. The feasibility study is completed. There is no red flag in the processing. It is a very solid project. That is what people saw while writing the checks." States Gerald Panneton, President and CEO of Prophecy Development Corp. (TSX: PCY | OTCQX: PRPCF), in an interview with InvestorIntel Corp. CEO Tracy Weslosky.

Tracy Weslosky: Allow me to start by congratulating you Gerald. You are brand new to the team. You have got a formidable career in the resource industry. I would just like to welcome you as the new CEO for Prophecy.

Gerald Panneton: Yes, October 10th was my first day on the job.

Tracy Weslosky: Gerald we noticed that you attracted some institutional investors in this last round of financing, which is highly applaudable in these current markets, especially for a project your size. Can you tell me what it is that drew them in?

Gerald Panneton: The Gibellini Project is an excellent low-capital project that can be developed in Nevada in the U.S. There are no political risks. The feasibility study is completed. There is no red flag in the processing. It is a very solid project. That is what people saw while writing the checks.

Tracy Weslosky: There has been a constant news flow since you joined the team. Recently you also attracted Ron Espell as VP Environmental and Sustainability to your management team. Can you tell us a little bit more about your management team overall?

Gerald Panneton: When you bring a project into production and you want to do it efficiently and very well you bring expertise. Johnny brought me as CEO to develop the project because that will be my fourth mine that I put together during my career. You build mines and you build projects like this with a team. Ron Espell is the guy that has all the experience permitting projects in Nevada.

Tracy Weslosky: Of course those of us interested at InvestorIntel in issues of sustainability, the Gibellini Project that Prophecy has is one of the first to primarily produce vanadium in North America. Can you tell us a little bit more about the Gibellini Project please?

Gerald Panneton: Yes, the first official primary vanadium mine in the U.S. will be the Gibellini Project. It is the most advanced of all the projects.

Tracy Weslosky: With experience taking a mine fully to production, can you tell us what attracted you to this project?

Gerald Panneton: The main reason I got involved in Prophecy is because I think vanadium has a solid future in terms of its use mainly for the steel industry, which has been 90% of its consumption. The growing number will be in the battery sector

for long-term storage.

Tracy Weslosky: With everything that is happening in the vanadium markets presently, can you tell us what we should anticipate as potential shareholders in Prophecy in the next quarter or two?

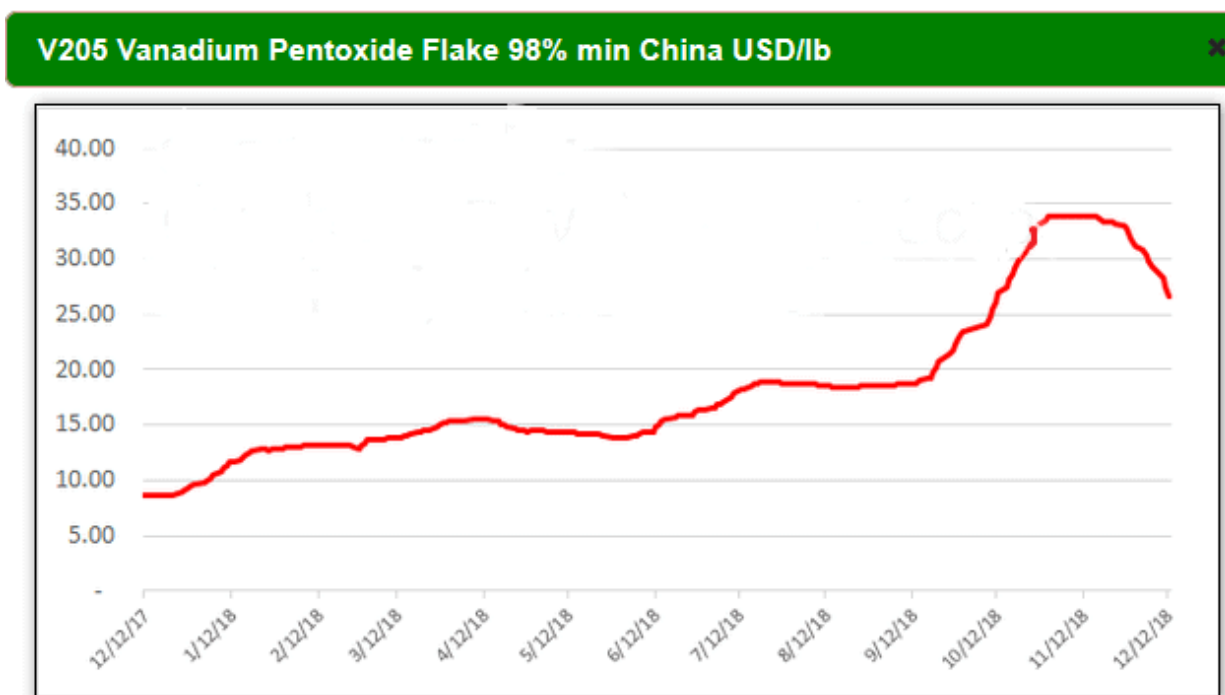
Gerald Panneton: Well we are planning to continue the baseline study that we have initiated and of course the engineering. We are planning also to start drilling sometime in March or April because one of the deposits, the Louie Hill deposit, has not been drilled off completely. Our deposit, the Gibellini, is relatively concealed, but the Louie Hill further south is not. We believe we can probably increase our resource or double our resource at Louie Hill...to access the complete interview, [click here](#)

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Prophecy is creating the right vanadium project at the right time.

Having been recognized by Henry Ford for its steel hardening properties for making cars, vanadium has made a huge comeback in 2018. Vanadium's price rise in 2018 has been nothing short of spectacular. Prices in China have more than tripled over the course of 2018 on the back of new Chinese construction laws requiring vanadium to be used in steel rebar. The steel industry accounts for just over 90 percent of global vanadium usage. Given China's dominance of global steel production,

it's no surprise the country is the single largest user of vanadium. Investors should also be aware there has been a little bit of recent price softening (to ~\$27/lb) from vanadium's early November peak, however this should be expected after such a spectacular rise.



China vanadium spot price

Prophecy Development Corp. (TSX: PCY | OTCQX: PRPCF) is developing the only large-scale, open-pit, heap-leach vanadium project of its kind in North America, at its 100% owned Gibellini project in Nevada, USA. Prophecy's mandate is to seek vanadium properties that are in conflict free areas on the planet. Prophecy has no bank debt and has approximately 95 million shares outstanding.

The Gibellini Project and PEA

Gibellini has the largest NI 43-101 compliant measured and indicated primary vanadium resource known in the USA and is currently undergoing engineering, procurement and construction management (EPCM) and Environmental Impact Statement (EIS) preparation.

Prophecy's 2018 Preliminary Economic Assessment (PEA) reported a net present value (NPV) of \$US338 million at a 7% discount rate, an internal rate of return (IRR) of 50.8%, life of mine (LOM) of 13.5 years, and 1.72 years payback; assuming an average vanadium pentoxide (V2O5) price of \$12.73/lb, and OpEx of US\$4.77/lb V2O5. Also most attractive is the small CapEx estimate of \$116.76m. As of December 2018 the price is more than double the \$12.73 per pound figure used in the PEA, sitting around \$27 per pound, which of course means the economics right now are a lot better. Also of interest is the project breakeven V2O5 selling price of US\$7.76/lb.

Recently appointed (October 10, 2018) President and CEO Gerald Panneton stated; "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. I think it is definitely good timing to get involved in vanadium."

With global vanadium supply dwindling and demand increasing, this could be the right project at the right time. This coincides very nicely with the company name "prophecy" – According to the Cambridge dictionary prophecy is a statement or prediction that tells what will happen in the future.

The Right Time: Dwindle Vanadium Supply



Vanadium is also the latest metal getting involved in energy storage. The vanadium redox flow battery (VRFB) is a breakthrough technology, as a fast-growing component of the infrastructure needed to accommodate the global shift to renewable energy. Current forecasts estimate that VRFBs could account for 20 percent of vanadium consumption by 2030.

It is looking more and more likely that vanadium is going to play a huge part in the future due to the continued demand from the construction (steel) industry and the rapid development in redox flow batteries in grid storage (green energy). Prophecy Development Corp. and their Gibellini Project may end up being the go to vanadium producer and supplier in North America.

Prophecy Development CEO says: 'definitely good timing to get involved in vanadium'

"I think it is definitely good timing to get involved in vanadium, but also you would not see myself if I were to be in a conflict area. I have spent most of my career in conflict areas when I was working with Barrick Gold for many years. I definitely prefer to be either in Canada or the U.S." States Gerald Panneton, President and CEO of Prophecy Development Corp. (TSX: PCY | OTCQX: PRPCF), in an interview with InvestorIntel Corp. CEO Tracy Weslosky.

Tracy Weslosky: Prophecy Development Corporation, their mandate is to seek vanadium properties that are in conflict free areas in the planet. Is that correct?

Gerald Panneton: I think it is definitely good timing to get involved in vanadium, but also you would not see myself if I were to be in a conflict area. I have spent most of my career in conflict areas when I was working with Barrick Gold for many years. I definitely prefer to be either in Canada or the U.S.

Tracy Weslosky: That is a great segue for asking you, with your significant professional career you have just accepted the role as CEO and President for Prophecy Development. Can you tell me why you would take this role at this point in your career? We as shareholders want to know Gerald.

Gerald Panneton: It is very simple. I am a shareholder too. More importantly is that I have already built three mines during my career; two at Barrick and one with the Detour Lake project. You do not join a company because you just want to join a company. There must be a reason. The main reason is that Prophecy Development or PCY ticker is undervalued, tremendously undervalued compared to the value of the vanadium deposit. Of course it is subject to the vanadium price.

Tracy Weslosky: Alright so let us discuss vanadium prices. For those of you out at InvestorIntel who are not familiar with how hot vanadium is right now you should check our trending section. Vanadium continues to be one of the most well-read topics that we are covering presently. There are not a lot of real players out there in the vanadium market, are there Gerald?

Gerald Panneton: No, mainly 50% of the production comes out of China, 10% South Africa, 10% Brazil, maybe 10% to 15%. There are two types of deposits that will produce vanadium. The one we have at Gibellini is one of the easiest ones compared to all the others.

Tracy Weslosky: You just made an announcement about the Gibellini with an MOA with the Bureau of Land Management. Can

you provide us with some highlights from that news release?

Gerald Panneton: With the recent election of the Republican being in power in the U.S. there is an Article 3335 that is very important for BLM to apply, which means every project that has a notice of intent, which means you completed all the baseline studies or for us it is the gap analysis from the last predecessor. We have 12 months basically to provide an environmental report with consultation and approved by BLM Nevada. In the MOA it is the understanding to help each other achieve this target and if necessary Prophecy will help pay for some consultant to review the process.

Tracy Weslosky: Now that you are leading the company, leading Prophecy Development, can you tell us where you plan on focusing your energies next?

Gerald Panneton: Twofold, the first one is our gap analysis of all the baseline studies that were initiated some time ago by our predecessor. What we need to do is complete those by September of next year...to access the complete interview, click [here](#)

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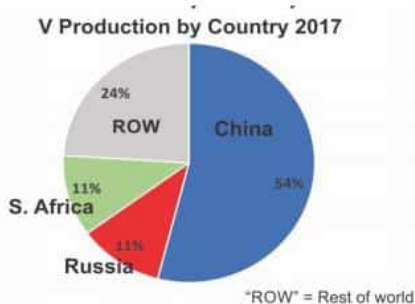
Prophecy Development's new CEO provides huge boost for Nevada Vanadium Project

To double the strength of steel you just need to add 0.5% vanadium. In high rise buildings vanadium alloy reinforced

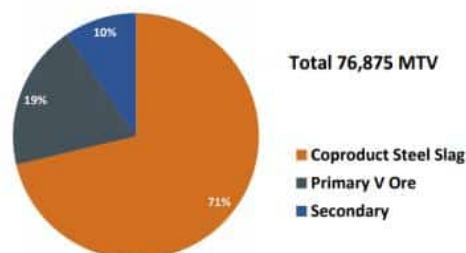
steel bars are required to help fend off earthquakes and floods. But it's just not steel hardening where vanadium's market strength is, it's also in vanadium redox batteries used in massive energy storage.

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



- No new vanadium mines globally next 5 years
- Mine expansion in S. Africa and Brazil increase global vanadium supply by a total of 10% in 2020



- China's vanadium production flat due to steel sector consolidation & stringent environmental requirement
- V Recovery from secondary sources (heavy oil and uranium waste) forecast no growth

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 Danniel Oosterman on becoming a major global supplier for vanadium

"We recently did a preliminary economic assessment on our Gibellini Project in Nevada, U.S.A and we had some key findings. Basically some of the numbers projecting over 13.5 year mine life. We anticipate an internal rate of return of 50.8%, a net present value of \$338 million. This is using a base case price for vanadium of \$12.73." States Danniel Oosterman, Vice President of Exploration at Prophecy Development Corp. (TSX: PCY | OTCQX: PRPCF), in an interview with InvestorIntel Corp. CEO Tracy Weslosky.

Tracy Weslosky: You have had so much news recently, but I think one of the most significant pieces of news is your PEA results. Can you talk to us about that?

Danniel Oosterman: Absolutely. We recently did a preliminary economic assessment on our Gibellini Project in Nevada, U.S.A and we had some key findings. Basically some of the numbers projecting over 13.5 year mine life. We anticipate an internal rate of return of 50.8%, a net present value of \$338 million. This is using a base case price for vanadium of \$12.73. Today's price of vanadium is \$14.10. If you were to use today's price for vanadium the internal rate of return actually goes up to 57% and the net present value goes up to \$415 million. Keep in mind that our capex or capital expenditure to move the mine into production is only \$117 million dollars. That is one-third of the NPV. There are not a lot of projects out there that can boast these sorts of numbers.

Tracy Weslosky: When I look at your market cap and I look at what you are supplying and all of the present geopolitical

issues at the forefront, I would think that many smart investors that are interested in sustainability would be looking at Prophecy.

Danniel Oosterman: Exactly. There are no primary vanadium producing mines in North America currently. We are the only project, not only in North America, but really in the world, that has a near-term production timeline. We are looking at production hopefully within 3 years. We already submitted our Plan of Operation to the Bureau of Land Management in the United States. This basically over time kicks off for us the permitting schedule for us. We anticipate to get 38 permits over the next 2 years. We are also submitting our Engineering Procurement and Construction Management, which is basically going to cost the entire project with a contract mining outfit over the next year.

Tracy Weslosky: I think you told me previously that 99% of all the vanadium is imported in the United States. When you are actually producing you will then be providing 3½% of the world's supply. Did I read that correct?

Danniel Oosterman: That is correct. If you were to take out China as a player we would actually produce 15% of the world's supply. That makes us a major supplier. We will be producing 9.7 million pounds of vanadium annually with this project...to access the complete interview, [click here](#)

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