

Prophecy's stock price jumps 56% after announcing a spin-off plan

Prophecy Development Corp. (TSX: PCY | OTCQX: PRPCF) specializes in mine permitting, construction, and operations. Prophecy has two near-term producing (vanadium, silver) and one producing (coal) mining projects. Prophecy has recently announced the formation of two subsidiaries to facilitate potential future spin-offs of the Company's wholly-owned Bolivian silver operation and Mongolian coal operation; Silver Elephant Mining Corp. and Asia Mining Inc. in order to facilitate potential future spinoffs of the Company's wholly owned Bolivian silver operation and Mongolian coal operation.



2 Near-Term & 1 Producing Mining Projects

Gibellini Vanadium Nevada



Vanadium Production 2022
Open Pit, Heap Leach
1st Vanadium Mine in USA

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Pulacayo Silver Bolivia



Silver Trial Mining 2020
30 million oz indicated* @ 455g/t
21 million oz inferred* @ 256g/t

*43-101 Pulacayo Report dated Oct 20, 2017
By Mercator Geological Services Limited on SEDAR

Coal Mongolia



Production March 2019
37,800t in June 2019
Earns US\$2/tonne royalty

TSX: PCY, OTCQX: PRPCF, Frankfurt: 1P2N

Prophecy reorganization (to be completed by end of August)

Prophecy will be the parent company to the following direct subsidiaries:

Silver Elephant Mining Corp. (Pulacayo Silver-Zinc-Lead Projects)

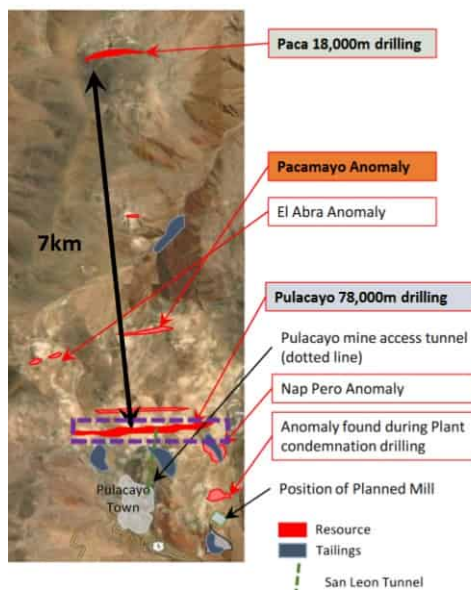
The Company's Pulacayo Bolivian property features a top-tier diamond drill intercept of 1,030 g/t Ag over 25 meters. With only 30% of the known mineralization drilled, Pulacayo has a starter resource of 30 million oz of silver at 455 g/t Indicated, and 21 million oz of silver grading 256 g/t Inferred. Added to this are significant amounts of lead, zinc, and copper.

John Lee, Prophecy Chairman, states: "We foresee a strong upward performance in silver prices. Silver Elephant is structured and intended to be a premier pure silver play, which may go public in the near term."

Company research has shown there are very few silver underground deposits grading at over 400 g/t Ag and open pit silver projects grading at over 200 g/t Ag. To take advantage of rising silver prices the Prophecy team is examining various production scenarios at Pulacayo that can be implemented as soon as a production contract is granted. There is strong potential to increase the silver resources at Pulacayo through modern exploration and drilling methods in this prolific silver district of Bolivia.

Prophecy's resources and some drill results over their Pulacayo property in Bolivia

Pulacayo Silver District and Expansion



Paca Mineral Resource Statement – Effective Oct 20th, 2017									
Ag Eq. Cut-Off (g/t)	Category	Tonnes**	Ag (g/t)	Zn (%)	Pb (%)	Ag Eq. (g/t)	Ag (MOz)	Zn (Mlbs)	Pb (Mlbs)
200	Inferred	2,540,000	256	1.10	1.03	342	20.9	61.6	57.7

Pacamayo	Chip Sampling	Ag (g/t)	Sb (%)	Pb (%)	Zn (%)	Cu (%)
MPU-77	1 m	7,380	2.5	17.6	7.0	3.1
MPU-69	0.60 m	3,868	1.8	2.3	2.4	2.0
MPU-70	0.60 m	2,548	0.9	0.8	1.2	1.1
MPU-74	1 m	1,330	2.3	0	0.4	1.6

Pulacayo Mineral Resource Statement – Effective Oct 20th, 2017									
Ag Eq. Cut-Off (g/t)	Category	Tonnes**	Ag (g/t)	Zn (%)	Pb (%)	Ag Eq. (g/t)	Ag (MOz)	Zn (Mlbs)	Pb (Mlbs)
400	Indicated	2,080,000	455	3.19	2.18	594	30.4	146.3	100
	Inferred	480,000	406	3.93	2.08	572	6.3	41.6	22

Asia Mining Inc. (Ulaan Ovoo Coal mine)

The Company's Ulaan Ovoo coal mine is located in northern Mongolia and has received over US\$50 million investment since 2010. It features an average strip ratio of 1.8. The mine's coal has less than 1% sulfur, and low ash (8 to 11%) which is well-suited for power plants, cement plants and boiler heat applications. Since March 2019 the mine has been operated by a lessee where Asia Mining stands to earn \$2 per tonne of Ulaan Ovoo coal sold. The mine achieved a record production of 37,800 tonnes in June 2019, and has reportedly secured close to 400,000 tonnes of orders through to April 2020.

Chairman John Lee comments: "Ulaan Ovoo thermal coal is gaining steady reputation for its premium quality and reliable delivery in northern Mongolia. Barring any unforeseen circumstance which curtails production, Prophecy's Mongolia operation is expected to become net cash flow positive for the remainder 2019."

Nevada Vanadium Mining Corp. (Gibellini and Louie Hill Vanadium Projects)

Prophecy's US subsidiary, Nevada Vanadium, is developing its

100% owned Gibellini and Louie Hill Vanadium Projects. The open pit-heap leach vanadium project is scheduled to start a year long Environmental Impact Statement in Q1 of 2020. Construction is expected in 2021 with production by end of 2022.

The recent Preliminary Economic Assessment published in November 2017 stated an annual vanadium pentoxide (V₂O₅) production of 9.7 million pounds a year for 14 years at cash cost of a US\$4.77 pound and a Capex of US\$117 million. The Gibellini and Louie Hill Vanadium Projects have received over US\$20 million of investment; includes drilling, metallurgy, feasibility and environmental baseline studies. Nevada Vanadium offers leverage on vanadium prices and is the only US vanadium mine poised to go into production by 2022, and will have no bank debt.

Prophecy's strategy

Given the stock market currently assigns almost no value for Prophecy's two assets (silver/lead/zinc/copper (Silver Elephant) and coal (Asia Mining Inc.)), it makes sense for Prophecy to spin out these assets so that value can be recognized. For example, the resources at the Company's Pulacayo district totals 52 million ounces of contained silver in the Indicated & Inferred categories, yet gets no value recognition. It is a similar story for their producing Mongolian coal mine.

This should benefit shareholders as investors should come to see the value in the spin-off assets as valuable additions to the flagship Nevada Gibellini Vanadium Project. The market seems to agree given the stock price rise of ~56% since announcing the spin-offs just a few days ago.

Prophecy is managed by mine builders with over 100 years of combined industry experience. Headquartered in Vancouver Canada; Prophecy Development Corp. has a market cap of C\$ 29

million.