

# Prophecy and Pacific Coast Nickel Commence 8,000 Meter Drilling Program on its PGM-Ni-Cu Wellgreen Project

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VANCOUVER, June 2, 2011 - [Prophecy Resource Corp.](#) ("Prophecy") (TSX VENTURE: PCY) (OTCQX: PRPCF) (FRANKFURT: 1P2) and [Pacific Coast Nickel Corp.](#) ("PCNC") (TSX VENTURE: NKL) (PINK SHEETS: PNIKF) (FRANKFURT: P94) (the "Companies") are pleased to announce the commencement of an expansion drilling program on its Wellgreen PGM Ni-Cu Project, located in the Yukon Territory, Canada. The program has been commenced by Prophecy and will be completed by PCNC following the completion of the arrangement transaction ("Arrangement") whereby PCNC will acquire the Lynn Lake and Wellgreen properties from Prophecy.

The program will comprise of 8,000 meters of solid-core diamond drilling from May to September with up to 3 drills to test minimum 17 infill and exploration targets. This phase of drilling is designed to augment the existing resource which is currently being updated to National Instrument 43-101 compliant standards by Wardrop Engineering ("Wardrop"), a Tetra-tech Company. The resource estimate (based on 701 drillings before 2011) is expected to be released in July of this year. The 2011 drilling is aimed to further augment the resource estimate.

In 1972, Hudbay Minerals Inc. milled 171,652 tons grading 2.23% Copper and 1.39% Nickel on the Wellgreen mine. The mine then ceased operations due to low nickel prices, geological complexity, and poor ground conditions. Drillings by several past operators have verified the presence of significant amount of lower grade nickel-copper and PGM-bearing mineralization highlighted by intercepts of 496.1 meters of 0.596 g/t PGM+Au, 0.27% nickel, 0.18% copper and 0.02% cobalt (refer to September 27, 2010 press release). The grades and type of disseminated mineralization at Wellgreen are highly analogous to those observed in Minnesota's Duluth Complex.

The Prophecy 2011 program will consist of a series of step-back and infill holes targeting the bulk disseminated sulphide zones that stratigraphically overlie the known massive sulphide zones stretching over 2.2km

Step-outs to the east will examine the potential of Wellgreen where aeromagnetic data and mapping indicate a continuation of the mineralized host-pluton, the Quill Creek mafic-ultramafic intrusion, which extends for at least 2.3 km in that direction, and has undergone minimal prior drilling.

## Overview of Wellgreen:

- Wellgreen is part of Kluane Ultramafic Nickel belt, which is the second largest behind the Thompson Belt in Canada and remains vastly unexplored.
- Wellgreen was discovered in 1952 and optioned to Hudson Bay Mining and Smelting Ltd. (now [Hudbay Minerals Inc.](#)). Over a 20 year period, Hudbay sank 4 shafts and developed over 4 km of underground workings.
- A total of 701 holes (182 surface, 519 underground) totalling 53,222 meters (28,303 meters surface, 24,919 meters underground) were historically drilled by the following mining and exploration companies: Hudbay, Chevron, All North, Galactic, Archer Cathro, Coronation, and Northern Platinum.
- A historic, non-NI 43-101 compliant geological resource (1989) estimated at 55 million tonnes grading 0.35% copper, 0.36% nickel, and 0.78 g/t PGM.
- Prophecy holds 91 claims in two groups under renewable 21-year mining leases totaling approximately 22.1 square km.
- A shear zone was discovered in 2005 with rock samples yielding up to 70.1 g/t Palladium, and 77.3 g/t Platinum and 1.37 g/t Rhodium (\$2,240/oz) over a 3km strike.
- A Fugro helicopter-borne Mag and EM survey conducted in 2008 demonstrated that the magnetic signature

of the peridotite extends approximately 6 km on Prophecy's ground.

- Past exploration and production focused on high-grade underground massive sulphide.

- Prophecy is re-examining the surveys, geology, past drill cores, and economics of Wellgreen for a disseminated sulphide open pit scenario.

In July 2010, a NI 43-101 report (available on sedar) on the Wellgreen property from Wardrop stated, "The potential within the Quill Creek Ultramafic intrusion on the Wellgreen property is in the range of 77 to 254 million tonnes at 0.26 to 0.38% nickel, 0.26 to 0.36% copper, 0.32 to 0.47 g/t platinum and 0.23 to 0.38 g/t palladium based on the assumption of a specific gravity of 3.22, strike length of 4000 to 7000 metres, depth of 200 to 250 metres and a width of 30 to 35 metres."

On May 31, 2011, the Companies' respective shareholders have approved the Arrangement whereby PCNC will acquire the Lynn Lake and Wellgreen nickel properties from Prophecy. Refer to the June 1, 2011 joint news release issued by the Companies on the Arrangement.

Visit [www.prophecyresource.com](http://www.prophecyresource.com) or [www.pacificcoastnickel.com](http://www.pacificcoastnickel.com) for detailed drill map and 3D modeling of the Wellgreen deposit.

This news release has been reviewed and approved by Dannie Oosterman, P.Geo. who is a Qualified Person as defined in NI 43-101.

### **About Prophecy Resource**

Prophecy Resource Corp. is an internationally diversified company engaged in developing energy, nickel and platinum group metals projects. The company controls over 1.4 billion tonnes of surface minable thermal coal resources in Mongolia. Prophecy's Ulaan Ovoo coal mine is operational and its Chandgana mine mouth power plant is currently being permitted. In Canada, Prophecy owns the Wellgreen PGM Project in the Yukon Territory and Lynn Lake Nickel Sulphide Project in Manitoba, both of which it has agreed to sell to Pacific Coast Nickel Corp. Prophecy also owns equity stakes in Victory Nickel Inc. and Compliance Energy Corp. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

### **About PCNC**

Pacific Coast Nickel Corp is a Canadian based Nickel PGM exploration company with projects in Canada, Argentina and Uruguay. PCNC's Burwash property is located adjacent to Prophecy's Wellgreen project in the Yukon Territory, Canada. On April 4, 2011, PCNC agreed to buy Wellgreen and Lynn Lake projects from Prophecy Resource Corp by issuing 450 million Pacific Coast Nickel shares to Prophecy.

ON BEHALF OF THE BOARD OF DIRECTORS of

Prophecy Resource Corp.  
John Lee, Chairman and CEO

Pacific Coast Nickel Corp.  
John Lee, Chairman and Interim CEO

***Cautionary Statements:** Completion of the transaction is subject to a number of conditions, including regulatory approval, shareholder approvals, a definitive agreement and approval of the British Columbia Supreme Court if applicable. There can be no assurance that the transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the Management Information Circular to be prepared in connection with the transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of exploration and development stage resource companies should be considered highly speculative.*

***Forward Looking Statements:** This news release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, including, without limitation, statements regarding timing of the Transaction, future share ownership of PCNC, Prophecy's intentions in respect of the PCNC Distribution, potential mineralization, the estimation of mineral resources, the realization of mineral resource estimates, interpretation of prior exploration and*

*potential exploration results, the timing and success of exploration activities generally, the timing and results of future resource estimates, permitting time lines, metal prices and currency exchange rates, availability of capital, government regulation of exploration operations, environmental risks, reclamation, title, and future plans and objectives of the companies are forward-looking statements that involve various risks and uncertainties. Although PCNC and Prophecy believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Forward-looking statements are based on a number of material factors and assumptions. Factors that could cause actual results to differ materially from those in forward-looking statements include failure to obtain necessary approvals in respect of the Transaction, unsuccessful exploration results, changes in project parameters as plans continue to be refined, results of future resource estimates, future metal prices, availability of capital and financing on acceptable terms, general economic, market or business conditions, risks associated with operating in foreign jurisdictions, uninsured risks, regulatory changes, defects in title, availability of personnel, materials and equipment on a timely basis, accidents or equipment breakdowns, delays in receiving government approvals, unanticipated environmental impacts on operations and costs to remedy same, and other exploration or other risks detailed herein and from time to time in the filings made by the companies with securities regulators. Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral exploration and development of mines is an inherently risky business. Accordingly the actual events may differ materially from those projected in the forward-looking statements. For more information on PCNC and Prophecy and the risks and challenges of their businesses, investors should review their annual filings that are available at [www.sedar.com](http://www.sedar.com).*

*This press release does not constitute an offer to sell or a solicitation to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("the U.S. Securities Act") or any state securities law and may not be offered or sold in the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

*Completion of the Transaction is subject to a number of conditions, including Exchange acceptance and disinterested PCNC shareholder approval. The transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the Management Information Circular and/or Filing Statement to be prepared in connection with the transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of PCNC should be considered highly speculative.*

*The TSX Venture Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.*

*"Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release."*

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