

# Prophecy Platinum Releases Year-End Financial Statements and Project Update

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VANCOUVER, BRITISH COLUMBIA -- (Marketwired - Jul 30, 2013) - [Prophecy Platinum Corp.](#) ("Prophecy Platinum" or the "Company") (TSX VENTURE:NKL) (OTCQX:PNIKF) is pleased to report the release of its annual audited consolidated financial statements for the twelve month period ended March 31, 2013 (the "2013 Financial Statements") and the related annual Management's Discussion and Analysis (the "2013 MD&A"). The Company is also pleased to provide an update on its Wellgreen PGM-Nickel-Copper project in the Yukon Territory and its Shakespeare PGM-Nickel-Copper project in Ontario, Canada. Further information about the Company, including the 2013 Financial Statements, 2013 MD&A and technical information on each of the Company's projects, are available on the Company's website at [www.prophecyplatinum.com](http://www.prophecyplatinum.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## President's Message

The past year has been a transformative one for Prophecy Platinum. Just over a year ago, we released the results of a Preliminary Economic Assessment ("PEA") on our Wellgreen project that showed robust project economics. We also added the Shakespeare property to our portfolio of projects through our acquisition of [Ursa Major Minerals Inc.](#) Since then, a completely new management team has been put into place with a track record of success in large-scale project development, operations and project financing. The new management team's experience includes projects in the Yukon Territory and Sudbury District, including projects with Platinum Group Metals ("PGMs").

Prophecy Platinum has built a strong internal technical team and retained leading technical and environmental consultants over the past year. We are very pleased with the progress our technical team has made in increasing our understanding of the Wellgreen deposit, and the 2013 field program will further add to our appreciation of the true nature and scale of the project. All historical data available on the project dating back to the 1950s was standardized, digitized and compiled in a geologic model that provides us with a reliable foundation from which to further explore and develop Wellgreen and, specifically, to identify new zones of higher grade mineralization and areas previously designated as waste in the open pit model that have a high probability of being mineralized.

During our most recently completed financial year, the Company raised approximately \$11.5 million in equity financing. In addition, in June 2013 after our most recently completed financial year, we were able to close a \$5.9 million equity financing at a premium to the market, despite extremely challenging conditions for junior mining stocks. The financing will allow us to continue to advance our Wellgreen and Shakespeare projects to the next phase of development. Members of management participated to a significant degree in the June 2013 financing, thereby increasing insider holdings and further aligning management and shareholder interests.

On July 17, 2013, we announced that our 2013 field program had commenced at Wellgreen with the primary objectives being to upgrade Inferred category resources to Measured and Indicated and test priority expansion targets that have potential to add near surface higher grade material to the life of mine plan. In addition to drilling, we are currently re-sampling up to 12,000 metres of historic Wellgreen drill core. This historic core was previously only selectively sampled for very high grade massive sulphide material. These historic holes are now being assessed from a bulk mineability perspective and the results will be incorporated in the next mineral resource update and PEA. In essence, this re-sampling program is equivalent to a greater than 10,000 metre drill program across the Wellgreen property without the expense, in terms of time and money, associated with new drilling.

Our ongoing metallurgical test work will focus on optimizing metal recoveries of disseminated mineralization, particularly in the PGMs, enhancing concentrate grades and determining the economic contribution of the rare PGMs that are present in the Wellgreen deposit. The program will test optimization of the flotation recovery of the metals using variations of grind size, flotation methods, magnetic separation and other techniques to enhance overall recovery of PGMs.

Engineering studies are also underway that will evaluate a staged development approach with an initial smaller scale start-up operation at Wellgreen. Staging production will require less initial CAPEX, currently

targeted at between \$300 and 400 million, and allow for an accelerated timeline to production. Over time, production could be expanded to match the very large resource size out of operating cash flow.

At our fully permitted Shakespeare PGM-Nickel-Copper project in the Sudbury mining district of Ontario, we continue to conduct a comprehensive review of metal prices and costs required to allow a sustainable, profitable restart to operations. This includes participation with the Sagamok Anishnawbek First Nation in accordance with our Impact Benefit Agreement. In operation, we expect the Shakespeare project to produce 25,000 ounces of PGM+Au, 8 million pounds of nickel and 10 million pounds of copper on an annual basis.

We anticipate providing regular news updates over coming quarters as we undertake exploration programs and complete resource and engineering updates that should deliver meaningful milestones for increasing shareholder value.

## **Current Market and Economic Conditions**

The junior mining sector has been under severe selling pressure throughout 2013 with the S&P TSX Venture Composite Index down 24% year-to-date and the Market Vectors Junior Gold Miners Index down 45% year-to-date. In contrast, the S&P 500 is up 18% year-to-date and hitting record highs. Market conditions remain challenging for resource companies, but commodity prices and mining company share prices have shown improvements recently and prices are well off the lows reached at the end of June. We are cautiously optimistic that after more than two years of consolidation those lows may have been the bottom of the market.

Globally, there are indications that the US economy is on the mend and that the European Union has stabilized. However, concerns remain about economic data from China signaling a slowdown in growth in that nation. China is a major driver of demand growth for commodities, so concerns about China's economic growth are continuing to weigh on commodity prices and sentiment towards resource stocks.

In the long run, global economic policies continue to have an expansionary and inflationary bias that should be positive for commodity prices and resource stocks. The bear market in resource stocks has resulted in the cancellation of billions of dollars of new mines and mine expansions. As existing mines are depleted and grades decline over time, the lack of new development will result in declining annual production in future years. As the global economy continues to recover from the 2008 financial crisis and commodity demand grows, the stage is being set for commodity supply deficits in the future and, therefore, higher prices.

Fundamentals for PGMs remain steadfastly bullish and PGM prices have held up better than other metals in 2013. Palladium prices are actually up 5% year-to-date, making it the best performer of all of the precious metals. Platinum prices have declined 5% year-to-date, but gold prices have declined 20% over that same period. As a result, platinum is once again trading at a premium to gold, with the premium currently at 9%. Based on the relative fundamentals, we expect the platinum premium could continue to expand.

PGM supply is heavily concentrated in South Africa, Russia and Zimbabwe. Collectively, these countries account for 92% of platinum production and 84% of palladium production, but primary production has been declining since the mid-2000s. According to the CPM Group, PGM cash costs have increased at a compounded annual growth rate of 12.1% since 2000. The rising cost environment has eroded profitability in the sector and an estimated 70% of PGM producers are failing to recoup their all-in-costs at current PGM prices. The situation is most dire in South Africa, which accounts for 73% of global platinum supply and 36% of global palladium supply. South African PGM mining cash costs increased fivefold from 2000 to 2012, according to the CPM Group, and costs are expected to continue to increase at a rapid pace.

Most South African platinum mines are deep underground mines with thin seams of mineralization that are typically between 0.5 and 2.0 metres thick. The narrow widths associated with the typical Bushveld reef formations, such as the UG2 and Merensky, make it nearly impossible to use automated mining equipment. Mining is done predominantly using manual labour under challenging working conditions that add to costs. Labour costs are estimated to account for 50% of the cash costs of South African platinum miners.

In the past year there have been violent clashes between the two main South African unions and demands for substantial wage increases from producers. The large platinum mining companies have announced closures and large layoffs in the face of rising costs, so labour unrest and violence will likely continue. The rising cost environment has also led to the closure of some mining shafts and an attempt to identify PGM deposits that are less labour intensive.

Several mining companies are presently focusing on developing PGM deposits in South Africa that have mineralization widths of up to 25-50 metres in width, making these deposits amenable to bulk mining methods and automation. These underground deposits have 3E (3E = platinum + palladium + gold) grade

thicknesses of up to 100 grams per tonne x metres ("g/t-m"). In comparison, our Wellgreen deposit is amenable to large scale open pit and bulk underground mining and has platinum equivalent grade thicknesses of 100 to 300 g/t-m, with some zones running over 1,000 g/t-m.

Investor interest in the PGM sector continues to increase as the market gains a better understanding of the supply risks. We believe that consumers of PGMs will need to look for alternate sources of supply in geopolitically stable and predictable environments. This may present a positive dynamic for PGM equities in the junior mining sector and particularly companies like Prophecy Platinum with large resources in politically stable, mining friendly jurisdictions like Canada.

While Prophecy Platinum's primary focus is on developing its PGM resources, the Company also has significant exposure to nickel and copper. Both base metals have seen their prices decline in 2013 due to concerns that the Chinese economy is slowing and the pervasive negative sentiment towards commodities. Copper prices have declined about 10% in 2013 due to rising supply from new mines and mine expansions, while demand growth has slowed. Nickel prices have been especially weak due to the market being flooded by low cost nickel pig iron. However, growing stainless steel demand is expected to return the nickel market to a relatively balanced position in the latter half of this year. Longer term, the lack of new sulphide mine development is expected to result in nickel mine supply contracting starting in 2015-2017 and we believe smelters will be eager to source future nickel sulphide supply from projects like Wellgreen in the next one to two years.

## **Looking Forward**

The period ahead includes a number of important milestones for Prophecy Platinum. The commencement of the 2013 field program at Wellgreen will facilitate an updated resource and economic assessment in the first half of 2014 and the studies at Shakespeare will enable an assessment of restart of mining operations.

### **Wellgreen project activities for the remainder of 2013 include:**

- Re-logging / sampling and bulk mineability assessment of up to 12,000 metres of historic drill holes.
- Definition drilling of higher-grade mineralization for scheduling in the first 5-10 years of operations to enhance existing positive economics.
- Step-out drilling to offset higher grade mineralized zones and bring currently unclassified blocks that are within the previous pit model into the mineral resource.
- Conversion of a significant portion of the mineral resource from Inferred to the Measured and Indicated category to increase overall confidence in the mineral resource model.
- Testing of high priority, road-accessible targets adjacent to the main Wellgreen deposit for the existence of new higher grade, bulk mineable mineralization.
- Metallurgical optimization test work to increase metal recovery of disseminated mineralization as well as grind size and flotation process improvements.
- Engineering and Mine Plan Optimization studies to look at a staged development approach with an initial smaller scale start-up operation at reduced CAPEX and with increased project internal rates of return.

### **Shakespeare project activities for the remainder of 2013 include:**

- Studies on the reduction of operating costs for toll milling/smelting costs, transport costs, refinement of the mine plan/site operations and materials handling costs for direct ore shipping operations.
- Updated studies to look at the possible construction of an on-site mill and concentrator.

With the scarcity of large PGM projects outside of southern Africa and Russia we believe that the scale of Prophecy Platinum's projected North American PGM production will become of interest to potential investors in the sector. Our business strategy is to demonstrate the full potential of the Wellgreen project and to de-risk the project through the next steps of engineering toward feasibility, which should support higher valuations in the market and expand our investor base. We look forward to reporting on the exciting developments ahead for Prophecy Platinum and its projects as we remain focused on delivering increased shareholder value.

Greg Johnson  
President & CEO

## About Prophecy Platinum

[Prophecy Platinum Corp.](#) is a growth-focused PGM exploration company with projects in the Yukon Territory, Ontario and Manitoba, Canada. The Company's 100% owned Wellgreen PGM-Ni-Cu project, located in the Yukon, is one of the world's largest undeveloped PGM deposits and one of few significant PGM deposits outside of southern Africa or Russia. The Company's Shakespeare PGM-Ni-Cu project is a fully-permitted, production-ready mine located in the Sudbury mining district of Ontario, and its Lynn Lake project is a former operating mine located in Manitoba, Canada. The Company's experienced senior management team has a track record of successful, large-scale project discovery, development, operations and financing combined with an entrepreneurial approach to sustainability and collaboration with First Nations and communities. The Company's shares are listed on the TSX Venture Exchange under the symbol "NKL" and on the US OTC-QX market under the symbol "PNIKF".

Further information about the Company and its projects can be found at [www.prophecyplatinum.com](http://www.prophecyplatinum.com).

**Quality Assurance:** The technical information in this news release has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"). The Wellgreen Project geological technical information is supervised and reviewed by Neil Frog, P. Eng., Prophecy Platinum's Wellgreen Project Manager, a "Qualified Person" as defined in NI 43-101 and the person who oversees exploration activities on the Wellgreen Project. All other technical information is supervised and reviewed by John Sagman, P.Eng., Prophecy Platinum's Senior Vice President and Chief Operating Officer and a "Qualified Person" as defined in NI 43-101. In addition, Mr. Sagman has reviewed and approved the geological technical information contained in this news release.

**Forward Looking Information:** *This news release includes certain information that may be deemed "forward-looking information". All information in this release, other than information of historical facts, including, without limitation, information regarding the 2013 field program with respect to resampling, drilling, metallurgical optimization, engineering and mine planning, the timing and success of exploration activities generally, the timing of future technical reports and general future plans and objectives for the Wellgreen and Shakespeare projects are forward-looking information that involve various risks and uncertainties. Although the Company believes that the expectations expressed in such forward-looking information are based on reasonable assumptions, such expectations are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking information. Forward-looking information is based on a number of material factors and assumptions. Factors that could cause actual results to differ materially from the forward-looking information include 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, 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, the Company's ability to maintain the support of stakeholders necessary to develop the Wellgreen project, 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 Company with securities regulatory authorities in Canada. 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, actual events may differ materially from those projected in the forward-looking information. For more information on the Company and the risks and challenges of our business, investors should review our annual filings which are available at [www.sedar.com](http://www.sedar.com). The Company does not undertake to update any forward looking information, except in accordance with applicable securities laws.*

**Cautionary Note to United States Investors:** *This news release has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all resource and reserve estimates included in this news release have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy, and Petroleum Definition Standards on Mineral Resources and Mineral Reserves. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission*

("SEC"), and resource and reserve information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. U.S. investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility.

*It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies except in very rare cases. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in-place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC, and reserves reported by the Company in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with U.S. standards.*

*"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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