

Prophecy to Acquire Advanced Silver Lead Zinc Mining Project

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VANCOUVER, British Columbia, Oct. 16, 2014 (GLOBE NEWSWIRE) -- [Prophecy Coal Corp.](#) ("**Prophecy**" or the "**Company**") (TSX:PCY) (OTCQX:PRPCF) (Frankfurt:1P2) has entered into a binding letter agreement (the "**Letter Agreement**") with [Apogee Silver Ltd.](#) ("**Apogee**") (TSX-V:APE) to acquire the Pulacayo-Paca silver-lead-zinc mining project in Bolivia (the "**Pulacayo Project**").

Transaction Summary

Under the Letter Agreement, Prophecy will acquire Apogee's subsidiaries: Apogee Minerals Bolivia S.A. and ASC Bolivia LDC (which in turn, holds ASC Bolivia LDC Sucursal Bolivia) (the "**Apogee Subsidiaries**") which hold the Pulacayo-Paca joint venture by paying Apogee \$250,000 in cash and issuing Apogee 60 million Prophecy Class B convertible, non-voting shares (the "**Class B Shares**") (the "**Proposed Transaction**"). The Class B Shares will become eligible for conversion by Apogee, to an equivalent number of listed Prophecy common shares in tranches over a two-year period, when certain price levels of the Prophecy shares trading on the TSX are met, or in the face of certain major triggering events. Prophecy has agreed to assume all liabilities of the Apogee Subsidiaries.

Certain shareholders of Apogee who hold an aggregate of 82,253,000 million common shares, representing approximately 18.2% of Apogee's common shares, have signed support agreements pursuant to which they have agreed to vote all of the Apogee shares beneficially owned by them in favour of the Proposed Transaction.

The Proposed Transaction would provide Apogee shareholders with liquidity and an opportunity to team up with Prophecy's mining production experience in a challenging investment climate. Apogee shareholders would also be able to participate in the potentially significant upside of both the Pulacayo-Paca and Prophecy's coal and energy projects. By combining advanced-stage mining and energy projects in different geographic regions, Prophecy will diversify its project portfolio by adding exposure to multiple commodities, broadening its appeal to Asian, European and American investors; and mitigating perceived political risks.

Pulacayo-Paca Project Summary

The Pulacayo-Paca property is located 18km east of Uyuni city in southwestern Bolivia. It is located 460km south-southeast of the nation's capital of La Paz and 150km southwest of the city of Potosi. An 18km paved road connects Pulacayo-Paca to Uyuni, which connects to the port of Antofagasta by 612km of railroad.

The Pulacayo-Paca property is comprised of approximately 22,850 hectares of contiguous mining concessions centered on the historic Pulacayo mine and town site with access to power and water. ASC Bolivia LDC Sucursal Bolivia (the indirectly held wholly-owned Bolivian subsidiary of Apogee) controls the mining rights to the concessions through a separate joint venture agreement with the Pulacayo Mining Cooperative who hold the mining rights through a lease agreement with the state-owned Mining Corporation of Bolivia, COMIBOL.

Between 2006 and 2012, a total of 69,739m of diamond drilling was conducted by Apogee, whereby 226 surface drill-hole and 42 underground drill-hole results support mineral resource and reserve estimates pertinent to the independent feasibility study dated January 17, 2013 as filed on the SEDAR profile of Apogee.

Pulacayo's trial mining and toll milling programs started in November 2011 and continued for 19 months.

During the trial mining period, the following results were achieved:

Trial Mining Results

Development m	Total Ore tons	Ag g/t	Pb %	Zn %	Stoping tons	Ag g/t	Pb %	Zn %
1,247	12,550	270	2.7	2.4	7,547	339	3.8	3.1

The ore was trucked 150km to Potosi and processed by 3 custom mills owned by local cooperatives with varying operating capacity between 50 to 150 tonnes per day (tpd). Best recovery results were obtained from the Zabaleta mill which produced the following results:

	Concentrate Grade			Recovery		
	Pb%	Zn%	Ag g/t	Pb%	Zn%	Ag%
Lead Conc	47.95%	12.85%	6,295 g/t	64.62%	16.26%	72.13%
Zinc Conc	8.47%	39.45%	941 g/t	9.97%	43.57%	8.41%
Tailing	0.58%	0.97%	49.38 g/t	25.41%	40.16%	18.45%

Total silver recovery was 81.55%.

The concentrate was sold to Consorcio Minero S.A., a wholly-owned subsidiary of the Trafigura Group.

In December 2012, the Environmental Impact Assessment for the Pulacayo-Paca project (the "**Pulacayo Project**") was submitted to Bolivia's Ministry of Environment and Water and it was approved in October 2013. The submission was the result of over 30 months of technical studies and consultations, including a comprehensive water management plan, the feasibility study, archeological studies, flora and fauna studies, mine closure planning, social baseline studies, and results from two years of public consultations with local communities.

The approval of the EIA allows for mine and concentrator construction with a targeted production rate of up to 560 tpd at the Pulacayo Project.

Further Detail Regarding the Transaction

The Proposed Transaction is subject to the following:

1. Prophecy and Apogee entering into a definitive agreement based largely on the terms set out in the Letter Agreement;
2. Apogee securing voting support agreements in favour of the Proposed Transaction from its shareholders who hold a minimum of 20% of its outstanding shares, (the "**Voting Support Agreements**");
3. Shareholders of Apogee approving the Proposed Transaction and if necessary, shareholders of Prophecy approving any necessary acts required to effect the terms of the Proposed Transaction;
4. Apogee's shareholders holding more than 10% of Apogee's shares in the aggregate, not having exercised rights to dissent over the Proposed Transaction; and
5. Obtaining all necessary regulatory approvals for the Proposed Transaction, including the approval of each of the Toronto Stock Exchange and the TSX Venture Exchange.

The final structure of the Proposed Transaction will be subject to the parties' receipt of qualified tax, corporate and securities legal and accounting advice.

On the closing date of the Proposed Transaction, Apogee shall appoint to its board of directors an individual nominated by Prophecy to serve as a director of Apogee. Prophecy currently has 251,878,634 common shares issued and outstanding. In the event Apogee were to convert all of the Class B Shares as of the date hereof, Apogee would hold 19.2% of Prophecy.

The parties have agreed to enter into a definitive agreement by October 24, 2014 and complete the

Proposed Transaction by December 29, 2014. Apogee expects to mail an information circular to its shareholders providing full details of the Proposed Transaction in early November 2014.

The Letter Agreement includes a commitment by Apogee to not pursue or conduct negotiations to solicit alternative offers to the Proposed Transactions. In certain circumstances, if the Proposed Transaction is terminated by Apogee, a break-up fee of \$850,000 will be payable in cash to Prophecy by Apogee.

Prophecy's focus remains coal and energy projects in Mongolia, where well over 90% of Prophecy's staff reside. Prophecy has conducted thorough due diligence on Pulacayo-Paca. Upon completion of the Proposed Transaction, Prophecy will examine the project economics in relation to prevailing metal prices prior to making any production decision. At the appropriate time, joint venture partners may be sought to develop the Pulacayo Project.

Qualified Persons

The technical contents of this news release have been prepared under the supervision of Christopher M. Kravits, P.Geo, General Mining Manager of Prophecy. Mr. Kravits is a Qualified Person as defined in NI 43-101.

About Prophecy

[Prophecy Coal Corp.](http://www.prophecycoal.com) is a Canadian public company listed on the Toronto Stock Exchange that is engaged in developing energy projects in Mongolia. Further information on Prophecy Coal can be found at www.prophecycoal.com.

[Prophecy Coal Corp.](http://www.prophecycoal.com)
ON BEHALF OF THE BOARD

"JOHN LEE"
Executive Chairman

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Cautionary Note Regarding Forward-Looking Statements

This news release contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian Securities Legislation. Statements containing forward-looking information express, as at the date of this news release, the Proposed Transaction, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and the Company does not intend, and does not assume any obligation to, update such statements containing the forward-looking information. Such forward-looking statements and information include, but are not limited to statements as to: the accuracy of estimated mineral reserves and resources, anticipated results of future exploration, and forecast future metal prices, anticipated results of future sales and expectations that environmental, permitting, legal, title, taxation, socio-economic, political, marketing or other issues will not materially affect estimates of mineral reserves. These statements reflect the Company's current views with respect to future events and are

necessarily based upon a number of assumptions and estimates that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies.

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