

Vancouver, British Columbia (FSCwire) - [Prophecy Development Corp.](#) (Prophecy; or the Company) (TSX:PCY, Frankfurt:1P2) As a result of a review by the British Columbia Securities Commission, Prophecy is issuing the following news release to clarify our disclosure.

The Company made the following non-compliant statements regarding its Pulacayo Project in its January 12, 2016 corporate presentation (the Presentation;), and in the Mine Plan Summary (MP Summary;) and Pulacayo-Paca Summary (PP Summary;).

Non-Compliant Disclosure of a Preliminary Economic Assessment

The Company retracts all disclosure in the Presentation, MP Summary and PP Summary that relate to capital cost estimates, Life of Mine production and grade forecast, mining method and mine plan based on indicated and inferred resources*, and advises that the disclosure is not suitable for public disclosure and should not be relied upon because the capital cost estimate, Life of Mine production and grade forecast, mining method and mine plan referred in the Presentation, MP Summary and PP Summary are not supported by a technical report compliant with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101;). The Company does not have a preliminary economic assessment and such a report cannot be completed without significant additional work. The Pulacayo project includes many areas of mineralization (of which the Pulacayo deposit is one) and tailings piles each in various stages of exploration and whose exploration status varies. As a whole the project is in the middle stage of exploration because exploration is completed on one mineralized area and other areas and the tailings piles are in the early or middle stages of exploration. The status of exploration work is that one or more of mapping, geophysical surveys, surface sampling and assays are completed for the tailings piles, many mineralized areas and the portion of the Pulacayo deposit not included in the resource estimate. Exploration has been completed for the shallow eastern portion of the Pulacayo deposit including mapping, sampling, geophysical surveys and drilling providing sufficient information for preparation of the mineral resource technical report titled Pulacayo Silver Zinc Lead Deposit Mineral Resource Estimate Technical Report; prepared by Mercator Geological Services dated June 16, 2015.

Non-Compliant Restricted Disclosure

The Company retracts all disclosure in the Presentation, MP Summary and PP Summary that relate to historic estimates and an historic economic analysis of an estimate. The historic economic analysis is based on an historic resource estimate which is no longer relevant as the Company has updated the historic resource estimate with more current estimates*. Accordingly, the historic economic analysis and historic estimates should not be relied on.

In addition, the Company retracts all disclosure in the Presentation and PP Summary that relate to a Possible Resource; and advises that such disclosure should not be relied upon because it did not include the cautionary language and other information required under NI 43-101, the term Possible Resource; was used contrary to NI 43-101, and it is not supported by a technical report compliant with NI 43-101 and such a report cannot be completed without significant additional work.

In addition, the Presentation failed to include cautionary language required by NI 43-101 for statements reporting potential quantity and grade, expressed as ranges, of a target such as Potential Mill Feed; for further exploration. All statements about the exploration targets for the Pulacayo Project are clarified with the following additional language placed proximally and with equal prominence as the statement:

The potential quantity and grade at the (target name) is conceptual in nature, in that there has been insufficient exploration to define a mineral resource, and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

This additional language would be followed by language that states the basis on which the disclosed potential quantity and grade were determined.

*The Company would like to clarify that the Pulacayo mineral resource estimate is disclosed with reference to the [Prophecy Development Corp.](#) Pulacayo Silver Zinc Lead Deposit Mineral Resource Estimate Technical Report by Mercator Geological Services dated June 16, 2015; and the Paca mineral resource estimate is disclosed with reference to the [Prophecy Development Corp.](#) Pulacayo Project Paca Silver Zinc Lead Deposit Mineral Resource Estimate Technical Report by Mercator Geological Services dated September 9, 2015.

The Company would like to further clarify that management and the Board of Directors of the Company are not prepared to reach a production decision regarding its Pulacayo Project.

Qualified Persons

The technical content of this news release was reviewed and approved by Christopher M. Kravits, CPG, LPG, who is a Qualified

Person within the meaning of NI 43-101. Mr. Kravits is a consultant to the Company and serves as its Qualified Person and General Mining Manager.

About Prophecy

[Prophecy Development Corp.](#) is a Canadian public company listed on the Toronto Stock Exchange that is engaged in developing mining and energy projects in Mongolia, Bolivia and Canada. Further information on Prophecy can be found at www.prophecydev.com.

[Prophecy Development Corp.](#)

ON BEHALF OF THE BOARD

“JOHN LEE”

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

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this news release, including statements which may contain words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or similar expressions, and statements related to matters which are not historical facts, are forward-looking information within the meaning of applicable securities laws. Such forward-looking statements, which reflect management’s expectations regarding Prophecy’s future growth, results of operations, performance, business prospects and opportunities, are based on certain factors and assumptions and involve known and unknown risks and uncertainties which may cause the actual results, performance, or achievements to be materially different from future results, performance, or achievements expressed or implied by such forward-looking statements. These estimates and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies, many of which, with respect to future events, are subject to change and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by Prophecy. In making forward-looking statements as may be included in this news release, Prophecy has made several assumptions that it believes are appropriate, including, but not limited to assumptions that: there being no significant disruptions affecting operations, such as due to labour disruptions; currency exchange rates being approximately consistent with current levels; certain price assumptions for coal, prices for and availability of fuel, parts and equipment and other key supplies remain consistent with current levels; production forecasts meeting expectations; the accuracy of Prophecy’s current mineral resource estimates; labour and materials costs increasing on a basis consistent with Prophecy’s current expectations; and that any additional required financing will be available on reasonable terms. Prophecy cannot assure you that any of these assumptions will prove to be correct.

Numerous factors could cause Prophecy’s actual results to differ materially from those expressed or implied in the forward-looking statements, including the following risks and uncertainties, which are discussed in greater detail under the heading “Risk Factors” in Prophecy’s most recent Management Discussion and Analysis and Annual Information Form as filed on SEDAR and posted on Prophecy’s website: Prophecy’s history of net losses and lack of foreseeable cash flow; exploration, development and production risks, including risks related to the development of Prophecy’s mineral properties; Prophecy not having a history of profitable mineral production; the uncertainty of mineral resource and mineral reserve estimates; the capital and operating costs required to bring Prophecy’s projects into production and the resulting economic returns from its projects; foreign operations and political conditions, including the legal and political risks of operating in Bolivia, which is a developing jurisdiction; amendments to local Bolivian laws which may have an adverse impact on the Company’s operations; title to Prophecy’s mineral properties; environmental risks; the

competitive nature of the mining business; lack of infrastructure; Prophecy's reliance on key personnel; uninsured risks; commodity price fluctuations; reliance on contractors; Prophecy's need for substantial additional funding and the risk of not securing such funding on reasonable terms or at all; foreign exchange risks; anti-corruption legislation; recent global financial conditions; the payment of dividends; and conflicts of interest.

These factors should be considered carefully, and readers should not place undue reliance on Prophecy's forward-looking statements. Prophecy believes that the expectations reflected in the forward-looking statements contained in this news release and the documents incorporated by reference herein are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although Prophecy has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Prophecy undertakes no obligation to release publicly any future revisions to forward-looking statements to reflect events or circumstances after the date of this news or to reflect the occurrence of unanticipated events, except as expressly required by law.

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