

Vancouver, British Columbia (FSCwire) - [Prophecy Development Corp.](#) ("Prophecy" or the "Company") (TSX:PCY, OTC:PRPCD, Frankfurt:1P2) is pleased to provide the following corporate update:

#### Chandgana Coal-Fired Mine-Mouth Power Plant Project (Mongolia):

On December 18, 2015, the Company signed an Engineering, Procurement and Construction ("EPC") Agreement, Equity Investment Agreement, and Share Purchase Agreement with the China-based, Power Construction Company to invest in, and build the Company's 600 MW Chandgana power plant (the "Chandgana Power Plant") in Mongolia. Since then, Mongolia held a nationwide parliamentary election in June, which resulted in a new prime minister being elected and a new cabinet. The new government convened its first fall session in September. Prophecy has submitted its development and investment proposal for the Chandgana Power Plant to the Mongolian Energy Ministry in September and since then, has held several high-level meetings with relevant authorities to expedite negotiations for project concession and power purchase agreements.

The Chandgana Power Plant is strategically located in Khentii province, 150km east of Baganuur, to provide power to Mongolia's Eastern Energy Grid and Central Energy Grid, both of which, are experiencing critical power shortages which require them to resort to the importation of power from Russia and China. The Chandgana Power Plant will be a coal-fired mine-mouth power plant where coal will be supplied from the adjacent open pit coal mine owned by Prophecy's wholly-owned Mongolian subsidiary Chandgana Coal LLC.

Prophecy continues to engage in discussions with large-scale Asian strategic power producers who have expressed interest in investing in the Chandgana Power Plant. With a new, stable government in place for the next four years and the government's mandate to attract foreign investment and the Company's continued commitment to the project, it is optimistic that material progress can be made in 2017.

Please refer to the Company's news release dated December 18, 2015 and filed on SEDAR or posted on the Company's website for further information on, and a summary of the project.

#### Ulaan Ovoo Thermal Coal Project (Mongolia):

The Ulaan Ovoo coal project ("Ulaan Ovoo") is located in northern Mongolia, 17km from the Zelter border to Russia by dirt road, and 120km from Mongolia's Sukhbaatar railway station by road with moderate traffic. The mine has been on standby since 2014.

During 2012 to 2015, Prophecy successfully delivered approximately 500,000 tonnes of Ulaan Ovoo coal to 28 Mongolian and Russian customers, with a track record of timely delivery and meeting or exceeding the required coal quality specifications.

Prophecy received a mining permit for Ulaan Ovoo in 2011, and has invested approximately \$60 million into the project since then. The coal is marketed specifically to power plants, heat/boiler plants, cement factories, metallurgical plants, direct reduced iron plants, and railway companies. Ulaan Ovoo coal (5,000 kcal/kg GCV, < 1% Sulphur, < 8% Ash, < 3% rock) is well-suited for all of these customers' applications.

Mongolia's government supports the re-opening of the Zelter border (currently closed due to low traffic) and in 2016, approved a budget to start paved road construction between Shaamar (next to Sukhbaatar) to Tushig (next to Ulaan Ovoo) to the Zelter border in 2017.

Opening of the Zelter border and establishment of a paved road from Ulaan Ovoo to both the Zelter border and Sukhbaatar rail spur would reduce the Company's transportation costs to the Russian market (and by extension, to the Asian seaborne market) and domestic Mongolian market, and improve Ulaan Ovoo's competitiveness.

The benchmark thermal coal price (Australian thermal coal, 12,000 Btu/lb, FOB Newcastle) has nearly doubled to date in 2016, to over US\$100/tonne from US\$53/tonne in January. If this trend persists into 2017, Prophecy intends to survey potential customers with a view to possibly restarting Ulaan Ovoo in 2017.

Please refer to the Company's news releases dated January 12, 2015 and September 14, 2014 and filed on SEDAR or posted on the Company's website for prior Ulaan Ovoo progress updates.

#### Pulacayo Silver-Zinc-Lead Project (Bolivia):

Further to its news release dated September 29, 2016, the Company has selected a drilling company and expects to start

drilling at Pulacayo in November, initially targeting near surface resource blocks with elevated silver grades (an example is the area near prior drill hole PND 062) and relatively easy access, which make them potentially suitable to be mined first should a decision be made to start mining.

Hole ID	N (m)	E (m)	Az. (°)	Dip (°)	From To (m)	Drilled Thickness (m)	True width (m)	Ag (g/t) %	Zn %	Pb %
PND 062	7750593	739789	180	-45	10	52	42.0	29.7	405.6	0.10 0.82
Including					25	52	27	19.1	574.3	0.09 1.15

The Company's Executive Chairman is in Bolivia reviewing terms and contracts pertaining to mining equipment leasing, trucking between Pulacayo and mills in Potosi, toll milling, and lead-silver and zinc concentrate sales. Site visits and project due diligence continues with a number of concentrate purchasers and investors who expressed interest in possibly financing Pulacayo to production.

In 2016, the price of silver has risen from US\$14.00/oz to US\$18.50/oz (32%), while the price of zinc has risen from US\$0.70/lb to US\$1.10/lb (57%). Those trends bode well for Pulacayo while the Company continues to study optimal mining production and processing scenarios, and intends to announce a production decision at the conclusion of its study in conjunction with a financing plan, should a positive production decision be reached in the near future.

All necessary Pulacayo permits were obtained in 2013 to mine up to 560 tonnes of ore per day.

A positive production decision would not be based on a feasibility study of mineral reserves demonstrating economic and technical viability and so, would carry increased uncertainty and risk of failure due to the mining method and profitability.

Lastly, on August 29, 2016, the Company closed a private placement which grossed CAD\$770,393, whereby a strategic investor in the mining sector subscribed for approximately half of the placement amount. Prophecy has sought advice from, and is working with, the strategic investor regarding the future technical implementation and direction of Pulacayo.

#### Early Warning Report:

The Company also announces that John Lee, of Suite 1301, 12 Harcourt Road, Central, Hong Kong, Executive Chairman of the Company, acquired 11,900 shares of Prophecy (the "Acquisition") through trading in the secondary market (i.e. the Toronto Stock Exchange) today.

Prior to the Acquisition, Mr. Lee beneficially owned 1,070,953 shares, representing approximately 22.50% of the issued and outstanding shares of the Company.

As a result of the Acquisition, Mr. Lee now beneficially owns and exercises control over an aggregate of 1,082,853 shares representing an interest of approximately 22.75% of the Company's currently issued and outstanding shares, and 34.54% of the Company's shares on a fully diluted basis assuming exercise of all of the Company's outstanding share purchase warrants.

The securities were acquired by Mr. Lee for investment purposes only, and not for purposes of exercising control or direction over the Company.

Generally, Mr. Lee intends to evaluate his investment in the Company and to increase or decrease his shareholdings as circumstances require, depending on market conditions and other factors, through market transactions, private agreements or otherwise.

The information contained in this news release has been provided by Mr. Lee and the Company is not responsible for its accuracy.

A copy of the early warning report pursuant to National Instrument 62-103 required to be filed with the applicable securities commissions in connection with the acquisition of the shares described in this news release will be available for viewing under the Company's profile at [www.sedar.com](http://www.sedar.com). A copy of the early warning report can also be obtained from the contact number for Investor Relations below.

#### Qualified Persons

The technical content of this news release, sampling maps and pictures were 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](http://www.prophecydev.com).

[Prophecy Development Corp.](#)  
ON BEHALF OF THE BOARD

*&ldquo;John Lee&rdquo;*  
Executive Chairman

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These factors should be considered carefully, and readers should not place undue reliance on the Prophecy&rsquo;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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