Prophecy and Northwest Nonferrous Metals Mining Group Enter Technical Advisory and Cooperation Agreement to Advance Gibellini Vanadium Project

written by Raj Shah | March 12, 2018

March 12, 2018 (Source) – **Prophecy Development Corp.** (“**Prophecy**” or the “**Company**”) (**TSX:PCY**, **OTCQX:PRPCF**, **Frankfurt:1P2N**) is pleased to announce it has entered into a technical advisory and cooperation agreement with Northwest Nonferrous Metals Mining Group Co., Ltd. (“**NWME**”) to advance the Gibellini vanadium project located in the mining-friendly Battle Mountain region in northeastern Nevada, USA.

The scope of work for NWME includes technical design and engineering of vanadium ore processing facilities to recover vanadium pentoxide at Gibellini with the goal of producing a high grade vanadium pentoxide commercial product on site.

NWME owns and is currently operating the world’s largest black-shale vanadium mine in China with an environmentally friendly, hydrometallurgical leach processing technology without the need of a pre-roasting step.

NWME is an affiliated enterprise of Shaanxi Huayuan Mining Co.,

Ltd. which is one of the largest comprehensive geological and mineral resources research and development institutions in northwest China with over 5,000 employees. NWME owns and operates over a dozen mines (lead-zinc, gold, vanadium) in China, and has extensive experience in vanadium exploration, mining, processing and recovery.

During a recent visit to NWME's headquarters and mines in China, Prophecy was particularly impressed with their vanadium operation, which is generating positive cash-flow according to NWME. NWME's modern laboratory center represents the forefront of research in black-shale vanadium processing with comprehensive geological and metallurgical data collected from many dozens of private and government-owned black shale vanadium projects in China.

As part of the agreement, NWME reviewed the historic Gibellini feasibility study commissioned by the project's previous operator, including metallurgical studies, prepared by SGS and McClelland labs of Denver, Colorado.

The NWME technical team recently concluded a visit to the Gibellini site and collected representative oxide and supergene samples. The samples will be used in metallurgical work to enhance heap leaching of the black-shale vanadium ore and process recoveries which averaged 66% in prior studies with low acid consumption and no pre-roasting.

Michael Drozd, Prophecy's Vice-President, Operations, met with NWME officials in Nevada, where the parties engaged in productive technical exchanges toward an optimized vanadium processing flowsheet and engineering design specific to Gibellini's mineral suite to produce high purity vanadium pentoxide on site.

John Lee, Prophecy's Executive Chairman, states:

“NWME’s patented leaching, processing and extraction technology is commercially proven to produce 99.9% pure vanadium pentoxide while carrying a low carbon foot print. With over 12 operating mines and hundreds of geologists and metallurgists, NWME reduces the processing risk for the Gibellini project and is an ideal partner endowed with technological and financial capabilities.”

According to a January 2018 Bloomberg article, the vanadium pentoxide price soared more than 130% in 2017, outperforming better-known battery components like cobalt, lithium and nickel. Further, Bank of Montreal research published in January 2018 stated that Chinese vanadium pricing would see significant further upside as the market adjusts to lower Chinese shipments due to the upgrade of Chinese rebar standards and the growing adoption of vanadium redox batteries. Fittingly, the vanadium pentoxide price has increased 40% in 2018 to date, with European V_2O_5 price at US$14.1/lb., surpassing the Chinese V_2O_5 price of $13.8/lb., an anomaly not often seen, demonstrating global shortage of vanadium inventories.

High purity vanadium pentoxide (99%+), which sells at up to a 50% premium to standard vanadium pentoxide (98%), is required for the vanadium redox flow battery and other high-tech applications such as aerospace engines and composites.

In November 2017, the Company received an independent technical report titled “Gibellini Vanadium Project Nevada, USA NI 43-101 Technical Report” with an effective date of November 10, 2017 (the **“Report”**) prepared by Amec Foster Wheeler E&C Services Inc. (**“AMEC”**) on the Gibellini project. The Report disclosed an estimated 49.62 million pounds of vanadium pentoxide in the measured category and 79.67 million pounds of vanadium pentoxide in the indicated category for the Gibellini deposit.

(1) The Qualified Person for the estimate is Mr. E.J.C. Orbock

III, RM SME, an AMEC employee. The Mineral Resource estimate has an effective date of 10 November, 2017.

(2) Mineral Resources are reported at various cut-off grades for oxide, transition, and reduced material.

(3) Mineral Resources are reported within a conceptual pit shell that uses the following assumptions: mineral resource V_2O_5 price: $10.81/lb; mining cost: $2.21/ton mined; process cost: $13.14/ton processed; general and administrative (G&A) cost: $0.99/ton processed; metallurgical recovery assumptions of 60% for oxide material, 70% for transition material and 52% for reduced material; tonnage factors of 16.86 ft3/ton for oxide material, 16.35 ft3/ton for transition material and 14.18 ft3/ton for reduced material; royalty: 2.5% net smelter return (NSR); shipping and conversion costs: $0.37/lb. An overall 40º pit slope angle assumption was used.

(4) Rounding as required by reporting guidelines may result in apparent summation differences between tons, grade and contained metal content. Tonnage and grade measurements are in US units. Grades are reported in percentages.

Prophecy has initiated discussion of environmental and permitting work with both the state of Nevada and federal regulatory agencies. A plan of operation accompanied by baseline studies are expected to be filed in Q2 2018 along with state permit applications. Because of prior baseline and feasibility work carried out by Gibellini’s prior project operator, Prophecy anticipates significant cost and time savings in environmental impact statement preparation and the state permitting process. At the same time, the Company expects to receive an independent economic study in April that demonstrates the robustness of the Gibellini project at recent vanadium pentoxide prices.

The Prophecy team looks forward to collaborating with NWME and the project's key stakeholders to advance Gibellini through engineering, permitting, and construction, to eventual production to become America's first primary vanadium mine.

Qualified Person

The technical contents of this news release have been prepared under the supervision of Christopher M. Kravits, CPG, LPG, General Mining Manager of Prophecy. Mr. Kravits is a Qualified Person as defined in NI 43-101. Mr. Kravits is a consultant to the Company and is not independent of the Company since most of his income is from the Company.

About Prophecy

Prophecy Development Corp. is a Canadian public company listed on the Toronto Stock Exchange. The Company aims to provide exposure and leverage to rising vanadium prices by defining and adding attributable vanadium resources in the ground in politically safe jurisdictions. Further information on Prophecy can be found at www.prophecydev.com.

PROPHECY DEVELOPMENT CORP.

ON BEHALF OF THE BOARD

"JOHN LEE"
Executive Chairman

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: all required third party contractual, regulatory and governmental approvals will be obtained for the development, construction and production of Prophecy’s properties and the Chandgana power plant; there being no significant disruptions affecting operations, whether due to labour disruptions or other causes; currency exchange rates being approximately consistent with current levels; certain price assumptions for vanadium, silver, coal and other metals, 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; any additional required financing will be available on reasonable terms; and market developments and trends in global supply and demand for vanadium, energy, silver, coal and other metals meeting expectations. 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 positive 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; commencing mine development without a feasibility study; 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 and Mongolia, which are developing countries and being subject to their local laws; the availability and timeliness of various government approvals, permits and licenses; the feasibility, funding and development of Prophecy's projects; protecting 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 risk; anti-corruption legislation; recent global financial conditions; the payment of dividends; the inability of insurance to cover all potential risks associated with mining operations; 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.