mercator | GEOLOGICAL SERVICES

UPDATED MINERAL RESOURCE ESTIMATE TECHNICAL REPORT for the PULACAYO PROJECT

Potosí Department
Antonnio Quijarro Province
Bolivia

Prepared For:
PROPHECY DEVELOPMENT CORP.

Prepared By:
Peter Webster, P.Geo.
Michael Cullen, M.Sc., P.Geo.
Mercator Geological Services Limited

Report Date: November 14, 2017
Effective Date: October 20th, 2017

65 Queen Street | Dartmouth, NS | B2Y 1G4 | Ph.: (902) 463-1440 | Fax: (902) 463-1419
info@mercatorgeo.com | www.mercatorgeo.com

Date and Signature Page

The effective date of the updated mineral resource estimate presented in this report is October 20th, 2017.

"Original signed and stamped by"

Peter Webster, P. Geo., President
Mercator Geological Services Limited

Date: October 20th, 2017

"Original signed and stamped by"

Michael Cullen, P. Geo., Chief Geologist
Mercator Geological Services Limited

Date: October 20th, 2017

Table of Contents

List of Figures

List of Tables

Summary

This report on updated mineral resource estimates for the Pulacayo and Paca silver-zinc-lead deposits was prepared by Mercator Geological Services Limited (Mercator) on behalf of Prophecy Development Corp. (Prophecy). It updates and combines reporting from two previous and separate resource estimates having respective effective dates of June 16, 2015 and September 9, 2015. Both the 2015 and current resource estimates and associated technical reports were prepared in accordance with National Instrument 43-101 (NI 43-101) and the Canadian Institute of Mining, Metallurgy and Petroleum Standards for Mineral Resources and Reserves: Definitions and Guidelines (the "CIM Standards"). Current updating of mineral resources for the subject deposits was completed to comply with part 1.1 (6) of Companion Policy 43-101 CP that requires common reporting for contiguous mineral deposits or mineral deposits in such close proximity that they would likely be developed using common infrastructure. This report also presents results of exploration work carried out by Prophecy in this area since the 2015 resource estimate effective dates.

The Pulacayo and Paca silver-zinc-lead deposits are located approximately 18 km northeast of the city of Uyuni, in the Department of Potosi in southwestern Bolivia and form part of Prophecy's Pulacayo project. The site is 460 km south southeast of the national capital, La Paz, and 130 km southwest of the city of Potosi. Prophecy acquired a 100% interest in the Pulacayo Project in early 2015 through purchase of Apogee Minerals Bolivia S.A., ASC Holdings Limited and ASC Bolivia LDC. Both of the latter firms were wholly-owned subsidiaries of the previous owner, Apogee Silver Ltd. (Apogee), a publicly listed mineral exploration firm with corporate offices located in Toronto, Ontario, Canada.

Mineralization comprising the current Pulacayo deposit mineral resource estimate is defined by the extent of modern-era diamond core drilling along the Tajo Vein System (TVS) in the vicinity of historic underground workings. The workings extend over a strike length of approximately 2.7 km and to a vertical depth from surface of about 1 km. Modern drilling coverage is present for approximately 1.5 km of the known deposit strike length and extends to a vertical depth of approximately 550 m below surface.

The extent of mineralization comprising the current Paca deposit mineral resource estimate is defined by the extent of modern era diamond core drilling along a strike length of approximately 750 m and north-south extent of approximately 700 m. Limited underground exploratory workings accessible from the Esmeralda adit are present along approximately 100 m of the deposit's strike length in its central area.

The Pulacayo and Paca deposits are interpreted to be low to transitional sulphidation epithermal deposits that contain both precious and base metal mineralization. Mineralization of economic

interest at the Pulacayo deposit occurs within the Tertiary age Pulacayo volcanic dome complex that consists of older sedimentary rocks of the Silurian Quenhua Formation plus intruding andesitic volcanic rocks of the Rotchild and Megacristal units. Mineralization hosted by volcanic rocks can occur over tens of metres in thickness and typically consists of discrete veins plus stockworks of narrow veins and veinlets that occur within argillic alteration host rock envelopes. At deeper levels, high grade veins that are typically less than a few metres in width occur and are hosted by sedimentary lithologies. Veins are commonly banded in texture and can contain semi-massive to massive sulphides. Primary minerals of economic importance at Pulacayo are tetrahedrite, galena and sphalerite, with additional silver sulfosalts and native silver also contributing to deposit silver grades. Mineralization is controlled by an east-west oriented normal fault system that links two northeast trending, steeply dipping, regional strike slip faults.

Mineralization of economic interest at the Paca deposit occurs in association with the same Tertiary age volcanic dome complex that produced the Pulacayo deposit and takes the form of thin veinlets, fracture fillings and disseminations hosted by altered volcaniclastic sedimentary lithologies and altered intermediate to felsic igneous lithologies. These occur in direct association with mineralized igneous or hydrothermal breccia zones. The intensity of argillic alteration is greatest in areas of highest concentrations of metallic mineral phases such as sphalerite, galena, argentite and tetrahedrite. Stratabound disseminated mineralization and breccia hosted mineralization predominate within the deposit, but discrete mineralized veins are also present locally. The deposit occurs at the contact between an andesitic intrusive complex and volcaniclastic sedimentary host lithologies. Bedded and cross-cutting breccia deposits that are important hosts to higher-grade mineralization commonly show close spatial association with the contact zone of the andesitic intrusion.

The updated Pulacayo deposit mineral resource estimate is tabulated below and reflects a silver equivalent (Ag Eq.) reporting cut-off value of 400 g/t Ag applied to a fully constrained three-dimensional block model developed by Mercator using Geovia-Surpac ® Version 6.6.1 modeling software. The supporting analytical database incorporates validated results of 69,739 m of combined diamond drilling from 226 surface drill holes and 42 underground drill holes, plus 6 surface trenches completed by Apogee Silver Ltd. or ASC Bolivia LDC between 2002 and the end of 2011. Historic underground sampling results were not used in the current mineral resource estimation program. Current three year trailing average commodity prices for silver, lead, copper and zinc were reviewed during the 2017 updating process and were found to be in close agreement with metal pricing figures used in the original reports by Mercator. On this basis, no changes to these figures have been applied for the current estimates. Lower cut-off values in current estimates reflect revision of project modeling financial factors by Prophecy since 2015.

Pulacayo Deposit Mineral Resource Statement – Effective October 20th, 2017

Ag Eq. Cut-Off (g/t)	Category	Tonnes*	Ag (g/t)	Pb (%)	Zn (%)	Ag Eq. (g/t)
400	Indicated	2,080,000	455	2.18	3.19	594
	Inferred	480,000	406	2.08	3.93	572

Notes:

1) *Mineral resources are estimated in conformance the CIM Standards referenced in NI 43-101.*
2) *Raw silver assays were capped at 1,700 g/t, raw lead assays were capped at 15% and raw zinc assays were capped at 15%.*
3) *Silver equivalent Ag Eg. (g/t) = Ag (g/t)*89.2% + (Pb% *(US$0.94/ lb. Pb /14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000*91.9%) + (Zn% *(US$1.00/lb. Zn/14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000*82.9%).*
4) *Metal prices used in the silver equivalent calculation are US$16.50/Troy oz. Ag, US$0.94/lb Pb and US$1.00/lb. Zn. Metal recoveries used in the silver equivalent reflect historic metallurgical results disclosed by Apogee Silver Ltd. (Porter et al., 2013).*
5) *Metal grades were interpolated within wireframed, three dimensional silver domain solids using Geovia-Surpac Ver. 6.6.1 software and inverse distance squared interpolation methods. Block size is 10m(X) by 10m(Z) by 2m(Y). Historic mine void space was removed from the model prior to reporting of resources.*
6) *Block density factors reflect three dimensional modeling of drill core density determinations.*
7) *Mineral resources are considered to have reasonable expectation for economic development using underground mining methods based on the deposit history, resource amount and metal grades, current metal pricing and comparison to broadly comparable deposits elsewhere.*
8) *Rounding of figures may result in apparent differences between tonnes, grade and contained ounces.*
9) *Mineral resources that are not mineral reserves do not have demonstrated economic viability.*
10) ** Tonnes are rounded to nearest 10,000.*

All resources for the Paca deposit have been assigned inferred status as defined under the CIM Standards. It reflects a silver equivalent (Ag Eq.) reporting cut-off value of 200 g/t Ag and is based on a fully constrained, three-dimensional block model developed by Mercator using Geovia-Surpac ® Version 6.7 modeling software. The supporting analytical database incorporates validated results of 19,718 m of combined diamond and reverse circulation surface drilling completed by Apogee Silver Ltd. and ASC Bolivia LDC (ASC) between 2002 and the end of 2006. Historic underground sampling results for re-sampling programs carried out by Apogee in 2006 were also used in the current mineral resource estimation program. As mentioned above for Pulacayo, the lower cut-off value in the current estimate reflects revision of project modeling financial factors by Prophecy since 2015.

Paca Deposit Inferred Mineral Resource Statement – Effective October 20th, 2017

Ag Eq. Cut-Off (g/t)	Category	Tonnes*	Ag (g/t)	Pb (%)	Zn (%)	Ag Eq. (g/t)
200	Inferred	2,540,000	256	1.03	1.10	342

Notes:

1) *Mineral resources are estimated in conformance with the CIM Standards referenced in NI 43-101.*
2) *Raw silver assays were capped at 1,050 g/t, raw lead assays were capped at 5% and raw zinc assays were capped at 5%.*

3) *Silver equivalent Ag Eq (g/t) = Ag (g/t) + (Pb% *(US$0.94/ lb. Pb /14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000) + (Zn% *(US$1.00/lb. Zn/14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000). 100 % metal recoveries are assumed based on lack of comprehensive metallurgical results*
4) *Metal prices used in the silver equivalent calculation are US$16.50/Troy oz. Ag, US$0.94/lb Pb and US$1.00/lb Zn and reflect those used for the Pulacayo deposit mineral resource estimate reported above. .*
5) *Metal grades were interpolated within wireframed, three dimensional solids using Geovia-Surpac Ver. 6.7 software and inverse distance squared interpolation methods. Block size is 5m (X) by 5m (Z) by 2.5m (Y). Historic mine void space was removed from the model prior to reporting resources.*
6) *A block density factor of 2.26g/cm³ was used and reflects the average of 799 density measurements*
7) *Mineral resources are considered to have reasonable expectation for economic development using combined underground and open pit methods based on the deposit history, resource amount and metal grades, current metal pricing and comparison to broadly comparable deposits elsewhere.*
8) *Mineral resources that are not mineral reserves do not have demonstrated economic viability.*
9) **Tonnes are rounded to nearest 10,000*

Prophecy's current strategy in pursuing exploration and future development of the Pulacayo and Paca deposits differs from that of the previous operator, Apogee, which focused on assessment of broad, lower grade zones of mineralization potentially amenable to development using underground bulk mining methods or open pit mining methods. Prophecy's current interest is specifically focused on high grade mineralization (>400 g/t Ag Eq. cut-off grade at Pulacayo and >200 g/t Ag Eq cut-off grade at Paca) that could potentially be mined using underground methods at the Pulacayo site and possibly combined open pit and underground methods at the Paca site. At these grade levels, future production from the two deposits could support combined milling rates in the 250 to 500 tonnes per day range that is authorized under existing Pulacayo site environmental permits.

Apogee completed a feasibility study for the Pulacayo deposit in 2013 based on a higher tonnage, lower grade mineral resource model and higher proposed production rates. Conclusions and recommendations presented in that study are not considered to be valid for the higher grade and lower tonnage operating scenario currently of interest to Prophecy. Prophecy is not relying upon results of the 2013 Apogee feasibility study and the current mineral resource estimates supercede all previous estimates.

Mercator is of the opinion that further technical and financial assessment of a high-grade development scenario for the Pulacayo deposit is warranted and that both resource extension and new resource definition opportunities defined to date on the property should be pursued. Recommendations arising from the current updated mineral resource estimation program and associated project review are as follows:

1. Mine planning, geological and engineering studies of sufficient detail to support a Preliminary Economic Assessment of future development possibilities for the deposit in combination with resources defined at Paca should be carried out.

2. Metallurgical studies focused on high grade sulphide mineralization within the current mineral resource model should be completed. Results of such studies would provide necessary inputs for future definition of mineral reserves. If underground bulk sampling is required to support metallurgical work, a program of closely spaced underground diamond drilling is recommended in any area selected for such sampling. A nominal 500 m drilling allocation for such purpose is recommended.

3. Historical mine workings are present to a substantial depth below the base of the current detailed digital workings model prepared by Mercator. These additional workings are defined in hard copy historical mine records and should be digitally compiled and merged with the current digital workings model to support future work on the deposit. Historic assay results for underground sampling of mine workings have also not been digitized to date and it is recommended that this be carried out as time permits, beginning within the current resource area and progressing systematically through deeper mine levels.

4. The Pulacayo deposit remains open along strike in both directions and also down dip. Further core drilling to define resource extensions is warranted and should be focused on extensions of high grade metal trends that are defined by the current block model. Target opportunities within approximately 200 vertical m of surface should have highest priority. A drilling allocation of 2500 m is recommended for initial testing of highest priority resource extension areas.

5. Initial drilling assessments of the main tailings/waste rock deposits sampled by Prophecy in 2014 and 2015 should be completed to support future definition of mineral resources in accordance with NI 43-101 and the CIM Standards.

6. A new mineral resource estimate for the Pulacayo deposit should be prepared in accordance NI 43-101 and the CIM standards after completion of deposit extension and infill drilling programs noted in item 4 above.

7. A Preliminary Economic Assessment prepared in accordance with NI 43-101 and the CIM standards and based upon the high grade Pulacayo resource estimate of item 6 above, in combination with an updated Paca deposit resource estimate, is recommended. Results should provide guidance regarding subsequent initiation of Pre-Feasibility or Feasibility level studies required to define mineral reserves in accordance with NI 43-101 and the CIM Standards.

A two phase program having a US$ 1.70 million budget is proposed to support further evaluation of the Pulacayo deposit. Expenditures are ordered within a two phase framework, with items 1 through 5 above assigned to Phase I. Commitment to Phase II would require satisfactory results being returned from Phase I.

Recommendations arising from the updated Paca mineral resource estimation program and Mercator's associated review of recent project exploration results are as follows:

1. Additional drilling is required to better define and confirm metal grade trends within the deposit. It is recommended that infill drilling of the currently defined deposit be carried out at 50 m spaced sections along the length of the deposit. This program should include initial testing of potential deposit extension areas both down dip and along strike to both east and west. A core drilling allocation of 5000 m is recommended for this phase of work.

2. The mineralized conglomerate unit that is exposed at surface immediately north of the main deposit should be investigated by core drilling to better define geometry and grade characteristics. This zone should also be mapped in detail at surface to provide additional data inputs for future deposit modeling. A core drilling allocation of 500 m is recommended for this phase of work.

3. Further metallurgical studies focused on the main styles of mineralization at Paca are required to allow future economic assessment of the deposit. It is recommended that such work be coordinated with studies being carried for the Pulacayo deposit, since future milling of Paca material could take place at the milling facility established initially for Pulacayo mineralization.

4. After completion of the recommended core drilling, mapping and metallurgical programs, a new mineral resource estimate should be completed for the Paca deposit. This should be based on revised geological and grade distribution models that reflect all new drilling results. At that time, consideration should be given to reporting of near-surface resources within an optimized open pit shell and reporting of resources below this shell at a higher underground mining cut-off value.

5. A Preliminary Economic Assessment of the Paca deposit should be completed in combination with such assessment of the Pulacayo deposit after the new resource estimate noted in item 4 above is finalized.

Mercator has proposed a US$ 1.70 million budget to complete the recommended Paca work programs presented above. Expenditures are ordered within a two phase framework, with items 1 through 4 above assigned to Phase I. Commitment to Phase II would require satisfactory results being returned from Phase I.

1.0 Introduction and Terms of Reference

This report on estimation of mineral resources for the Pulacayo and Paca silver-zinc-lead deposits, located near Pulacayo, Bolivia was prepared by Mercator Geological Services Limited ("Mercator") on behalf of Prophecy Development Corp. ("Prophecy"**),** a public Canadian corporation listed on the Toronto Stock Exchange ("TSX") under the symbol PCY. It reflects disclosure and resource estimation requirements set out under National Instrument 43-101 ("NI 43-101") and Canadian Institute of Mining, Metallurgy and Petroleum Standards for Mineral Resources and Reserves Definitions and Guidelines (the "CIM Standards"), respectively. Prophecy acquired a 100% interest in the Pulacayo and Paca deposits in early 2015 through purchase of Apogee Minerals Bolivia S.A., ASC Holdings Limited and ASC Bolivia LDC, all of which were wholly-owned subsidiaries of the previous owner, Apogee Silver Ltd. (Apogee), a Canadian, publicly listed mineral exploration firm with offices located in Toronto, Ontario, Canada.

Following Prophecy's purchase of the subsidiaries of Apogee and especially Prophecy's recent exploration of the Pulacayo licenses, Prophecy has found it necessary to differentiate the various mineralized bodies relative to the whole project. Thus, the "Pulacayo Project" refers to the full license portfolio as described in Section 3.0. This includes all mineralized bodies located within, and the total of all activities related to, the portfolio. Mineralized bodies are termed 'deposits' once they are found to be discrete from other bodies. At this time within the Pulacayo Project are found the Pulacayo deposit, the Paca deposit (both the subject of this technical report), the Pero deposit, and others. This technical report updates Prophecy's existing disclosure record through amalgamation of mineral resource estimate technical information for the Pulacayo and Paca deposits that had previously been disclosed in accordance with NI 43-101 and the CIM Standards under separate respective technical reports prepared by Mercator. The earlier Pulacayo technical report is referenced herein as Cullen and Webster (2015a) and the earlier Paca technical report is referenced herein as Cullen and Webster (2015b).

Terms of reference for the Pulacayo and Paca resource estimation programs were originally established through discussion with Prophecy management during May and June of 2015, and subsequently during September of 2017. At that time, it was determined that the estimates would be based upon validated results for all core drilling completed by Apogee and ASC Bolivia LDC (ASC) in the 2002 to 2009 period, additional drill holes completed by Apogee during 2010 and 2011, and results for 6 Apogee surface trenches, plus results from systematic sampling carried out by ASC in 2006 at the Esmeralda underground workings that test a portion of the deposit.

Mercator President, P. Webster, and Mercator Senior Resource Geologist, M. Harrington, carried out a site visit to the Pulacayo and Paca deposits during the period August 2nd, 2011 to August 10th, 2011 and completed a review of Apogee drill program components, including protocols for drill core logging, storage, handling, sampling and security. An independent core check sampling program was also completed, drill sites were visited and various trenched and channel sampled bedrock exposures were examined. No core or bedrock sampling of the Paca deposit was carried out at that time but drill sites and bedrock exposures were examined.

Author Cullen carried out a site visit to the nearby Pulacayo deposit during the period April 26th to April 28th of 2012 and completed similar technical reviews plus a core check sampling program with respect to 2011 oxide zone drilling by Apogee at the Pulacayo deposit. No investigations related to the Paca deposit were carried out at that time.

For both the 2011 and 2012 site visits, Mercator staff were accompanied by Mr. C. Collins, then President of Apogee Silver Ltd. (Apogee), and met with Apogee Exploration Manager, Mr. H. Uribe Zeballos, both of whom provided technical and professional insight with respect to the project at that time. Site professional and technical staff provided additional assistance during the visits, under supervision of Senior Geologist, Mr. F. Mayta Quispe.

Author Cullen visited both the Pulacayo and Paca sites with Mr. Matthew Harrington, Senior Resource Geologist at Mercator, during the period June 3rd to June 5th, 2015 and again completed discussions regarding current project geological mapping and exploration program results with Mr. H. Uribe Zeballos and site geological staff. Mr. Uribe Zeballos had been retained by Prophecy to serve as Chief Geologist for the Pulacayo Project. The primary focus of the June 2015 site visit was assessment of Paca deposit drill core and surface exposures in support of the 2015 resource estimation program that is updated through this report.

No new site visits were completed for this revised and combined resource estimate report. The authors have determined that new work completed on the property by Prophecy since June 2015 is limited in nature and not material to the resource estimates reported herein.

Hard copy project records were examined while in Bolivia and company digital records for the property drilling and underground workings were delivered to Mercator for purposes of both resource estimation programs completed in 2015. This includes complete drill logs, drill plans, assay records and laboratory records for drilling and sampling completed to date. Based on such information, Mercator assembled and validated a digital drilling database upon which the current resource estimates are based. The validated database used for the last Apogee resource estimate prepared by Mercator in 2012 also forms the basis of the resource model used in the Pulacayo feasibility study (Porter et al., 2013) prepared for Apogee by TWP Sudamerica S.A ("TWP") in 2013 and was used by Mercator for the current Pulacayo resource estimate with no additions of data. The Paca deposit was not considered in the now historic Pulacayo deposit feasibility study prepared for Apogee in 2013. Both authors of this report are independent Qualified Persons as defined under NI 43-101 and have specific experience in the geology and mineralization types detailed in this report.

2.0 Reliance on Other Experts

2.1 General

This report was prepared by Mercator for Prophecy and the information, conclusions and recommendations contained herein are based upon information available to Mercator at the time of report preparation. This includes data and reports made available by Prophecy as well as project data and reports provided previously by Apogee to support resource estimation programs carried out between 2011 and 2013. It also includes data and reports made available by Prophecy as well as project data and reports provided previously by Apogee to support the Paca deposit resource estimation program carried out by Micon in 2010 (Pressacco and Gowans, 2007). Information contained in this report is believed to be reliable, but parts of the report are based upon information not within Mercator's control. Mercator has no reason, however, to question the quality or validity of data used in this report. Comments and conclusions presented herein reflect the authors' best judgment at the time of report preparation and are based upon information available at that time. Various Mercator staff contributed to this report and Senior Resource Geologist, Matthew Harrington, coordinated deposit modeling and resource reporting activities under supervision of the authors.

Mercator relied upon Prophecy with respect to provision of legal opinions regarding Bolivian mining law and regulations, mineral titles, surface titles and mineral agreements that pertain to the Pulacayo and Paca deposits, which collectively form the Pulacayo Project. More specifically, Mercator relied upon information pertaining to these topics provided by Mr. Gustavo A. Miranda Pinaya who serves as Executive President and in-house legal counsel for Apogee Minerals Bolivia S.A. as well as Bolivia Country Manager and in-house legal counsel for Apogee Minerals Bolivia SA. These legal opinions were re-affirmed by Mr. Miranda Pinaya in September 2017 for current report purposes.

Mercator also relied upon Prophecy with respect to provision of an opinion on site environmental liabilities and details of current status and nature of site environmental and production permits that exist for the Pulacayo project, inclusive of the Paca deposit. Summarized information pertaining to these items that appears in this report was confirmed by Prophecy.

This report expresses opinions regarding exploration and development potential for the Pulacayo and Paca deposits as well as recommendations for further investigations and analysis. These opinions and recommendations are intended to serve as guidance for future development of the property, but should not be construed as a guarantee of success.

2.2 Abbreviations Used in this Report

The following abbreviations and factors (Table 2.1) have been used in this report and certain others are individually defined where they initially appear in the text. Currency references in this report reflect United States funds ($US) unless otherwise indicated. A conversion rate to Canadian funds for report purposes is assumed to be US$ 0.78 funds to 1.0 Canadian dollar and reflects the three year trailing average of monthly exchange rates beginning in October, 2017.

Table 2.1: Listing of Abbreviations and Conversions

Apogee	Apogee Silver Ltd.		
ASC	Apogee Silver		
CIM	Canadian Institute of Mining and Metallurgy		
CSA	Canadian Securities Administrators		
DTM	Digital terrain model		
ID^2	Inverse distance squared		
IF	Inferred (resource)		
IN	Indicated (resource)		
Mercator	Mercator Geological Services Limited		
NI 43-101	National Instrument 43-101		
NSR	Net Smelter Return		
OK	Ordinary Kriging		
P&E	P&E Mining Consultants Inc.		
Prophecy	Prophecy Development Corp.		
TWP	TWP Sudamerica S.A.		
$US	United States of America Dollars		
mm	millimeter		
cm	centimetre	Silver	Ag
m	metre	Antimony	Sb
km	kilometre	Oxygen	O
ha	hectare	Zinc	Zn
C	Celsius	Sulphur	S
oz.	troy ounce (31.04 g)	Lead	Pb
g	gram (0.03215 troy oz.)	Iron	Fe
kg	kilogram	Barium	Ba
lb	pound	Manganese	Mn
t	tonne (1000 kg or 2,204.6 lb)	Arsenic	As
T	ton (2000 lb or 907.2 kg)	Potassium	K
Oz/T to g/t	1oz/T = 34.28 g/t	Aluminum	Al
Au	Gold	Sodium	Na
Cu	Copper	Silica	Si

3.0 Property Description and Location

3.1 General

The Pulacayo project covers approximately 3560 hectares of surface area in two non-contiguous groups of mining concessions centered on the historic Pulacayo mine and town site. The property is located in southwest Bolivia, approximately 460 km from the capital city of La Paz, 130 km southwest of the town of Potosi and 18 km northeast of the city of Uyuni (Figure 3.1). It is accessible by good roads from La Paz which are now paved to the town of Uyuni and beyond to Potosi. The property is centered at approximately 740450 m E and 7744695 m N WGS84 Zone 19, south datum, and at an elevation of 4305 m ASL (Figure 3.1). The paved highway provides excellent year-round access to the Pulacayo project area and lesser roads and trails join the prominent historic exploration or mining areas such as Paca and Paca-Mayo to the Pulacayo site. Some of the property roads are characterized by steep slopes and switchbacks and require substantial driver caution. Four-wheel drive vehicles are recommended for travel within the property limits.

The tourist town of Uyuni, on the edge of the large Salar de Uyuni (salt lake), provides limited local services. The town has railway connections with the cities of Oruro, Potosí and Villazon and also to the borders with Argentina and Chile. Uyuni has a newly developed airport with asphalt strip which can now accommodate turbo props and regional jet service. There are also several small hotels, hostels, restaurants, schools, medical and dental facilities and internet cafes. The San Cristóbal Mining Company has constructed a gravel road from San Cristóbal, approximately 100 km southwest of Uyuni, to the border with Chile.

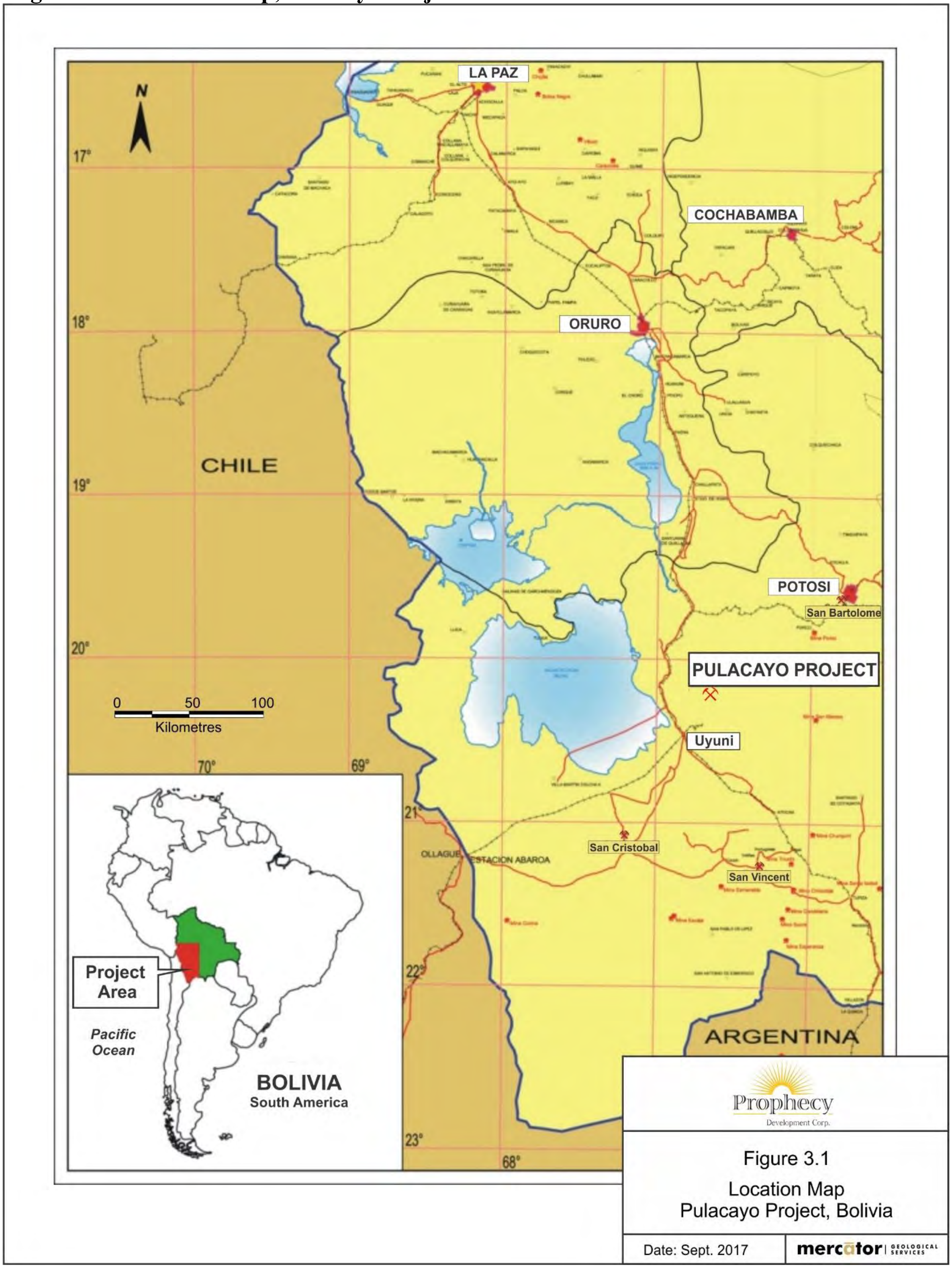
3.2 Summary of Mineral Title

The following excerpt from Pressacco et al. (2010) that outlines the mineral title and governance regime applicable to the Pulacayo holdings was previously presented in Cullen and Webster (2012b and 2015a,b) and was updated by Prophecy in 2015 and 2017.

3.2.1 Overview of Bolivian Mining Law

The granting of mining concessions in Bolivia is governed by the Constitution (Constitución Política del Estado), the new Mining and Metallurgy Law (Ley de Minería y Metalurgia) enacted by Law No. 535 of May 28, 2014, supplemented by certain Supreme Decrees that rules taxation, environmental policies, and administrative matters, etc. Ground and underground resources are from original domain of the Bolivian people and the resources can be granted by the State for exploitation but the Bolivian state is prohibited to transfer them, according to the Article 349.1 of

Figure 3.1: Location Map, Pulacayo Project



the Constitution. Bolivian or foreign companies or individual persons may have mining concessions; with the exception of minors, governments agents, armed forces members, policemen and relatives of such persons, etc. where applicable, according to Article 30 of the Mining and Metallurgy Law.

Foreigners, according to the Article 262.1 of the Constitution and Article 28 of the Mining and Metallurgy Law, are not authorized to own mining concessions or real estate property within a buffer zone of 50 km parallel to the Bolivian international borders.

In May 28th, 2014 the Bolivian government enacted new mining legislation[1] which establishes that any mining activity will be performed under the new legal framework of "mining administrative contracts".

Current existing Special Transitory Authorizations, or STA's, formerly known as "mining concessions", must follow a procedure before the Jurisdictional Administrative Mining Authority to be converted into "administrative contracts"[2] and this type of "mining administrative contract" does not involve the participation of the Bolivian State through its state-owned mining corporation known as COMIBOL. The "government take" is limited to taxes, the annual mining patents[3] and to the "Mining Royalty"[4] that is paid when minerals are sold. COMIBOL does not hold any interest or participation in this type of contract. The contracts will be executed with the Jurisdictional Administrative Mining Authority. The same concept applies to new applications for "mining areas".

If an area with mining potential is under the name of COMIBOL or under the name of any other state-owned mining company, then another type of mining contract must be executed: the Mining Association Contract[5]. This type of contract is similar to a Joint Venture Contract, highlighting that the contract must be executed under Bolivian laws, with arbitration in Bolivia[6], and establishing that the participation of the Bolivian counterpart cannot be lower than 55% of the profits[7]. This Association Contract has a Board that must have the same number of representatives for each party; but the chairman of the Board will always be elected from the members representing the state-owned company[8]. The Bolivian party is a free carried interest party that only contributes within the mining areas and no other commitments are made such as investments.

[1] Mining and Metallurgy Law No. 535 released in May 28th, 2014
[2] Mining and Metallurgy Law, Articles 185 - 206
[3] Mining and Metallurgy Law, Articles 230 - 234
[4] Mining and Metallurgy Law, Articles 223 - 229
[5] Mining and Metallurgy Law, Article 145
[6] Mining and Metallurgy Law, Article 147
[7] Mining and Metallurgy Law, Article 148
[8] Mining and Metallurgy Law, Article 150

According to the article 144 of the Mining and Metallurgy Law, to retain the rights to the mining administrative contract, the title holder must comply with two requirements: a) pay the patents annually, according to the scale detailed on Article 230 of the Mining and Metallurgy Law, and b) explore or exploit the area granted. Mining areas granted by the Bolivian State cannot remain valid if acceptable activities have not been carried out for more than six months.

"Cuadrícula" is the current mining measure unit, which is an inverted pyramid with the inferior vertex pointing at the earth's core and an exterior perimeter (the pyramid base area) equal to 25 hectares.

Some existing mining rights have been applied for and granted in accordance with the system governed by an old Mining Code, which has not been in effect since 1997. However, these rights are legal and must be converted into administrative contracts too. The unit of measure of the mining concessions obtained according to the aforementioned old Mining Code system is the "pertenencia minera", which is an inverted pyramid with the inferior vertex pointing at the earth's core, with an exterior perimeter (the pyramid base area) equal to one hectare.

Mining Rights cannot be transferred, sold or mortgaged. Mining Association Agreements are permitted to be transferred, sold or mortgaged.

Some of the most important provisions of the New Mining Law relate to Mining Rights, Mining Contracts, and the creation of a new mining supervisory entity called the Jurisdictional Administrative Mining Authority, which are described in detail below.

Mining Rights

- With regards to mining rights, Article 92 of the Mining and Metallurgy Law provides that mining rights grant their holders the exclusive faculty to prospect, explore, exploit, concentrate, smelt, refine, industrialize and commercialize the mineral resources, by means of mining activities, in part or over all of the productive chain. However, on the other hand, Article 93 provides that such rights shall not grant their owners' property or possession rights over such mining areas, and that the holders of mining rights may not grant leases over the mining areas.
- In addition, Article 94 of the Mining and Metallurgy Law provides that the Plurinational State of Bolivia acknowledges and respects the acquired rights of individual or joint title holders, private and mixed companies, as well as other forms of private property rights in relation to their corresponding STA's, subject to the prior transition or adjustment to the regime of administrative mining contracts, provided by the same Mining and Metallurgy Law.
- With regards to property rights, as well as the protection of investments and rights over property, Articles 95 and 102 provide that title holders shall have dominion over their

investment, the mining production, movable and immovable properties built on the land, as well as the equipment and machinery installed inside and outside of the perimeter of the mining area; and that the State shall guarantee conditions of mining competitiveness and foreseeability of legal provisions for the development of the mining industry.

- Lastly, Articles 97 and 99 of the Mining and Metallurgy Law provide that title holders shall have the right to receive profit or surpluses generated by the mining activity, subject to the compliance with applicable tax laws; and that the State guarantees the rule of law over mining investments of title holders who are legally incorporated.

Mining Contracts

- The Mining and Metallurgy Law regulates Mining Contracts in Title IV, Chapter I, and it provides that the administrative Mining Contract is the legal instrument "whereby the State grants mining rights for undertaking certain mining activities, to productive mining actors within the state, private and cooperative mining industry."
- Pursuant to Articles 134 to 136, Mining Contracts shall be formalized by means of a public deed legalized before a Notary Public of the jurisdiction where the mining area is located, and shall be signed by the Jurisdictional Administrative Mining Authority, as representative of the Executive Branch.
- In order to be valid between the signing parties and enforceable towards third parties, Mining Contracts are required to be filed before the Mining Registry and, once executed, signatory parties shall not be able to transfer or assign their rights therein.

Creation of the Jurisdictional Administrative Mining Authority

- One of the most important features of the Mining and Metallurgy Law is the creation of the new supervisory entity called the Jurisdictional Administrative Mining Authority (Autoridad Jurisdiccional Administrativa Minera, in Spanish, hereinafter "JAMA").
- The job of the JAMA is to manage, supervise and control every mining activity carried out in Bolivia, as well as the Mining Registry.
- In addition, one of the main responsibilities of the JAMA is to draft and propose legislation to the Executive Power, in order to regulate the transition of the STA's into Mining Contracts. In accordance with Article 185 of the Mining and Metallurgy Law, the transition of the STA's into mining contracts shall be processed before the JAMA, within six months of the issuance of the corresponding supreme decree and administrative resolution providing the procedure for the transition.

The procedure to convert STA's to Mining Contracts has already started, the Bolivian Mining and Metallurgy Ministry issued Resolution 0294/2016 in December 5th, 2016 establishing the rules, terms and procedure that all the current ATEs (Temporary Special Authorization) must follow to be adapted into the "Administrative Mining Contracts" process that has already started and is currently in its initial stage. This adaptation procedure will imply a verification of every single document related to the ATE (deeds, titles, maps, transfer documents, etc.). This is similar to the process followed in 1995, the main difference being that the “new” Administrative Mining Contracts will require approval from the Bolivian Legislative Branch, which will make all new Mining Administrative Contracts approved by law, diminishing any chance of challenge of the original and underlying titles.

Taxes Applicable

- Mining Royalty (Regalía Minera) equivalent to 1-7% of the gross sales value of the mineral or mineral concentrate. The tax is paid before the mineral or concentrate is exported or sold in the local market (in the case of local market sales, only 60% of the tax is paid).
- Profits tax of 25% on net profits [Gross income – (expenses+costs)]; losses can be carried forward indefinitely. An additional 12.5% is paid when metals/minerals reach extraordinary market prices.
- Mineral production is subject to a Value Added Tax of 13% on gross sales value if minerals are sold locally as opposed to export.

The Ministry of Mining and Metallurgy is responsible for mining policy and the National Geology and Mining Technical Service (SERGEOTECMIN) is responsible for management of the mineral titles system. SERGEOTECMIN also provides geological and technical information and maintains a USGS-donated geological library and publications distribution centre. Tenement maps are available from SERGEOMIN, which has a GIS based, computerized map system.

Exploration and subsequent development activities require various degrees of environmental permits, which various industry representatives have advised are within normal international standards. Permits for drill road construction, drilling and other ground disturbing activities can be readily obtained in 2 – 4 months, or less, upon submission of a simple declaration of intent and plan of activities.

3.2.2 Implications of New Mining and Metallurgy Law

As noted above, in May of 2014, the Bolivian government enacted Mining Law No. 535 (the “New Mining Law”). The New Mining Law requires mining companies to deal with Bolivian interests before considering international interests and also requires pre-existing contracts such as agreements executed directly with COMIBOL to be re-negotiated, which is not the case for the Pulacayo Joint Venture Agreement.

With regard of the Joint Venture Agreement executed with the Pulacayo Cooperative the following regulations from the Mining and Metallurgy Law apply:

Under Article 94. II the Bolivian State acknowledges and respects pre-established rights of the mining cooperatives in any of the current types (this rule applies to the Pulacayo Joint Venture Agreement and its terms). However, the same article establishes that these rights (such as the ones generated by the Joint Venture Agreement) must follow a procedure to be converted into administrative Mining Contracts.

Article 129 declares that according to the Bolivian Constitution (Article 8th of the Transitory Regulations section) the Bolivian state will respect pre-established rights of the Mining Cooperatives.

Article 130 gives a definition about "pre-established rights" of the Mining Cooperatives and in its paragraph "b" states that the Lease Agreements executed by the mining cooperatives with COMIBOL fall under such definition (the Lease Agreement executed by the Pulacayo Cooperative and COMIBOL is the base and the underlying agreement of the Pulacayo Joint Venture Contract). Section "d" of the same article is even more specific and rules that the Joint Venture Agreements executed by the mining cooperatives, maintaining its terms and conditions, are considered as "pre-established" rights.

The same article also establishes that the Joint Venture Contracts must be adapted to the new mining legislation and must be converted to "Administrative Mining Contracts", which will be executed not with COMIBOL but with the JAMA.

Article 198 says that any pre-established royalty on behalf of COMIBOL will be paid to COMIBOL, despite the fact that the adaptation of the Joint Venture Agreement will be executed with the JAMA.

As a consequence, the current agreement with the Pulacayo Cooperative, executed under the authorization of COMIBOL with respect to the Pulacayo Project, will not need to be renegotiated according to the New Mining and Metallurgy Law.

3.3 Mineral Title Ownership

Details of mineral title ownership of the Pulacayo and Paca area properties are complicated by multi-layered option and joint venture agreements, with original ownership established prior to Prophecy's acquisition of Apogee's interest in the area in January 2015. Prophecy's current interests and ownership in the project were established under terms of the January 2015 acquisition agreement with Apogee.

Apogee Minerals Ltd. (renamed Apogee Silver Ltd. in March 2011) originally controlled 100% of the Pulacayo deposit through an agreement with Golden Minerals Company (GMC), the successor of Apex Silver Company. Golden Minerals Company's Bolivian subsidiary, ASC

Bolivia LDC (ASC), holds the mining rights to the concessions through a series of option and lease agreements with the Pulacayo Mining Cooperative and COMIBOL, the mining corporation of Bolivia. On January 21, 2011 Apogee Minerals Ltd. entered into a definitive agreement with GMC to acquire all of the issued and outstanding shares of an indirectly held subsidiary of GMC known as ASC, which holds a 100% interest in the Pulacayo-Paca area.

Pursuant to the agreement, Apogee Minerals Ltd. subsequently acquired all of the issued and outstanding shares of the subsidiary by issuing a total of 8,000,000 common shares of the company to GMC and paying GMC a cash fee in the amount of US$ 500,000.

Mr. G. A. Miranda Pinaya, Executive President and in-house legal counsel for Apogee Minerals Bolivia S.A. reviewed and updated the following property ownership report in September of 2017 that details Concession, Lease and Joint Venture agreements that pertain to the company's current involvement with the Pulacayo and Paca properties. Mr. Miranda Pinaya also confirmed that conditions described in this report remained in place at the effective date of the current report. Mercator has relied upon this information for report purposes and has not independently verified related content.

1) Comibol / Pulacayo Ltda. Lease Agreement

- The Bolivian Mining Corporation (COMIBOL) and the Pulacayo Ltda. Mining Cooperative have executed a Lease Agreement (Contrato de Arrendamiento) according to the "Testimonio" No. 235/97 dated 08/01/1997 granted by the Mining and Petroleum Special Notary from La Paz (María Esther Vallejos). The Testimonio was registered before Mining Registry under the No. 253 Book "B" dated 09/05/1997. There is no reference on the "Testimonio" about the registration before the Potosí Real State Office. However, the amendment referred ahead was duly registered which implies that the Lease Agreement was registered.

- The Lease Contract included the following STA's (formerly known as "mining concessions"): **Pulacayo Group:** Pulacayo (1,031 ha), Porvenir (1,199 ha), Huanchaca (470 ha), Galería General (76 ha). **Cholita Chaquiri Group:** Cholita (10 hectares) and Tolentino (24 hectares). **Paca Group:** All the concessions are owned by the COMIBOL.

- As described on the agreement, contained on the Testimonio 65/2002 dated May 13, 2002, granted by Notary Public No. 003, executed between the Pulacayo Cooperative and COMIBOL the STA's (property of COMIBOL) "Real del Monte" and "Temeridad" have been included on the agreement mentioned on previous paragraphs. Both STA's are located on the main area of Paca (where most of the drilling was performed).

- The term of the Lease Agreement was 15 years, starting June 1997, there is no "day" mentioned on the Testimonio, only the month and the year are described. The contract was valid until June 2012. The Lease was extended until June 23rd, 2025.

- The Lease established a rent equal to 1% of the net production value. If the payment has a 3 month delay then the contract is terminated.

- The Scope of the Lease Agreement was the Mining, Development, Milling and Marketing of ore from Pulacayo, Ubina and Cholita Chaquiri areas in the Province Quijarro, Potosí District. Exploration is permitted under the Lease Agreement.

- An amendment to the aforementioned contract was executed between COMIBOL and the Pulacayo Ltda. Mining Cooperative according to the “Testimonio” No. 115/2002 dated 07/30/2002 granted by Public Notary from La Paz No. 003 (Nelly Alfaro de Maldonado). The Testimonio was registered before Mining Registry under the No. PT-195 File No. 195 dated 08/02/2002, and finally registered before the Potosí Real State Office under the Partida No. 61-26 File No. 50vta.– 20 Book No. 8-49, dated 08/08/2002.

- The amendment extends the term of the Lease Contract until June 23rd, 2025 under the condition to execute a Joint Venture Agreement with a “strategic partner”. If the Joint Venture is not executed or is terminated, then the term of the Lease Contract will return to the original term (June 2012).

- An exploration period of five years is allowed. During this period the “strategic partner” must pay US$ 1,000 per month to COMIBOL as a rent fee. A minimum investment of US$ 300,000 in exploration costs is promised, a US$ 30,000 bond (Boleta de Garantía Bancaria) must be granted on behalf of COMIBOL to guarantee the investment during the exploration period.

- A third party could be part of the “Pulacayo/Strategic Partner” Joint Venture Agreement, but under permission from COMIBOL’s Board, by previous written request. COMIBOL’s Board may deny permission. The third party must have a renowned name and capacity in the mining industry.

2) **Pulacayo Ltda. / ASC Bolivia LDC (Sucursal Bolivia) Joint Venture Agreement**

- The Pulacayo Ltda. Mining Cooperative and ASC BOLIVIA LDC (“Sucursal Bolivia”, a subsidiary of APEX) have executed a Joint Venture Agreement (Contrato de Riesgo Compartido) according to the “Testimonio” No. 116/2002 dated 07/30/2002 granted by Public Notary from La Paz No. 003 (Nelly Alfaro de Maldonado). The Testimonio was registered before Mining Registry under the No. PT-197 File No. 144 dated 08/02/2002, and finally registered before the Potosí Real State Office under the Partida No. 62-27 File No.

54vta.– 24 Book No. 8-49, dated 08/12/2002.

- COMIBOL's Board, through Board Resolution No. 2594/2002 dated July 25th, 2002, has authorized the execution of the Joint Venture Agreement.

- The Joint Venture Agreement only includes the Pulacayo Group of mining concessions: Pulacayo (1,031 hectares), Porvenir (1,099), Huanchaca (470 hectares), Galería General (76 hectares), Roschild (3 hectares), Temeridad (10 hectares) and Real del Monte (24 hectares).

- The term of the Joint Venture Agreement is 23 years starting July 30th, 2002. The first five years are for the exploration period.

- The Joint Venture Agreement could be terminated at any time if results from exploration are not satisfactory to ASC Bolivia LDC.

- ASC Bolivia LDC is committed to pay to COMIBOL US$ 1,000 during the exploration period.

- During the mining period ASC Bolivia LDC will pay to COMIBOL the equivalent of 2.5% of the Net Smelter Return (NSR) and 1.5% of the Net Smelter Return (NSR) to the Pulacayo Cooperative.

- The First Stage of Exploration implies the investment of US$ 500,000 or at least a minimum of US$ 300,000 during the initial six to eight months of the contract.

- As defined on the clause 21st of the Joint Venture Agreement a third party could be integrated to the Joint Venture under permission of COMIBOL's Board.

3) ASC Bolivia LDC (Sucursal Bolivia) /Apogee Minerals Bolivia S.A. Option Agreement to Be Part of a "Joint Venture Agreement"

- Apogee Minerals Bolivia S.A. and ASC BOLIVIA LDC (Sucursal Bolivia) have executed an Option Agreement to be Part of a "Joint Venture Agreement" (Contrato de Opción para la Incorporación a un Contrato de Riesgo Compartido) according to the "Testimonio" No. 68/2006 dated 03/08/2006 granted by Public Notary from La Paz No. 038 (Daysi Benito Pozzo). The contract establishes the conditions that Apogee Minerals Bolivia S.A. must fulfill to vest 60% participation on the Pulacayo Cooperative / ASC Bolivia LDC Joint Venture Agreement and also to have 60% participation on the Paca Group of mining properties through a Joint Venture Agreement.

- The inclusion of Apogee Minerals Bolivia S.A. to the Pulacayo Cooperative / ASC Bolivia

LDC Joint Venture Agreement was authorized by the Board of COMIBOL according to the Board Resolution dated November 8th, 2005.

- The inclusion of Apogee Minerals Bolivia S.A. to the Pulacayo Cooperative / ASC Bolivia LDC Joint Venture Agreement was also approved by the Board of the Cooperative according to the letter dated August 17th, 2005.

- The agreement includes the Pulacayo and the Paca Group of STA's. The Paca Group of STAs is property or is under the control of ASC Bolivia LDC.

- On October 23rd, 2007 an amendment to the Option Agreement to be Part of a "Joint Venture Agreement" was executed, extending the term of the mentioned agreement until July 30th 2009, and in consequence extending the deadline to prepare a Feasibility Study until such date.

- On May 19th, 2009, COMIBOL approved Apogee's request to extend the deadline to deliver a Feasibility Study until November 30th, 2009. In consequence the deadline mentioned on previous paragraph was extended to November 30th, 2009.

- If the Feasibility Study establishes the existence of a critical mass of resources, ASC will have the chance to dilute Apogee Minerals Bolivia S.A.'s participation from 60% to 40% if ASC in a term of 90 days notifies to Apogee Minerals Bolivia S.A. that it will develop Pulacayo to production.

- However, in order to avoid the disclosure of the commitments between Apogee Minerals Bolivia and ASC Bolivia LDC in regard of the incorporation of Apogee Minerals Bolivia S.A. to the Joint Venture Agreement, a simple separate agreement was executed by Apogee Minerals Bolivia S.A. and ASC Bolivia LDC. The mentioned agreement details the incorporation of Apogee Minerals Bolivia S.A. to the Joint Venture Agreement and specifies the approval given by COMIBOL and the Pulacayo Cooperative. The mentioned agreement is detailed on the "Testimonio" No. 21/2006 dated 01/24/2006 granted by Public Notary from La Paz No. 038 (Daysi Benito Pozzo) and registered before the Mining Registry under No. PT-16 dated 06/22/2006.

- On January 20, 2011, Golden Minerals Company ("Golden") entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Apex Silver Mines, Apex Mining Partners Limited and Apogee Silver Ltd. ("Apogee") pursuant to which Apogee purchased through other Golden subsidiaries, all of Golden's interest in ASC Bolivia LDC, which holds a 100% interest in the Pulacayo Cooperative / ASC Bolivia LDC Joint Venture Agreement through ASC Bolivia LDC Sucursal Bolivia, the Bolivian branch of ASC Bolivia LDC. As a consequence of the aforementioned and as described on the

"Testimonio" No. 438/2011 dated 07/15/2011 granted by Public Notary from La Paz No. 051 (Katherine Ramirez Calderon) on January 31st, 2011, Apogee Minerals Bolivia S.A. and ASC Bolivia LDC Sucursal Bolivia have executed an agreement separating Apogee Minerals Bolivia S.A. from the Pulacayo Cooperative / ASC Bolivia LDC Joint Venture Agreement. The third clause of the mentioned agreement established that Apogee Minerals Bolivia S.A. will assume the exploration duties, including a small-scale pilot production plant, until all the environmental permits have been issued on behalf of ASC Bolivia LDC Sucursal Bolivia.

- And also as a consequence of the aforementioned, the Pulacayo Cooperative / ASC Bolivia LDC Joint Venture Agreement returned to its original scheme with the Pulacayo Cooperative and ASC Bolivia LDC Sucursal Bolivia as parties.

4) Legal situation of the Joint Venture Agreement after enactment of Law 845 dated October 24th, 2016

In September 1st, 2016 the Bolivian government issued Supreme Decree N° 2891 which was confirmed by Law N° 845 dated October 24th, 2016. Both regulations rule the return to the State domain, of areas where mining cooperatives and private companies would have had executed Joint Venture Agreements; Lease or Sub Lease agreements in order to have them converted into Mining Production Contracts.

Notwithstanding, Law 845 also gives the possibility to continue to carry out mining activities through the signature of Mining Production Contracts directly with COMIBOL via an adequacy process, establishing consequently the rules for that change.

In that sense, article 8-I and II of the Law 845 modifies article 61-V and VII of the Mining and Metallurgy Law (Law 535) stating that:

"... The mining rights of COMIBOL will be exercised with respect to the following areas:
a) Areas of the nationalized mining groups according to Supreme Decree N° 3223 of October 31st, 1952
...
VII. For the development of mining activities within the areas under their ownership described in paragraph V of this article and prior compliance with the requirements established in articles 128 and 140 of this law as corresponds, COMIBOL may sign Mining Production Contracts with mining productive actors…."

The Pulacayo Group of concessions belongs to the areas of the nationalized mining groups mentioned in article 61-V-a of the Mining and Metallurgy Law (Law 535). Therefore, those areas shall be developed and operated through a Mining Production Contract. An important aspect is that through the fifth transitional provision, Law 845 guarantees the continuity of the legally constituted mining activities during the process of adaptation to Mining Production Contracts, which is the case of the Pulacayo project.

Private parties comprised within the scope of the Third Final Provision of Law 845 who are executing regular tasks in the reverted areas must submit their applications within 20 working days of the date of publication of the Supreme Decree which is November 23rd, 2016.

In the particular case of the Pulacayo Project, the company submitted the required application on December 22nd, 2016, before the deadline, and is currently awaiting a Resolution on that regard from the Bolivian Ministry of Mining and Metallurgy. The company expects to have its Joint Venture Agreement converted into a Mining Production Contract by the end of 2017.

Law 845 guarantees the continuity of the legally constituted mining activities during the process of adaptation to Mining Production Contracts.

5) Paca Group

As described above, the procedure to convert STA's to Mining Contracts has already started as the Bolivian Mining and Metallurgy Ministry issued Resolution 0294/2016 on December 5th, 2016 establishing the rules, terms and procedure that all the current STAs must follow to be adapted into "Administrative Mining Contracts".

Prophecy has initiated the above procedure for the STA named "Apuradita". The application was submitted to JAMA (according to Resolution 0294/2016) on July 20th, 2017 according to the schedule released by JAMA in January 2017. It is expected that the process to convert current STA's into Administrative Mining Contracts will conclude in 2019. In the meantime, titleholders can continue development activities on the areas of the STA's.

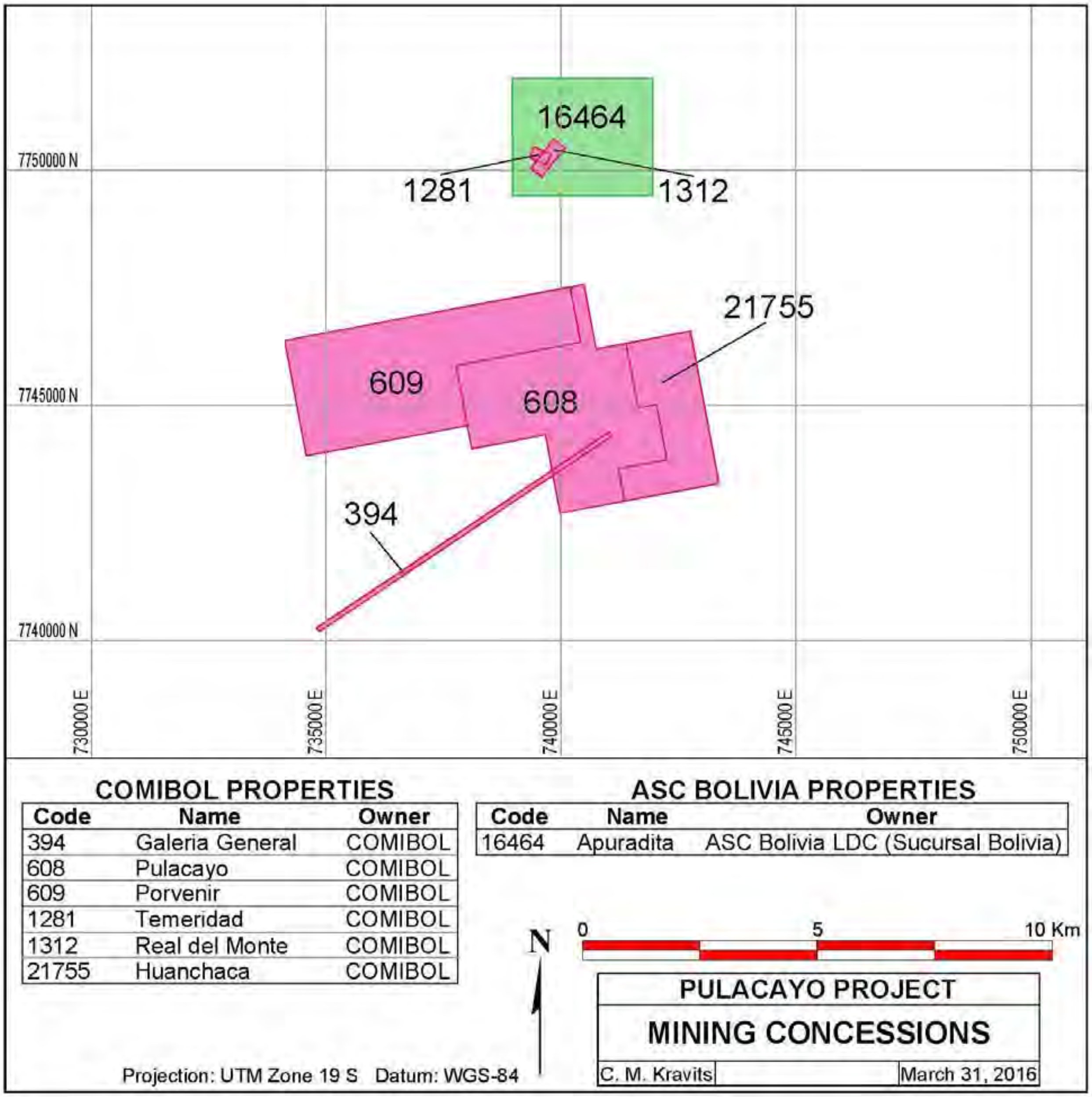
Figure 3.2 shows the distribution of current Prophecy mineral titles for the entire Pulacayo Project area and Table 3.1 lists the individual holdings that comprise this portfolio. The Paca area held under terms of the Paca Group STA's has been reduced since the 2015 Paca technical report effective date.

Table 3.1: Apogee's Pulacayo Project Exploration Holdings at Report Effective Date.

*STA	Titleholder	Size (ha)	Patentes Payment	Registration Number	Location
Pulacayo	COMIBOL	1031	Payment is not required*	512-01015	Pulacayo
Porvenir	COMIBOL	1199	Payment is not required*	512-01165	Pulacayo
Huanchaca	COMIBOL	470	Payment is not required*	512-03903	Pulacayo
Galería General	COMIBOL	76	Payment is not required*	512-01160	Pulacayo
Subtotal		**2776**			
Temeridad	COMIBOL	10	Payment is not required*	512-00992	Paca
Real del Monte	COMIBOL	24	Payment is not required*	512-00994	Paca
Apuradita	ASC Bolivia LDC	750	2017	512-03652	Paca
Subtotal		**784**			
Grand Total		**3560**			

* *Special Transitory Authorization – formerly mining concession*

Figure 3.2: Pulacayo Project Property Holdings



3.4 Environmental Considerations

Prophecy advised Mercator that the following description of the Pulacayo Project's environmental considerations was accurate at the effective date of this report. It is understood that all rights and responsibilities established through permits issued to Apogee are now applicable to Prophecy. Mercator had previously summarized this information for purposes of the 2015 Pulacayo mineral resource estimate prepared for Prophecy and updated information is presented below. Mercator has relied upon Prophecy for provision of this information for current report purposes. Mercator has not verified any of the updated content presented below. The following text is primarily focused on the Pulacayo site, but is relevant to the Paca deposit due to the reasonable possibility of mineralized material from the Paca deposit being processed at a central milling complex situated at the Pulacayo site.

The Pulacayo Project's current environmental operating requirements are set out in compliance with the Environment Law (Law Nº 1333) and the Environmental Regulation for Mining Activities. A certificate of exemption was obtained for the exploration phase and an audit of the Environmental Base Line (ALBA) was carried out between December 2007 and July 2008 by Mining Consulting & Engineering "MINCO S.R.L.", a Bolivian based professional consulting firm with broad exposure to the mining industry. Its audit report summarized the work carried out during the Environmental Assessment by Apogee and includes 1) a compilation of information on the local vegetation, animals, soil, water, air, etc., including collection of more than 500 samples in the area of interest to support the conclusions and recommendations of the report; 2) an evaluation of the social impact of the project; 3) an evaluation of the area contaminated during previous mining activities, including tailings, abandoned facilities, acid waters, scrap, etc.; and 4) an evaluation of other environmental liabilities.

On May 25, 2011 Apogee was awarded an environmental licence by the Bolivian authorities sanctioning mining operations at its Pulacayo project. The permit (Certificado de Dispensación Categoria 3 Para Exploración y Actividades Mineras Menores/EMAP) allows for the extraction of up to 200 tonnes per day from underground for stockpiling and transporting for off-site processing.

On September 25th, 2013 Apogee was awarded by the Bolivian Ministry of Water and Environment the Environment Impact Declaration certificate which shows that the Bolivian environmental authorities approved the Environmental Impact Assessment ("EIA") which permits establishment of mining, milling and tailings facilities on the Pulacayo site of sufficient size to support milling operations of up to 560 tonnes per day. The application to obtain this permit was applied by Apogee on December 17, 2012. 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. Prophecy has advised that all permits previously granted to Apogee currently remain in effect for Prophecy.

In addition to the above, Prophecy advised Mercator that in 2015 it applied for a test mining permit for the Paca site that would allow mining at a rate of up to 200 tonnes per day, subject to stipulated environmental and regulatory conditions. It also applied for a permit in 2015 to process material generated from the proposed Paca test mining at a temporary milling facility proposed for the Paca site. These permits had not been received at the effective date of this report.

Mercator has not independently verified any of the environmental, permitting, test mining or test milling permit information presented in this report section and has relied upon Prophecy for provision of such information in all instances. However, Mercator had no reason at the effective date of this report to question the assertions made by Prophecy regarding these items.

4.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

4.1 Introduction

The discussions presented in report sections 4.2 through 4.5 are taken from Cullen and Webster (2012b and 2015a,b) and were originally modified after those presented by Pressacco et al. (2010). They are otherwise directly based on reporting for Apogee by Iriondo et al. (2009).

4.2 Accessibility

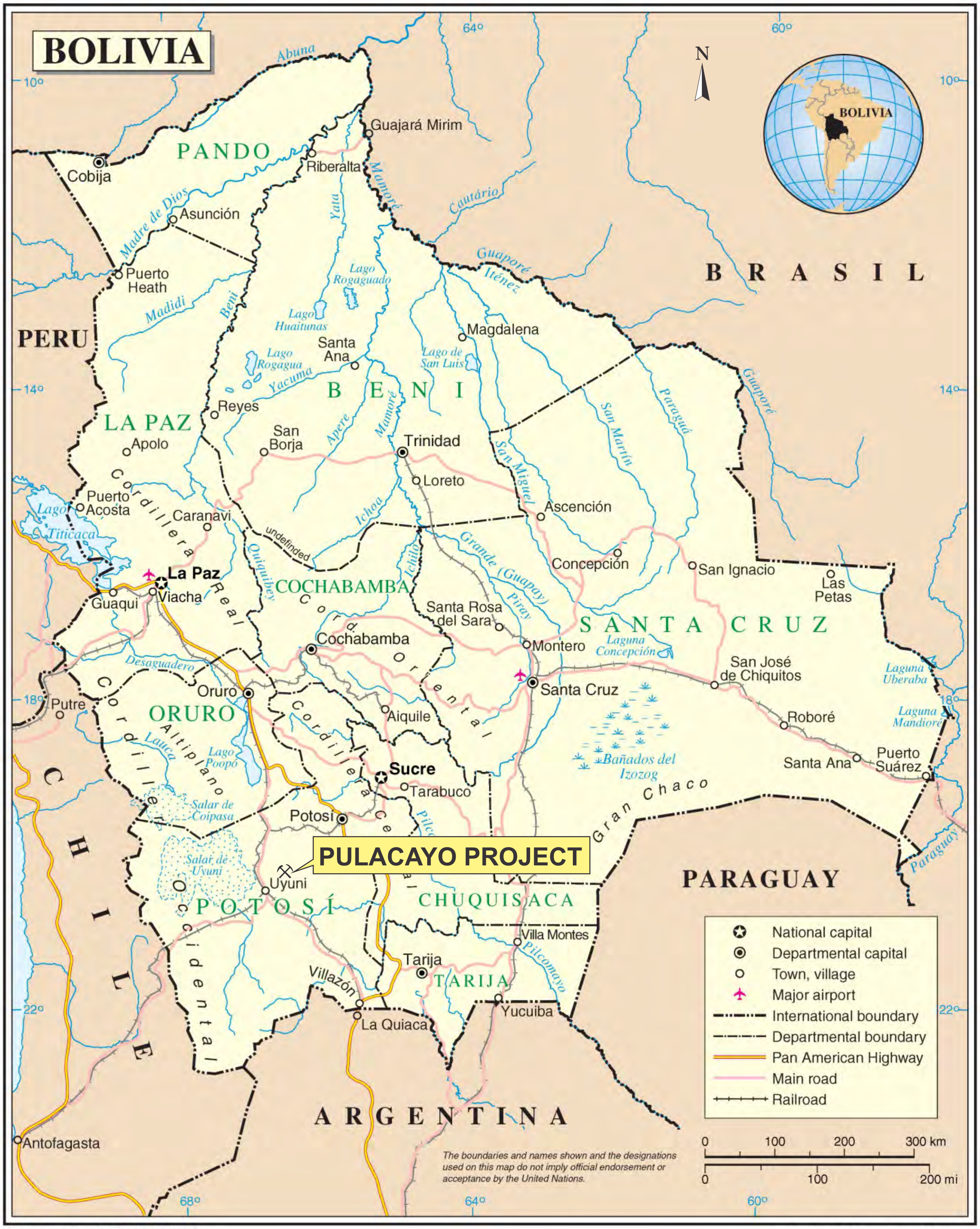
Bolivia is a landlocked country located in central South America and includes diverse geographic and climatic conditions that range from snow-capped peaks and high-altitude plateaus to vast, low-lying grasslands and rainforests. The country is accessible by international air travel from Miami (American Airlines), Mexico City, Brazil, Chile (LAN), Argentina and Peru (Taca Airlines). In addition, local Bolivian airlines fly regular internal flights between major cities, with several flights a week to a newly paved runway at Uyuni city, located 18 km south of the Pulacayo property.

The principal highways are generally paved and heavy trucks and buses dominate road traffic outside of the major cities. For the most part, road freight service functions adequately even to small remote villages. The Pulacayo project is accessed from La Paz by means of a paved road, which runs to the area of Huari, passing through Oruro. It can also be accessed by the road between Oruro and Potosí and from Potosí to Uyuni by a good quality paved road. Paving of the road from Potosí to Uyuni began in 2007 and has now been completed to Potosi. Secondary roads can be best described as “tracks” and winding, single lane roads are often precariously carved out of steep slopes.

There is also a reasonably well-developed rail system with connections south to Argentina, east to Brazil and west to Chile and the port of Antofagasta. Rail service from Uyuni connects with Oruro, Atocha, Tupiza, and Villazon (on the border with Argentina). Uyuni is also connected by railway to Chile through Estación Abaroa. Disused rail lines exist between Uyuni-Potosí and Oruro-La Paz.

Figure 4.1 presents major highway and rail routes of Bolivia relative to the Pulacayo project’s location.

Figure 4.1: **Major Routes and Physiographic Regions in Bolivia**



Map No. 3875 Rev. 3 UNITED NATIONS Department of Peacekeeping Operations Cartographic Section
August 2004

4.3 Climate and Physiography

Two Andean mountain chains run through western Bolivia, with many peaks rising to elevations greater than 6,000 m above sea level. The western Cordillera Occidental Real forms Bolivia's western boundary with Peru and Chile, extending southeast from Lake Titicaca and then south across central Bolivia to join with the Cordillera Central along the country's southern border with Argentina. Between these two mountain chains is the Altiplano, a high flat plain system at elevations between 3,500 m and 4,000 m above sea level. East of the Cordillera Central a lower altitude region of rolling hills and fertile basins having a tropical climate occurs between elevations of 300 m and 400 m above sea level. To the north, the Andes adjoin tropical lowlands of Brazil's Amazon Basin (Figure 4.1).

Climate within Bolivia is altitude related. The rainy period lasts from November to March and corresponds with the southern hemisphere's summer season. Of the major cities, only Potosí receives regular snowfalls, with these typically occurring between February and April at the end of the rainy season. La Paz and Oruro occasionally receive light snow. On the Altiplano and in higher altitude areas, sub-zero temperatures are frequent at night throughout the year. Snow-capped peaks are present year-round at elevations greater than approximately 5,200 m.

The Pulacayo Project area is located immediately southwest of the Cosuño Caldera and local topographic relief is gentle to moderate, with elevations ranging between 4,000 m and 4,500 m above sea level. The Paca and Pulacayo volcanic domes are volcanic structures that exist as prominent topographic highs in this area. The area has a semi-arid climate, with annual rainfall of approximately 100 mm and a mean summer temperature of 12° C between October and March. During winter, minimum temperatures reach the -20 to -25° C range and summer maximums in the 18 to 20° C range occur in June and July. Yearly mean temperature is 5.5° C. Vegetation is sparse to non-existent and consists of only local low bushes.

4.4 Local Resources and Infrastructure

Bolivia has a long history as a significant primary producer of silver and tin, with associated secondary production of gold, copper, antimony, bismuth, tungsten, sulphur and iron. The country also contains sizeable reserves of natural gas that have not been fully developed to date due to export issues and limited access to required infrastructure.

The country has an abundance of hydroelectric power and transmission lines which parallel the road system provide service to most major settlements. Remote villages generally have diesel generators which run infrequently during evening hours. Transmission lines from the hydroelectric plants of Landara, Punutuma, and Yura that were reconditioned by a joint venture between COMIBOL and the Valle Hermoso Electrical Company pass within a few kilometres of Pulacayo.

Telephone service and internet access are available in most areas and cellular telephone service is widespread. However, coverage is not complete and international connectivity is not ensured. Local communication services in the area are good and consist of an ENTEL-based long-distance telephone service, a GSM signal for cell phones and two antennae for reception and transmission of signals from national television stations. Apogee installed a satellite receiver to provide internet access for its operation and this service is shared with the Cooperative Social del Riesgo Compartido (Shared Risk Cooperative). An adequate supply of potable water for the town is supplied by pipeline from a dam and reservoir (Yana Pollera) facility located 28 km from Pulacayo in the Cerro Cosuño.

Coeur d'Alene Mines Corporation (San Bartolome), Pan American Silver Ltd. (San Vicente), Glencore International plc (AR Zinc, Sinchi Wayra) and Apex Silver Mines Ltd - now Golden Minerals Company (San Cristóbal) have been the most significant international companies with producing mines in this region in recent years. Basic exploration services are available in Bolivia and include several small diamond core drilling contractors, the ALS Group, which operates an analytical services sample preparation facility in Oruro, the SGS Group, which has analytical services and preparation facilities in La Paz, and several locally owned assay facilities. The Bolivian National School of Engineering operates a technical college in Oruro (Universidad Técnica de Oruro) that includes a mineral processing department and laboratory facilities that provide commercial services to the mining industry. In general, an adequate supply of junior to intermediate level geologists, metallurgists, mining engineers and chemists is currently considered to be present in the country.

Since down-sizing of site operations at Pulacayo by Apogee in 2013-2014, the population of the community has dropped to approximately 300 to 400 permanent residents, many of whom are associated with the Cooperativa Minera Pulacayo Ltda. (Pulacayo Mining Cooperative). The village has a state-run school and medical services are provided by the state's Caja Nacional de Seguros (National Insurance Fund). A hospital and clinic function independently. Numerous dwellings and mining related buildings in Pulacayo are owned by COMIBOL and some of these have been donated to the Pulacayo Mining Cooperative. Under terms of the Shared Risk Contract, COMIBOL makes some mining infrastructure available for use by Prophecy (Figures 4.2 and 4.3).

Figure 4.2: Pulacayo COMIBOL Operations Facility Used by Prophecy

Figure 4.3: Pulacayo COMIBOL Office Facility Used by Prophecy

4.5 Access for Recommended Work Programs and Future Operations

Prophecy advised Mercator that the agreements and permits currently in place for the Pulacayo project provide authority to carry out the Pulacayo and Paca deposit area exploration work programs recommended in this report. They also provide access for development of mining, milling and tailings infrastructure for the Pulacayo deposit, subject to site environmental directives. Mercator has relied upon this information provided by Prophecy and has not completed independent verification.

Based on site visits and discussions with Prophecy staff, Mercator is of the opinion that sufficient undeveloped land is present in the Pulacayo project area to support the work programs recommended in this report for the Pulacayo and Paca deposit areas and also to support future establishment of mining, milling and tailings facilities at this location at the scale currently envisioned by Prophecy.

5.0 History

5.1 Introduction

The Pulacayo area has a very long history of exploration and mining, with this dominated by the Pulacayo deposit itself, where most work has been concentrated on mineralized systems that comprise the Tajo Vein system (TVS). In contrast, the history of Paca deposit exploration forms a relatively small part of the long-term exploration and mining history of the area. Since the history of Paca exploration is directly related to that of the adjacent Pulacayo deposit, the summary presented in report section 5.2 below that is taken from Cullen and Webster (2012b and 2015a,b) reflects this association. It was modified and updated after an earlier summary prepared by Pressacco et al. (2010). A more detailed description of exploration history is presented in a report in Spanish by Iriondo et al. (2009).

Details of exploration and deposit assessment programs specific to the Pulacayo and Paca deposits are summarized below and also presented in the most recent NI 43-101 technical reports disclosed by Prophecy in support of the separate, respective resource estimates prepared for those deposits, these being Cullen and Webster (2015a,b).

While Pulacayo deposit exploration and production history spans many decades, well documented exploration work carried out on the Paca deposit is restricted to the period beginning in 2001 when modern programs of assessment that include Induced Polarization surveying, geological mapping, reverse circulation drilling and core drilling were carried out. History of work at Paca is more difficult to document prior to that period, but it is clear that COMIBOL investigated the core breccia zone area of the deposit through development of the Esmeralda adit and associated underground workings in 1956. Prior to that, records show that near surface workings focused on the outcropping Paca mineralized conglomerate unit had been developed at some time during the Hochschild Company ("Hochschild") period of operation at the nearby Pulacayo mine (1927 to 1952 period). On-site processing of at least some material from the conglomerate unit was undertaken and produced the local "tailings" deposits at that location that are described by Prophecy. These were included in a preliminary sampling program by the company during 2015 (Prophecy press release dated February 2nd, 2015) and subsequent metallurgical testing (Prophecy press release dated September 10th, 2015).

5.2 Pre-2001 Exploration and Mining

Mining of silver deposits at the Pulacayo project began in the Spanish Colonial Period (c.1545) but production details do not exist. The first work formally recorded on the property was carried out in 1833 when Mariano Ramírez rediscovered the Pulacayo deposit. In 1857 Aniceto Arce founded the Huanchaca Mining Company of Bolivia and subsequently pursued development and production at Pulacayo. Revenue from the mine funded the first railway line in Bolivia, which in 1888 connected Pulacayo to the port of Antofagasta, Chile. In 1891, reported annual silver production reached 5.7 million ounces and mining operations at Pulacayo at that time were the second largest in Bolivia. Highest historic production is attributed to the Cerro Rico de Potosi deposit. Pulacayo production was predominantly from the Veta Tajo (Tajo Vein System) which had been defined along a strike length of 2.5 km and to a depth of more than 1000 m. In 1923, mining operation ceased due to flooding of the main working levels.

In 1927, Mauricio Hochschild bought the property and re-started mine development. The Veta Cuatro vein was the focus of this work and was intersected at a mine elevation of approximately -266 m. It was proven to continue down-dip to the -776 m elevation where it showed a strike length of 750 m. During this time, the 2.8 km long San Leon access tunnel was developed to facilitate ore haulage and the first recorded exploration work in the area was undertaken. Several short adits were also established during the Hochschild period at Paca to test a mineralized volcanic conglomeratic unit that outcrops in the deposit area. Material from these was processed on site and coarse residual fractions from this work comprise the “tailings deposits” sampled and described by Prophecy at the Paca site. The results of the historic testing are not known.

Work by Hochschild in the district continued until 1952 when the Bolivian government nationalized the mines and administration of the Pulacayo deposit and management was assumed by the state mining enterprise COMIBOL. Operations continued under COMIBOL until closure in 1959 due to exhaustion of reserves and rising costs. COMIBOL also imposed cutbacks on exploration during that period. The total production from the Pulacayo mine is estimated by the National Geological and Mineral Service of Bolivia (SERGEOTECMIN) to be 678 million ounces of silver, 200,000 tons of zinc and 200,000 tons of lead (SERGEOTECMIN Bulletin No. 30, 2002, after Mignon 1989).

In 1956, COMIBOL established the Esmeralda adit that was driven south into the Paca deposit to assess breccia hosted high grade mineralization localized along the andesite-host sequence contact. A total of approximately 250 m of drifting and cross cutting was carried out within the main mineralized zone, distributed between the main adit level and short sub-levels above and below the main level. Workings were established for exploration purposes only and commercial production was not undertaken by COMIBOL.

In 1962, the Cooperativa Minera Pulacayo (the “Cooperative”) was founded and this local group leased access to the Pulacayo mine from COMIBOL. The Cooperative has carried out small scale mining in the district since that time and continues to do so at present. Efforts are directed toward exploitation of narrow, very high-grade silver mineralization in upper levels of the old mining workings, typically above the San Leon tunnel level.

5.3 ASC Exploration 2002 to 2005

5.3.1 Introduction

Modern exploration of the Pulacayo and Paca areas began to a limited degree in the 1980's when various mining and exploration companies targeted epithermal silver and gold mineralization within the volcanic-intrusive system present in the area. In 2001, ASC initiated an exploration program in the district, signed agreements with the Cooperative and COMIBOL and completed programs of regional and detailed geological mapping, topographic surveying and sampling of historical workings. In part, these work programs included the Paca deposit, where 3,130 m of core drilling in 30 drill holes and 896 m of reverse circulation (RC) drilling in 5 holes were completed. Details of these drilling programs are presented in Section 9.0 of this report. At Paca, ASC identified a sub-vertical mineralized structure along the andesite dome's north contact as well as stratabound, disseminated, manto style mineralization that conforms to volcaniclastic stratigraphy in the area. ASC also completed 3 core drilling campaigns at Pulacayo, totalling 3,130 m of diamond drilling, and concluded that silver-zinc-lead mineralization and hydrothermal alteration in the latter area are controlled by a strong east-west fracturing system developed in the andesitic rocks hosting the Tajo Vein System.

5.3.2 Metallurgical Testing

ASC's parent company, Apex Silver Mines Limited, retained Resource Development Inc. ("RDI") of Denver, Colorado to carry out an initial metallurgical testing program for the Paca deposit that utilized sample material recovered from drill holes PND001, PND002 and PND003. Cyanide bottle roll testing comprised most of this program but a rougher flotation test was also carried out on samples from holes PND001 and PND004. Results of all testing were reported by Randall and Malhotra (2002). Pressacco and Gowans (2007) presented a summary of metallurgical program results and also provided additional comment with respect to their applicability to deposit assessment. The following excerpt from Randall and Malhotra (2002) appeared in the Micon technical report and has been reproduced below without change.

"Preliminary metallurgical test work was completed on three samples composited from drill cores. The test work included feed characterization, leaching, flotation and gravity tests, in-place bulk density determination and mineralogy."

The highlights of the study on the three composite samples indicated the following:

- The silver grade varied from low of 44.5 g/t to high of 228.6 g/t.
- The composites contained some lead minerals (i.e., 0.56% Pb to 0.8% Pb) but very little zinc minerals (i.e., 0.05% to 0.41% Zn). The other sulfide minerals identified were

sulphosalts and chalcocite. Coarse native silver was detected in one of the composite samples.

- The silver minerals were amenable to cyanide leaching for most of the composite samples (i.e., 28% to 82% Ag extraction). However, extraction of silver was size dependent and improved with fineness-of-size.

- The lime consumption in leach tests was variable for different composites and ranged from 0.8 to 2.4 kg/t.

- The NaCN consumption was dependent on both ore type and particle size. It increased with fineness of a particular size. In general, it averaged ± 1.5 kg/t.

- Due to the presence of coarse native silver, the silver leaching was not completed in 120 hours. Hence, the data were extrapolated to 240 hours leach time to project anticipated silver recovery. The results indicated that over 90% of silver could potentially be recovered at fine particle size for two of the three composites.

- The final pregnant solution from selected tests was analyzed for gold and copper. Measurable quantities of gold were detected in the solution. Hence, it is reasonable to conclude that gold is present in those samples. Some of the copper minerals present in the samples are also readily soluble in cyanide.

- Differential lead/zinc flotation process recovered over 90% of silver in the combined lead and zinc concentrate for the composite assaying 228.6 g/t Ag. The flotation process shows promise of recovering silver. However, the flotation process did not recover acceptable silver values from the other composites. The gravity concentration process did not concentrate silver in the gravity concentrate. Hence, it cannot be used alone as a process for recovering silver minerals. The in-place bulk densities were extremely variable for one composite (i.e., 1.79 and 2.58 gm/cc). The average densities were ± 2.2 gm/cc for the samples tested. In summary, the preliminary results are encouraging enough to warrant additional drilling and metallurgical testing. The head grades of the three composite samples are shown in Table 5.1 below. A summary of the leaching results is shown in Table 5.2 below. A summary of the flotation results is shown in Table 5.3 below"

Table 5.1: Summary of Head Grades, RDI Metallurgical Testing, 2002

Drill Hole No	Interval Include (m)	Weigh t (kg)	Apex Aggregated Head Grades for Core			Assayed Head				
PND 001	17.7-42	31	45.0	0.85	0.3	44.5	0.84	0.27	<0.01	49
PND 003	6.1-36	17	179.7	0.9	0.05	149.8	0.73	0.05	0.02	696
PND 004	78-106	37	195.0	0.47	0.34	228.6	0.56	0.41	0.02	162

Table 5.2: Summary of Leach Test Results, RDI Metallurgical Testing, 2002

Test No.	Nominal Particle Size	Silver Head (g/t)		Au Extraction* (%)		Pregnant Solution (ppm)			Reagent Consumption kg/tonne	
		Assay	Calc	120 hr	240 hr Projected	Ag	Au	Cu	NaCN	Lime
Composite PND 001										
APBR-1	0.25 inch	44.5	96.8	28.3	37	17.4			1.44	2.28
APBR-2	10 mesh	44.5	44.2	57.7	69	16.1			1.57	2.44
APBR-3	200 mesh	44.5	42.9	82.5	98	22.8	0.01	12.9	1.39	2.47
Composite PND 003										
APBR-4	0.25 mesh	149.8	167.6	41.2	46	44.3			0.66	1.17
APBR-5	10 mesh	149.8	209.7	38.4	40	48			0.31	1.12
APBR-6	200 mesh	149.8	148.4	67.2	71	63.8	0.01	11.9	1.32	1.54
Composite PND 004										
APBR-7	0.25 mesh	228.6	307.4	35.7	47	75.3				
APBR-8	10 mesh	228.6	230.4	55	71	83.5				
APBR-9	200 mesh	228.6	217.3	71.4	93	103.2	0.02	159.6	2.51	0.94

Notes: Calculated head analysis for Ag are significantly different from assayed head in some cases, especially for coarse feed sample. This table is reproduced in its entirety and that the references to the metal extraction is likely intended to refer to silver extraction rather than gold extraction.

Table 5.3: Summary of Flotation Test Results, RDI Metallurgical Testing, 2002

Test No.	Products	Grade			Recovery %			
		Ag (g/t)	Pb (%)	Zn (%)	Wt.	Ag	Pb	Zn
AF-1 (PND001)	Pb Conc	2428	59.3	1.24	0.8	46.9	53.3	2.9
	Tailing	22.8	0.43	0.34	99.2	53.1	46.7	97.1
	Cal. Feed	42.5	0.91	0.35	100	100	100	100
AF-2 (PND 004)	Pb Conc	13802	22.8	10.9	1.2	72.9	47.7	28.8
	Zn Conc	3852	2.5	23.7	1.1	18.3	4.7	56.2
	Combined Conc	908	13.2	17	2.3	91.3	52.5	85
	Tailing	20.4	0.28	0.07	97.7	8.7	47.5	15
	Cal. Feed	228.1	0.58	0.46	100	100	100	100

Pressacco and Gowans (2007) concluded that silver recoveries from the leaching tests were reasonable and that recoveries of zinc, lead and silver in the flotation test showed promise. They cautioned, however, that zinc content in the head samples for the flotation tests were very low (0.27% Zn and 0.41% Zn) and less than the deposit average grades of 0.68% lead and 1.16% zinc that appear in their mineral resource estimate.

Additional testing was carried out in 2003 by RDI on composite core sample material from drill holes PND007, PND008, PND023 and PND025. Intrusive, sedimentary and mixed lithology samples were assessed, with silver, zinc and lead grades showing respective ranges of 25 g/t to 172 g/t, 0.80% to 1.92%, and 0.93 % to 1.14%. Pressacco and Gowans (2007) summarized results as showing around 60% silver extraction after 96-hour cyanide leaching of minus 100 mesh material from all samples, with overall locked cycle flotation test silver recoveries ranging from 39% to 80%. They also noted that locked cycle lead flotation recoveries to the lead concentrate ranged from 59% to 80% and zinc recoveries to the zinc flotation concentrate were between 9% and 67%. Their general conclusion and comment on all ASC metallurgical testing was that additional work was necessary to optimize metal recoveries for Paca deposit mineralization.

5.3.3 Mineral Resource Estimate

ASC prepared initial mineral resource estimates in 2003 for two mineralized zones comprising the Paca deposit, these being Paca Norte and Paca Norte Dos, and results are presented below in Table 5.4. The estimate's reporting cut-off value is not reported. The emphasis at that time was definition of mineral resources suitable to support open pit mining operations. Mercator notes that this resource estimate is historic in nature, was not prepared in accordance with NI 43-101 and should not be relied upon. A qualified person has not determined what additional work is required to make this estimate current and Prophecy is not treating it as a current mineral resource estimate for the Paca deposit.

Table 5.4: Historic 2003 Paca Deposit Mineral Resource Estimates by ASC

Deposit Area	Tonnes	Silver (g/t)	Lead (%)	Zinc (%)
Paca Norte	8,280,000	130	1.01	1.12
Paca Norte Dos	8,100,000	157	0.97	0.85

Apogee optioned the Pulacayo property from ASC in late 2005 and actively pursued exploration and economic assessment of the property beginning in 2006. The property was sold to Prophecy in January 2015 as part of the larger Pulacayo Project portfolio of mineral interests. Details of the work programs carried out by Apogee are presented below in report Section 5.4.

5.4 Apogee Exploration - 2006 to 2015

5.4.1 Introduction

In 2005 Apogee signed a joint venture agreement with ASC and subsequently commenced exploration in the region in early 2006. Work was carried out on both the Pulacayo and Paca deposits, with emphasis placed on Pulacayo. The reader is directed to Cullen and Webster (2015a,b) for a additional summaries of work completed on the Pulacayo and Paca deposits. In the Paca area, Apogee completed a detailed topographic survey, detailed geological mapping and sampling of Paca surface exposures and the Esmeralda adit underground workings, induced polarization (IP) geophysical surveying and diamond drilling. Micon International Limited (Micon) also prepared for Apogee a new mineral resource estimate for the Paca deposit (Pressacco and Gowans 2007) in accordance with the CIM Standards and this was disclosed in accordance with NI 43-101. The main programs carried out by Apogee at Paca are individually discussed below.

5.4.2 Topographic Survey

In 2006 Apogee contracted Geodesia y Topografia of La Paz, Bolivia to complete a topography survey of the Pulacayo-Paca areas using four LEICA Total Stations, models TCR 407, TC 703, TC 605L, and TC 600. The survey covered a total area of 24 km^2 and survey points were collected in WGS84, Zone 19 South Datum and the coordinates were referenced to known government control points including GCP CM-43 obtained from the IGM ("Instituto Geografico Militar").

The survey points allowed the construction of a detailed topographic map for the Pulacayo and Paca areas and two metre contour intervals were established. The new topographic map was used as a base to establish road access, geological mapping and surface sampling as well as for locating drill collars. As part of the field work, Eliezer Geodesia y Topografia also surveyed the collars of all completed drill-holes and established 12 surveyed grid lines for an IP survey. Seven IP survey lines were located in the Pulacayo area and 5 were located in the Paca area. Surveyed stations were established at 50 m intervals along each line.

5.4.3 Geological Mapping and Sampling

Apogee initiated a surface mapping and sampling program at Pulacayo in 2005 and initially utilized preliminary geological maps completed by ASC in 2003. The company completed detailed 1:1,000 scale surface mapping that covered all exploration holdings, including both the Pulacayo and Paca areas. The sampling consisted mostly of rock chip samples taken from outcrops and the objective of the mapping program was to characterize the alteration patterns and locate sulphide mineralization both at surface and also within accessible underground mine workings. A total of 549 samples were collected and summary results of the geological mapping program appear later in this report in Figure 5.1.

During 2006 Apogee also initiated development of a detailed, three-dimensional digital model of the historic underground mine workings of the Pulacayo deposit based on available historic records. The workings solid model was completed by EPCM Consultores S.R.L. ("EPCM") and was subsequently modified by Apogee through transformation of the model from the historic mine grid to the current datum plus adjustment to include a +1% incline grade of the San Leon tunnel. It is assumed that some surveying was carried out at the Paca deposit's Esmeralda adit at this time as well.

5.4.4 Induced Polarization Surveying

An induced polarization (IP) geophysical survey was carried for Apogee during November and December of 2007. The survey covered grid lines on both the Pulacayo and Paca areas and was completed by Fractal S.R.L ("Fractal"), an independent geophysical consulting company based in Santa Cruz, Bolivia. The survey used a dipole-dipole electrode configuration along 400 m spaced lines. A total of 29-line km of IP surveying was completed on the Pulacayo and Paca properties and data were recovered using a 50 m dipole spacing to n=6. Results are summarized by Iriondo et al. (2009).

Seven geophysical survey lines oriented north-south were completed in the Pulacayo area and these were oriented approximately perpendicular to the east-west strike of the TVS. At Paca a total of five similarly oriented survey lines were completed.

The IP surveys were successful in outlining several areas of anomalously low apparent resistivity that, based on correlation in an area of known bedrock geology, were interpreted to represent weakly altered rocks. On the same basis, high apparent resistivity zones were interpreted to represent areas of siliceous alteration. Combined results of the Pulacayo area survey show that an east-west oriented zone of anomalous apparent resistivity and chargeability responses measuring some 450 m in width extends over the length of the survey grid and marks the TVS. Moderately anomalous values in chargeability located at the edges of the main anomalous zone were interpreted as altered rocks that could be related to a mineralized vein system at depth. Survey results were similarly interpreted at Paca as identifying zones of anomalous disseminated sulphide concentration that locally show association with mantos and feeder zone styles of silver-lead zinc mineralization of economic interest. Figure 5.2 identifies the areas covered by IP surveying at the Paca and Pulacayo deposit areas.

Figure 5.1: Property Geology Map

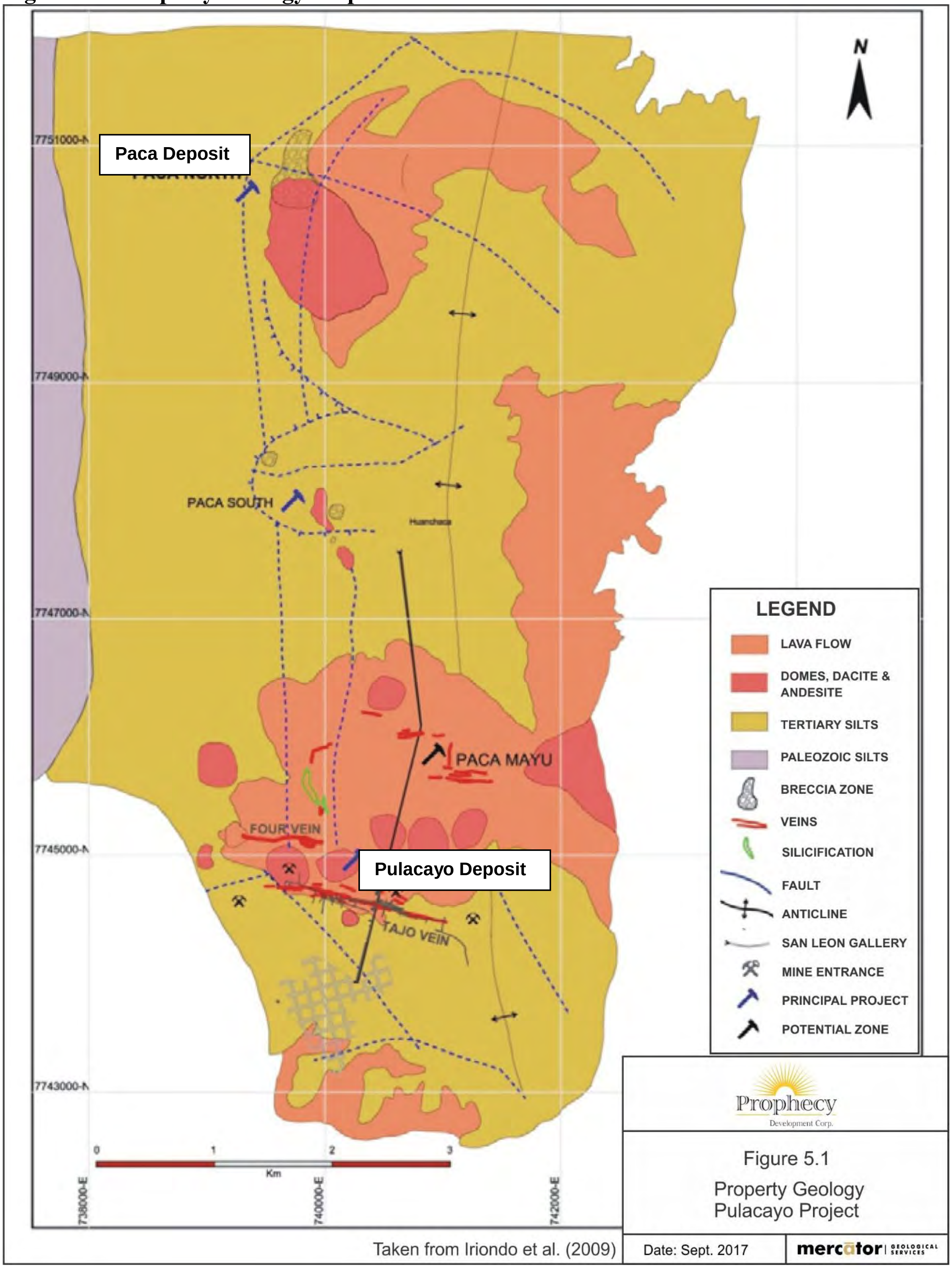
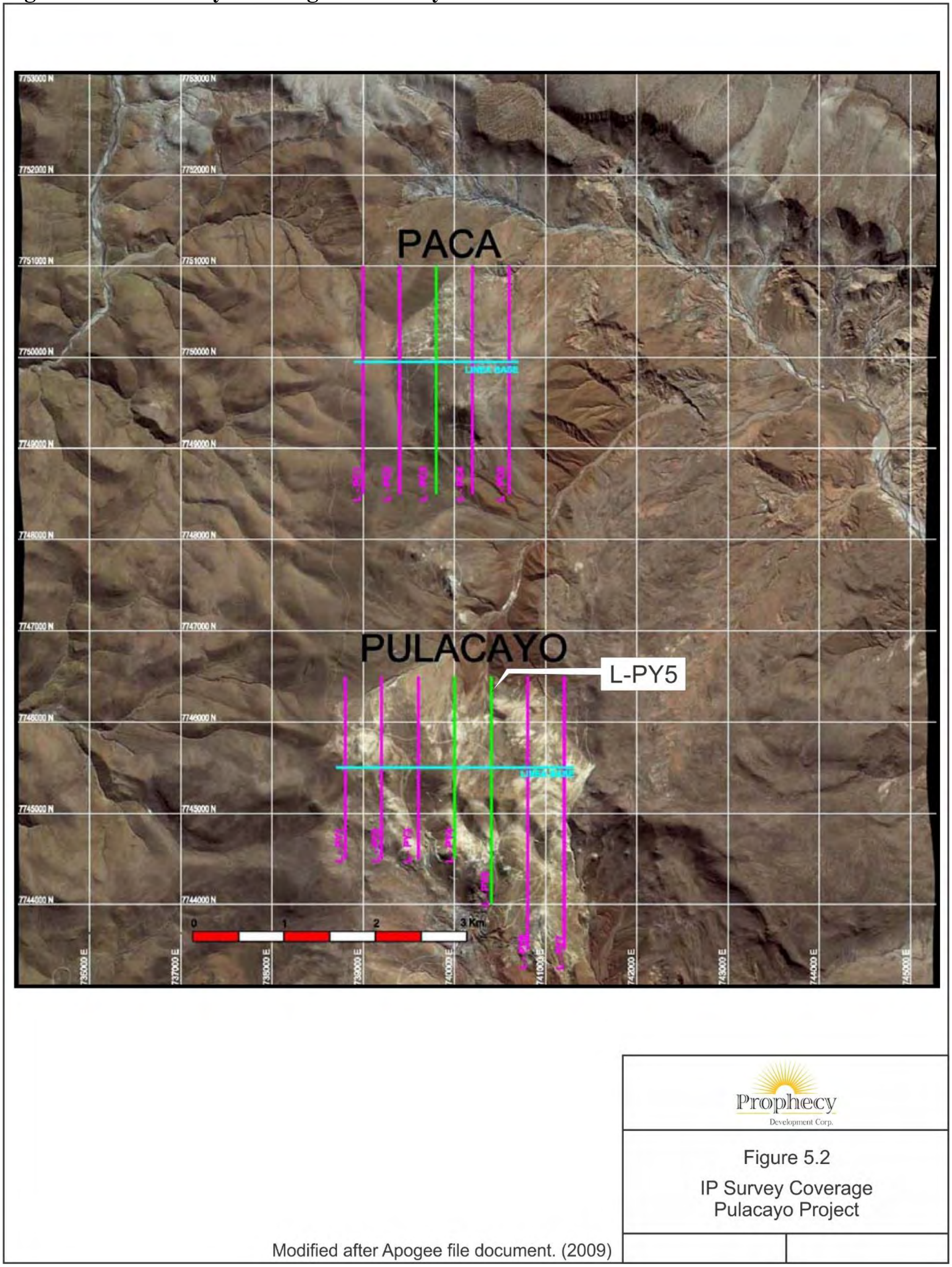


Figure 5.2: IP Survey Coverage at Pulacayo and Paca



5.4.5 Diamond Drilling

Combined results of the ASC and Apogee diamond drilling programs carried out between 2002 and 2012 support the current mineral resource estimates for the Pulacayo and Paca deposits. Since originally accessing the property in 2002, until the effective date of this report, ASC and Apogee completed 69,739.15 m of drilling from surface and underground on the Pulacayo property. ASC drilling totaled 5,009.2 m between 2002 and 2006 in 24 holes and Apogee drilling accounts for the remaining meterage that was completed in 4 subsequent phases. Phase I was undertaken between January and June of 2006 and included 19 holes totaling approximately 4,718 m. Phase II drilling was initiated in November 2007 and consisted of 14 holes totaling 3,442.18 m. Phase III drilling was carried out between January and August of 2008 and included 84 drill holes totaling approximately 20,758.91 m. Phase IV drilling was carried out between January 2010 and December 2011 and consisted of 35,810.81 m in 149 holes. The last 45 holes (6,254 m) of Phase IV were focused on oxide zone definition.

As noted earlier, ASC completed 30 diamond drill holes (3,130 m) and 5 reverse circulation drill holes (896 m) on the Paca deposit between 2002 and 2005. After acquiring the property in 2005, Apogee subsequently completed 76 additional diamond drill holes (13,631.2 m) at Paca in three separate drilling campaigns during 2006. Table 5.5 presents a summary of these programs and details of these plus the earlier ASC programs that contributed data to the current resource estimate are described in greater detail in Section 9.0 of this report.

Table 5.5: Summary of Paca Deposit Core Drilling Programs – 2002 to 2007

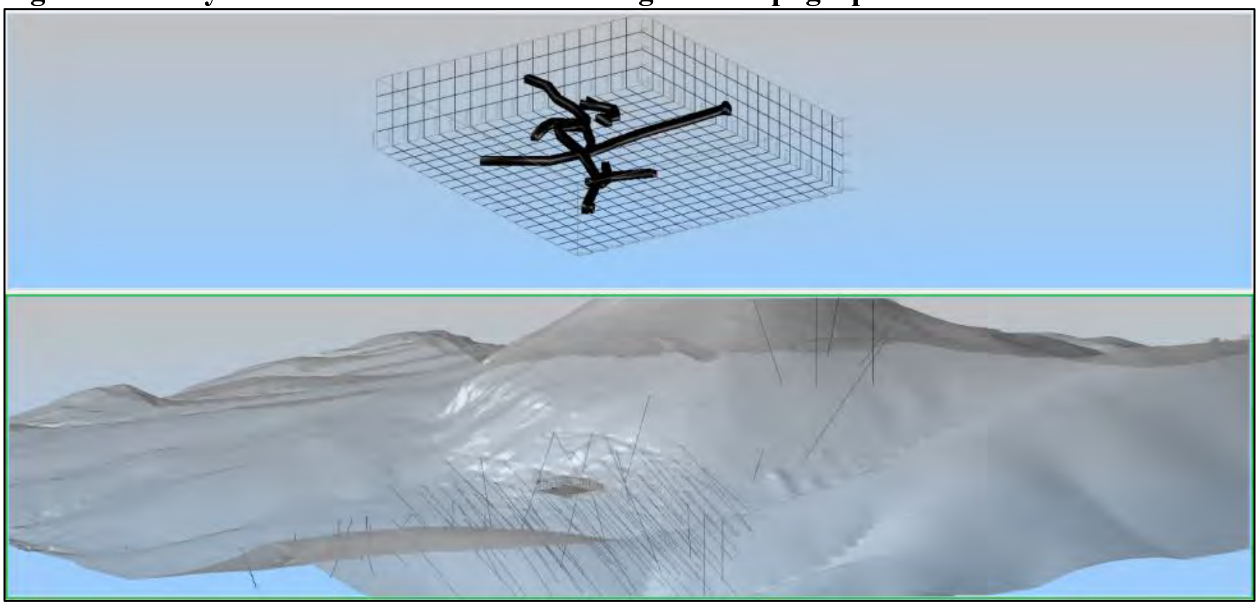
Company	Period	Hole Numbers	Type	No. of Holes	Total Metres
Apogee	Early 2006	PND031 to PND053	HQ Core	23	2,301.5
Apogee	Mid to Late 2006	PND054 to PND99	HQ Core	46	10,443.7
Apogee	Late 2006	PND100 to PND106	HQ Core	7	886.0
Total				76	13,631.2

Details of the drilling programs noted above are presented in technical reports prepared previously in support of the respective Paca and Pulacayo resource estimates and disclosed according to NI 43-101. The reader is directed to Cullen and Webster (2015a,b) for additional details pertaining to ASC and Apogee drilling programs carried out to assess the Pulacayo and Paca deposits.

5.4.6 Sampling of Esmeralda Adit Underground Workings

The Esmeralda adit was established by Comibol in 1956 to test both mantos style lower grade mineralization and “feeder zone” style higher grade mineralization within the Paca deposit. The adit extends south from the portal into the Paca dome and exposes manto style mineralization for a distance of approximately 25 m before intersecting the main interval of feeder zone mineralized breccia. From that point, drifting was carried out along the zone to the east for about 55 m and to the west for about 55 m. Cross-cutting was also continued in a south-southeast direction for about 55 m and a small amount of sub-level drifting was carried out approximately 7 m below and 7 m above the main adit level in the central portion of the mineralized zone. Apogee re-sampled portions of the Esmeralda adit workings during 2006 and Figure 5.3 presents an isometric view of the workings relative to the topographic surface in that area.

Figure 5.3: Layout of Esmeralda Adit Workings and Topographic Surface in Paca Area



5.4.7 Historic Paca Mineral Resource Estimate by Micon

In 2007 Micon prepared a mineral resource estimate for the Paca deposit based on data generated from the drilling and underground sampling programs summarized above in Sections 5.4.5 and 5.4.6. The Micon estimate was prepared in accordance with Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves: *Definitions and Guidelines* (the "CIM Standards") and disclosed according to requirements of National Instrument 43-101. The estimate appears below in Table 5.6 and was reported by Pressacco and Gowans (2007). It reflects mineral resources considered to be potentially amenable to economic development using open pit mining methods. Mercator notes that the Micon estimate is historic in nature and should not be relied upon at this time. A qualified person within the meaning of NI 43-101 has not done sufficient work to classify this historical estimate as current mineral resources or reserves and Prophecy is not treating this historical estimate as current mineral resources or reserves. The results of the Micon estimate were superseded by the previous Mercator estimate for the Paca, which, in turn, has been superceded by the current estimate that is supported by this technical report.

Table 5.6: Historic 2007 Paca Deposit Mineral Resource Estimate by Micon

Category	Tonnes	Silver (g/t)	Zinc (%)	Lead (%)
Inferred Resource	18,416,100	43.04	1.16	0.68
Waste Rock	56,699,600			
Strip Ratio (Resource tonnes: Waste tonnes): 3.1 to 1				

1. *The effective date of this estimate is March 30th, 2007.*
2. *The resource reporting block cut-off value is US$ 20 Gross Metal Value based on 100% recovery and metal pricing at US$10.43/oz silver (US$0.33/g), US$1.30/lb (US$2.86/kg) for zinc and US$0.55/lb (US$1.21/kg) for lead.*

Micon developed three grade constraint interpolation solids based on review of gross metal values calculated for composited drill hole analytical data. Metal prices used were US$10.43/oz silver (US$0.33/g), US$1.30/lb (US$2.86/kg) for zinc and US$0.55/lb (US$1.21/kg) for lead. A gross metal value threshold of US$20 was chosen for modeling of the grade constraint envelopes. An optimized pit constraining shell for reporting of mineral resources was also created using input parameters presented below in Table 5.7 and Lerches-Grossman optimization methods. Figure 5.4 presents a perspective view of the Micon block model and optimized pit shell.

5.4.8 Historic Pulacayo Mineral Resource Estimates by Micon

Two mineral resource estimates for the Pulacayo property were prepared on behalf of Apogee by Micon, with the first having an effective date of October 28th, 2008 and the second having an effective date of October 14th, 2009. Pressacco and Shoemaker (2009) reported on the first estimate and Pressacco et al. (2010) presented results of the second. In 2007 Micon also prepared a resource estimate for the nearby Paca deposit, also held by Apogee at that time, but, as noted above, that deposit is not included in the current or past Pulacayo estimates. Both Pulacayo estimates by Micon are historic in nature and should not be relied upon. A qualified person within the meaning of NI 43-101 has not done sufficient work to classify these historical estimates as current mineral resources or reserves and Prophecy is not treating these historical estimate as current mineral resources or reserves. They were superseded by subsequent estimates prepared by Mercator that have now been superseded by the current mineral resource estimate.

Tabulated results of the 2008 and 2009 Micon resource estimates are presented below in Table 5.8 and Table 5.9. Both were prepared in accordance with Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves: *Definitions and Guidelines* (the CIM Standards) and disclosure requirements of National Instrument 43-101. Technical reports for each have been filed on SEDAR.

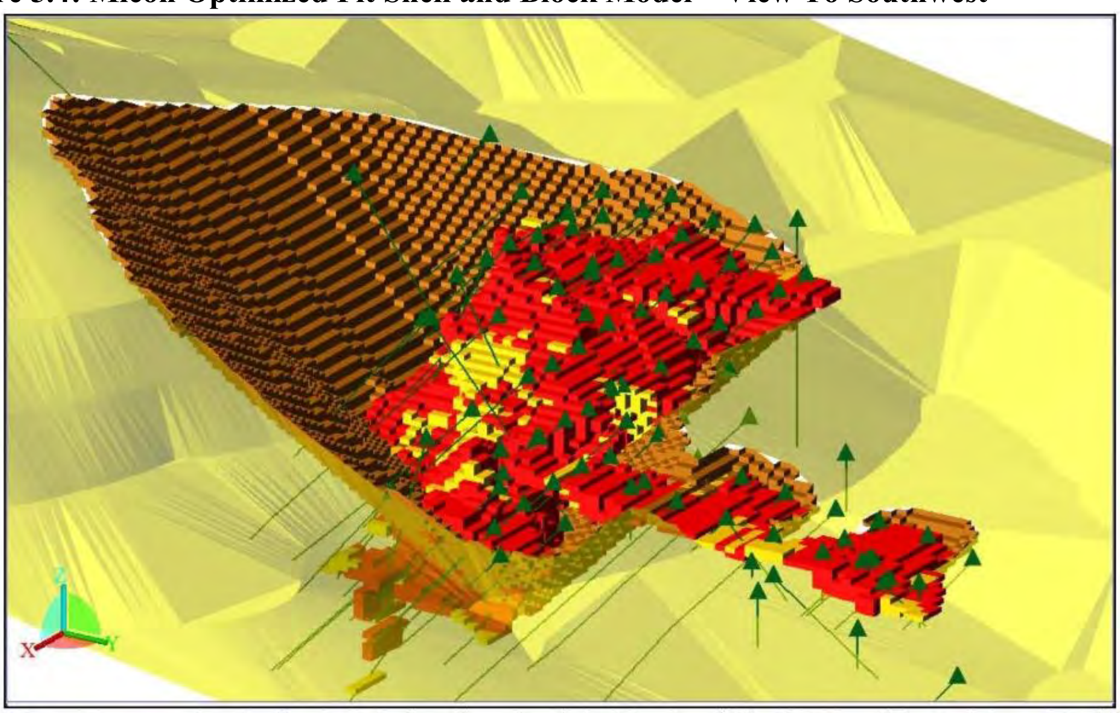
Table 5.7: Micon Pit Optimization Parameters for 2007 Resource Estimate

Parameter	Value	Source
Exchange Rate CND/USD	NA	
Zinc Price	US$ 1.30/lb (US$ 2.86/kg)	12 mo avg. Kitco spot
Lead Price	US$ 0.55/lb US$ 1.21/kg)	12 mo avg. Kitco spot
Silver Price	US$ 10.43/lb (US$ 0.33/kg)	12 mo avg. Kitco spot
Mill Recovery - Zinc Conc	92%	San Cristobal LOM recovery
Mill Recovery - Lead Conc	86%	San Cristobal LOM recovery
Mill Recovery - Silver	76%	Total San Cristobal Ag recovery
Payable Metal - Zinc	85%	Mining Journal, January 19,2007
Payable Metal - Lead	95%	Mining Journal, January 19,2007
Payable Metal - Silver	95%	Micon Estimate
Concentrate Grade - Zinc	53%	Micon Estimate
Concentrate Grade - Lead	45%	Micon Estimate
Concentrate Grade - Silver	2841 g/t	Micon Estimate
Mass Pull - Zinc Conc	1.74 wt%	Micon Estimate
Mass Pull - Lead Conc	1.34 wt%	Micon Estimate
Smelting Charges - Zinc	US$ 200 / conc tonne	Mining Journal, January 19,2007
Smelting Charges - Lead	US$ 60 / conc tonne	Mining Journal, January 19,2007
Refining Charges - Zinc	NA	
Refining Charges - Lead	NA	
Refining Charges - Silver	US$ 0.35 /oz. ($US 0.011/g)	Micon Estimate
Mining Cost (delivered to mill)	US$ 4.00/ore tonne (US$ 1.56/material tonne at 1.56 SR)	San Cristobal cost Ore and Waste
Milling Cost	US$ 8.00/ tonne	Micon Estimate
Site G&A (incl. Enviro)	US$ 1.00	Micon Estimate
Trucking Cost to Uyuni Railhead	US$ 3.50 / conc tonne (35km at US$0.10km)	Micon Estimate
Transhipping cost - UyuniTrucking Cost to Uyuni Railhead	US$ 5.00 / conc tonneUS$ 3.50 / conc tonne (35km at US$0.10km)	Micon EstimateMicon Estimate
Rail Shipping Cost to Puerto MejillonosTranshipping cost - Uyuni	US$10 (500 km at $ 0.02/tonne-km)US$ 5.00 / conc tonne	Micon EstimateMicon Estimate
Transhipping cost - Puerto MejillonosRail Shipping Cost to	US$ 5.00 / conc tonneUS$10 (500 km at $ 0.02/tonne-km)	Micon EstimateMicon Estimate

Puerto Mejillonos		
Transhipping cost - Puerto Mejillonos	US$ 5.00 / conc tonne	Micon Estimate
Average Rock Density	2.302.3	Apogee Density Measurements
Mineralization Density - 402 Zona PrincipaleAverage Rock Density	2.27 (188 samples) 2.27 (188 samples)	Apogee Density Measurements 1,150 tonnes at 2.30
Mineralization Density - 404 Paca NorteMineralization Density - 402 Zona Principale	2.33 (17 samples)	
Mineralization Density - 406 Zona TransversalMineralization Density - 404 Paca Norte	2.37 (3 samples)2.33 (17 samples)	
Block DimensionsMineralization Density - 406 Zona Transversal	10x10x5 = 500 m^{3}2.37 (3 samples)	
Ovb DensityBlock Dimensions	No ovb modeled10x10x5 = 500 m^3	
Pit Wall SlopesOvb Density	45 degreesNo ovb modeled	Micon Estimate
Cut Off Grade for ReportingPit Wall Slopes	Net Value > 045 degrees	Micon Estimate
Cut Off Grade for Reporting	Net Value > 0	

(Taken from Pressacco and Gowans, 2007)

Figure 5.4: Micon Optimized Pit Shell and Block Model – View To Southwest



Note: Topographic surface is light yellow, red blocks meet or exceed the $20 Gross Metal Value block reporting threshold, yellow blocks are less than this threshold and brown blocks define the optimized pit shell (Taken from Pressacco and Gowans, 2007.)

Table 5.8: Historic Micon 2008 Mineral Resource Estimate - Effective October 28th, 2008

Class	Rounded Tonnes	Ag g/t	Pb %	Zn %
Inferred	9,556,000	75	0.61	1.46
Indicated	7,003,000	53	0.63	1.42

(1) Tonnages have been rounded to the nearest 1,000 tonnes. Average grades may not sum due to rounding.
(2) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
(3) The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.
(4) Metal prices for the estimate are US$14.38/oz Ag, US$0.86/lb Zn and US$0.92/lb Pb.
(5) Grade capping of Ag at 1800 g/t, Zn at 11.5% and Pb at 15% was applied.

Table 5.9: Historic Micon Mineral Resource Estimate – Effective October 14th, 2009

Class	Rounded Tonnes	Ag g/t	Pb %	Zn %
Inferred	6,026,000	98.26	0.78	1.68
Indicated	4,892,000	79.96	0.79	1.64

(1) Tonnages have been rounded to the nearest 1,000 tonnes. Average grades may not sum due to rounding.
(2) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
(3) The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.
(4) Metal prices for the estimate are US$13.81/oz Ag, US$0.86/lb Zn and US$0.86/lb Pb
(5) Grade capping of Ag at 1800 g/t, Zn at 11.5% and Pb at 15% was applied

Both Micon estimates were based on geostatistical block models developed using Gemcom-Surpac Version 6.1.1 software with metal grade interpolation carried out using Ordinary Kriging ("OK") methods checked by Nearest Neighbour ("NN") and Inverse Distance Squared ("ID^2") methods. The deposit was modelled using a wireframed solid developed from drilling cross section interpretations of calculated Net Smelter Return ("NSR") values. Resource reporting included all blocks within the respective wireframed solids and metal capping values of 1800 g/t for Ag, 11.5% Zn and 15% Pb were applied.

5.4.9 2009 Metallurgical Testing

Universidad Tecnica de Oruro (UTO), Oruro, La Paz, Bolivia completed a test work program on three Pulacayo mineralization samples. These represent a higher grade, a medium grade and a lower grade composite sample, all of about 100 kg in size. UTO conducted a test work program on these three samples comprising comminution (only Bond Ball Work Index), open circuit flotation tests (OCT), locked cycle flotation tests (LCT), OCT tailings (non-float) size by size analyses and OCT tailings (non-float) sedimentation tests. These test demonstrated that sulphide flotation to saleable lead and zinc concentrates at acceptable recoveries was possible (Porter et al., 2013).

5.4.10 Pulacayo Preliminary Economic Assessment by Micon

A Preliminary Economic Assessment ("PEA") for Pulacayo dated June 25th, 2010 was completed by Micon for Apogee and reported by Pressaco et al. (2010). However, as disclosed in the revised Mercator resource estimate technical report dated May 9th, 2012 (Cullen and Webster, 2012a) the conclusions and analysis presented in the Micon PEA were no longer considered to be current with respect to the Pulacayo project at the effective date of that report. This reflected Apogee's initiation of project feasibility study programs under direction of TWP a division of The Basil Read Group of South Africa. Since Apogee no longer considered the Micon 2010 PEA to be current, details of that analysis were not presented by Mercator in this and two subsequent mineral resource estimates prepared for Apogee. However, disclosure of the Micon PEA had previously been filed on SEDAR by Apogee.

5.4.11 2011 Metallurgical Testing

ED&ED Ingeniería y Servicios S.A.C. (ED&ED) in Peru, received two composited drill core material samples from the Pulacayo Project in 2011. One reflected low grade material and the other reflected high grade material. Initial ED&ED flotation test work was not successful as the zinc floated with the lead in the lead differential float. ED&ED then pre-conditioned with activated carbon and subsequent differential flotation was moderately successful (Porter et al., 2013).

5.4.12 2011 and 2012 Mineral Resource Estimates by Mercator

Mercator prepared a mineral resource estimate for the Pulacayo deposit in 2011 for Apogee. This estimate had an effective date of October 19th, 2011 and details are presented below in Table 5.10. The focus of this project was assessment of mineralization that would potentially be amenable to underground bulk mining methods. Mercator completed a revision to the 2011 resource estimate technical report in early 2012 (Cullen and Webster, 2012a) plus a subsequent resource estimate in 2012 (Cullen and Webster, 2012b) that included results of additional new diamond drilling completed by Apogee. Table 5.11 presents results of the 2012 estimate, which had an effective date of September 28th, 2012. This estimate included definition of mineralization that would potentially be amenable to both underground and open pit mining methods. The resource estimates by Mercator are historic in nature and should not be relied upon. A qualified person within the meaning of NI 43-101 has not done sufficient work to classify these historical estimates as current mineral resources or reserves and Prophecy is not treating these historical estimates as current mineral resources or reserves.

Table 5.10: Historic Pulacayo Deposit Mineral Resource – Effective October 19th, 2011

Class	Rounded Tonnes	Ag g/t	Pb %	Zn %
Inferred	5,420,000	150.61	0.83	2.07
Indicated	5,960,000	153.14	0.91	2.04

1) *Mineral Resources are reported above a US$40 NSR cut-off*
2) *Metal prices used were US$24.78/oz Ag, US$1.19/lb Pb, and US$1.09/'b Zn*
3) *Tonnages have been rounded to the nearest 10,000*
4) *Contributing 1 m composites were capped at 1500 g/t Ag, 15% Pb, and 15% Zn*
5) *Specific gravity is based on an interpolated ID^2 model*
6) *Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues*

Table 5.11: Historic Pulacayo Deposit Mineral Resource – Effective September 28th, 2012

Resource Class	Type	Tonnes	Ag	Pb	Zn		Ag	Pb	Zn
			g/t	%	%		Oz	M lbs.	M. lbs.
	Open Pit Resources (Base case 42° Average Pit Wall Slope Angle)								
Open Pit Indicated	Oxide	1,500,000	95.9	0.96	0.13		4,626,000	NA	NA
Open Pit Inferred	Oxide	248,000	71.20	0.55	0.31		569,000	NA	NA
Open Pit Indicated	Sulphide	9,283,000	44.10	0.66	1.32		13,168,000	135.90	269.54
Open Pit Inferred	Sulphide	2,572,000	33.40	0.92	1.36		2,765,000	51.99	76.88
Waste Rock (Waste/Ore 5.3: 1)		71,679,000							
	Underground Resources (All blocks below 4159 m ASL with NSR > US$ 58)								
Underground Indicated	Sulphide	6,197,000	213.60	0.86	1.74		42,547,000	117.50	237.72
Underground Inferred	Sulphide	943,000	193.10	0.43	1.61		5,853,000	8.94	43.47
Total Indicated	Oxide + Sulphide	16,980,000	110.50	0.74	1.49		60,341,000	253.40	507.26
Total Inferred	Oxide + Sulphide	3,763,000	75.90	0.79	1.43		9,187,000	60.93	120.35

Notes:
1) Tonnages have been rounded to the nearest 1,000 tonnes. Average grades may not sum due to rounding.
2) Metal prices used were US$25.00 /Oz silver, US$0.89/lb lead, and US$1.00 /lb zinc. Lead and zinc do not contribute to revenue in the oxide zone.
3) Open pit sulphide resources are reported at a US$13.20 NSR cut-off. Underground sulphide resources are reported at a US$58 NSR cut-off. Open pit oxide resources are reported at a US$ 23.10 revenue/tonne cut-off. Recovery of Zn and Pb from oxide zone resources is not anticipated
4) Contributing 1.0 meter assay composites were capped at 1500 g/t Ag, 15% Pb, and 15% Zn.
5) Specific gravity is based on an interpolated inverse distance squared model.
6) Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

The Mercator 2011 and 2012 estimates were based on validated results of surface and underground diamond drilling completed by ASC Bolivia and Apogee through various drill programs between 2002 and 2012. Modeling was performed using Gemcom Surpac Ver.6.2.1 (2011 estimate) and Ver. 6.3.1 (2012 estimate) modeling software with silver, lead and zinc grades estimated by inverse distance squared (ID^2) interpolation from 1.0 meter down hole assay composites. For the 2011 estimate the block size used was 5 m (x) by 3 m (y) by 3 m (z) with no sub-blocking. The block size in the 2012 estimate was 5 m (x) by 3 m (y) by 3 m (z) with sub-blocking to 2.5 m (x) by 1.5 m (y) and 1.5 m (z). In both cases, block model results were checked using ordinary Kriging and Nearest Neighbour interpolation methods.

The polymetallic nature of the mineralization was evaluated in both 2011 and 2012 models through application of a NSR value. The underground mining scenario below the oxide surface was constrained by a minimum operating cost of US$40 NSR/t. The US$40 NSR/t peripheral constraining solid was created from 50 m spaced interpreted sections of assay sample NSR values. NSR values were determined from a calculator developed by John Starkey, P. Eng., of Starkey & Associates Inc., Consulting Metallurgical Engineers. The modeling used a 24 month trailing average silver price and a 27 month forward seller contract price for both lead and zinc as of August 31, 2011, which correspond to prices of US$24.87/oz silver, US$1.19/lb lead, and US$1.09/lb zinc respectively. Grade interpolation for the 2012 estimate was peripherally constrained by a US$40 NSR solid and carried out using multiple independent search ellipsoid passes for silver, lead and zinc. Contributing silver values were capped at 1,500 g/t and contributing lead and zinc values were capped at 13.5%. A specific gravity model was interpolated by ID^2 methodology from 1.0 meter down hole specific gravity composites.

A solid model of historic underground mining and stoping was used to remove previously mined blocks from resource estimation and an interpolated 5 meter marginal envelope to historic workings was applied to assign intersecting resource blocks to the inferred category. This reflects uncertainty in local accuracy of the underground solid model at that time. Indicated resources were only assigned outside this envelop.

The 2011 and 2012 Mercator deposit models included new Apogee drilling results not available to Micon and differed from previous Micon models in the use of a specific block grade cutoff value for statement of resources rather than inclusion of all blocks within an interpreted assay-based peripheral constraint as carried out by Micon. This difference is significant, since the Micon method allowed inclusion of sub-cutoff grade blocks in the resource estimate volume.

5.4.13 Mercator Mineral Resource Estimate for 2013 Apogee Feasibility Study

The mineral resource estimate block model prepared by Mercator for Apogee in 2012, with an effective date of September 28th, 2012, was used in the feasibility study prepared by TWP (Porter et al., 2013) for Apogee in 2013. Mercator block model was subsequently used by TWP to define mineral reserves used in the feasibility study. This estimate by Mercator is historic in nature and should not be relied upon. A qualified person within the meaning of NI 43-101 has not done sufficient work to classify these historical estimates as current mineral resources or reserves and Prophecy is not treating these historical estimates as current mineral resources or reserves.

5.4.14 Trial Mining, Apogee Bulk Sampling and Toll Milling

Apogee carried out a trial mining program during the first half of 2012 that was focused on two hangingwall veins accessed at the 4275 m level of the mine. This program produced approximately 7,000 tonnes of mineralized material that was stockpiled at the Pulacayo site. Both veins targeted for trial mining occur within the limits of the 2012 mineral resource estimate. At that time, Apogee held the necessary environmental permits issued by Bolivian authorities to conduct mining and processing operations of up to 200 tonnes per day, which included the transport of mineralized material to an established concentrator outside the project area.

During the second half of 2012 Apogee processed two bulk samples from the trial mining at separate toll milling operations in the district. The first was carried out at Tatasi Cooperative toll milling facility approximately 100 km away in Tatasi and the second was carried out at facilities operated in Potosi by the Federación de Cooperativas Mineras de Potosí (FEDECOMIN) and located approximately 180 km from Pulacayo. In addition, a series of controlled laboratory bench and pilot scale tests in support of the TWP feasibility study (Apogee Press Release dated May 29, 2012) were carried out at Maelgwyn Minerals Services Africa (Pty.) Ltd. in South Africa to replicate process flow and reagent recipes utilized during the FEDECOMIN bulk test (Apogee Press Release dated September 13, 2012). Additional studies were also carried out with respect to Results of these programs contributed to further work that ultimately resulted in the processing flow sheet that appears in the 2013 TWP feasibility study (Porter et al., 2013) for Pulacayo that is now historic in nature. Prophecy is not relying upon results and conclusions of the TWP study at the effective date of this report.

5.4.15 Feasibility Study by TWP for Apogee

On May 29th, 2012 Apogee announced that a contract for completion of a feasibility study of an underground mine and concentrator plant at its 100% controlled Pulacayo Project had been awarded to TWP. TWP is a member of the Basil Read Group, a large engineering and construction company with offices in South Africa, Australia, and Peru. Feasibility study programs began in mid-2012 and Apogee also disclosed by the press release on May 29th, 2012 that it was no longer relying on results of the previously completed PEA carried out by Micon.

Results of the TWP feasibility study were disclosed by Apogee through a press release dated January 17th, 2013 and these confirmed the technical and financial viability of the proposed mining and processing project. The associated technical report (Porter et al., 2013) was subsequently filed with securities regulators on March 1, 2013. The feasibility study focused on an underground mining scenario using, predominantly, mechanized under-hand cut and fill mining methods, longhole drilling and paste backfill. This study also incorporated completion of additional metallurgical test work at Universidad Tecnica de Oruro (UTO), Oruro, La Paz, Bolivia as well as at Maelgwyn Mineral Services Africa (MMSA) to develop final flow sheet parameters. FLSmidth also conducted testing on dry flotation tailings samples during this time to assess paste thickening technology.

Results and conclusions of the 2013 TWP feasibility study are now historic in nature and should not be relied upon. Prophecy is not relying upon results of the TWP study at the effective date of this report.

6.0 Geological Setting

6.1 Regional Geology

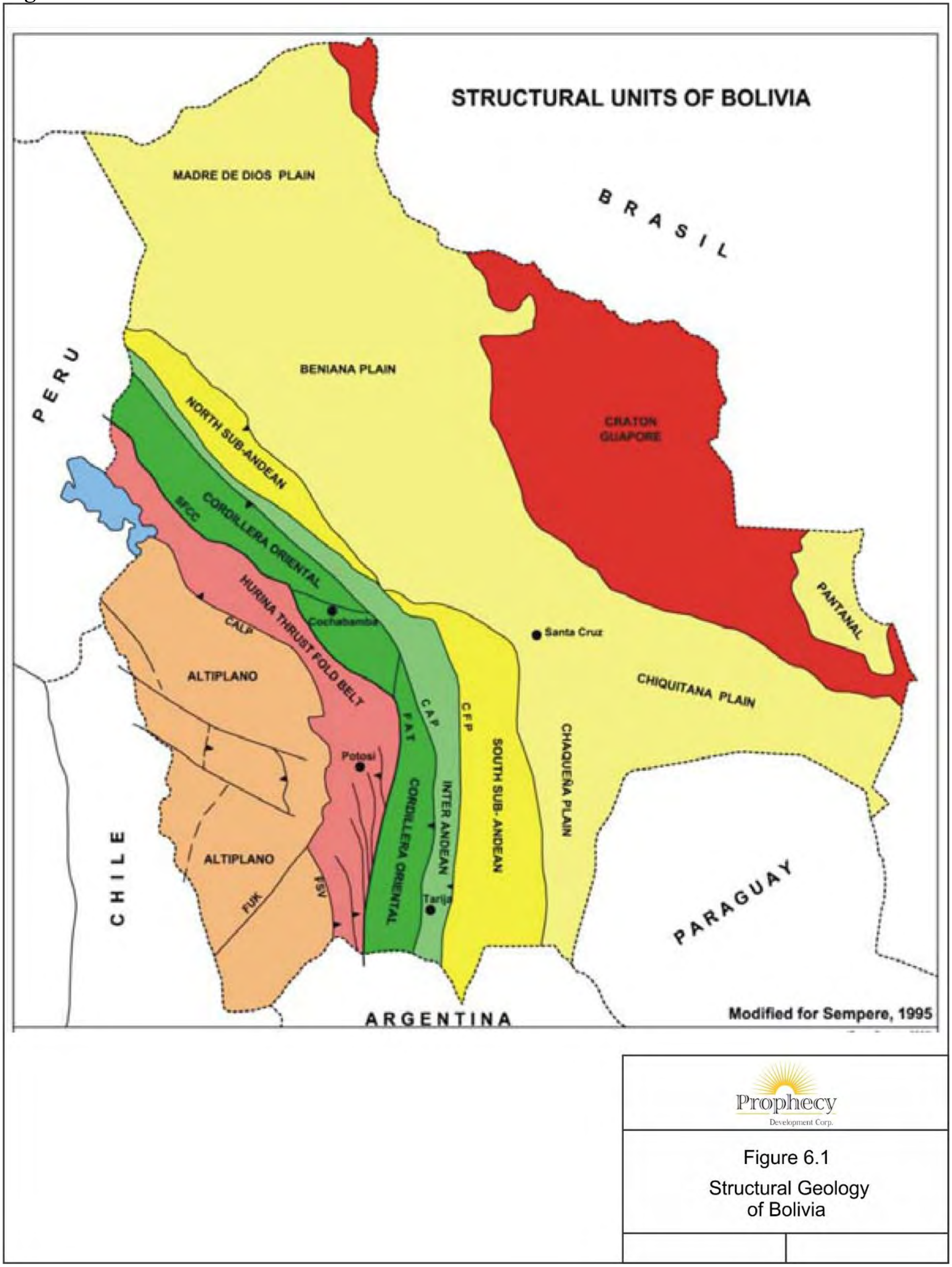
The regional geology of Bolivia is well described in various Bolivian government reports and is summarized in technical reports completed for Apogee by Micon in 2008, 2009, and 2010. The following regional geology description was extracted from the 2010 Micon report (Pressacco et al., 2010) that in turn is based on translated content from an Apogee company report (Iriondo et al. 2009) and US Geological Survey Bulletin 1975. The following text from these references is presented without substantive change from Cullen and Webster (2015a,b).

"In southwestern Bolivia, the Andes Mountains consist of three contiguous morphotectonic provinces, which are, from west to east, the Cordillera Occidental, the Altiplano, and the Cordillera Oriental. The basement beneath the area, which is as thick as 70 km, is believed to be similar to the rocks exposed immediately to the east, in the Cordillera Oriental, where a polygenic Phanerozoic fold and thrust belt consists largely of Paleozoic and Mesozoic marine shales and sandstones (Figure 6.1).

Deposited mostly on Precambrian basement, the rocks of the Cordillera Oriental were deformed during at least three tectonic-orogenic cycles, the Caledonian (Ordovician), the Hercynian (Devonian to Triassic), and the Andean (Cretaceous to Cenozoic). The Altiplano is a series of high, intermontane basins that formed primarily during the Andean cycle, apparently in response to folding and thrusting. Its formation involved the eastward underthrusting of the Proterozoic and Paleozoic basement of the Cordillera Occidental, concurrent with the westward overthrusting of the Paleozoic miogeosynclinal rocks of the Cordillera Oriental. These thrusts resulted in continental foreland basins that received as much as 15,000 m of sediment and interlayered volcanic rocks during the Cenozoic.

Igneous activity accompanying early Andean deformation was primarily focused further west, in Chile. During the main (Incaico) pulse of Andean deformation, beginning in the Oligocene and continuing at least until the middle Miocene, a number of volcano-plutonic complexes were emplaced at several localities on the Altiplano, particularly along its eastern margin with the Cordillera Oriental, and to the south. In Pleistocene time, most of the Altiplano was covered by large glacial lakes. The great salars of Uyuni and Coipasa are Holocene remnants of these lakes. The Cordillera Occidental consists of late Miocene to Recent volcanic rocks, both lava flows and ash flow tuffs, primarily of andesitic to dacitic composition, that have been erupted in response to the subduction of the Nazca plate beneath the continent of South America. This underthrusting continues, and many of the volcanoes that form the crest of the Andes and mark the international border with Chile are presently active".

Figure 6.1: Structural Units of Bolivia



6.2 Local Geology

As described earlier, silver, lead and zinc mineralization at the Pulacayo and Paca deposits reflects a low to transitional sulphidation epithermal polymetallic system hosted by sedimentary and igneous rocks of Silurian and Neocene age (Pressacco et al., 2010). The Silurian sedimentary section underlies the volcanics and includes diamictites, sandstones and shales. The Neocene rocks are predominantly volcano-sedimentary in origin and include conglomerates, sandstones, rhyolitic tuffs, dacitic-rhyolitic domes, andesitic porphyries and andesitic flows. The following more detailed description is based on Iriondo et al. (2009) as summarized by Pressacco et al. (2010).

The Pulacayo Project that includes both the Pulacayo and Paca deposits is located on the western flank of a regional anticline that affects sedimentary and igneous rocks of Silurian, Tertiary and Quaternary ages on the western side of the Cordillera Oriental, near the Cordillera-Altiplano boundary. Figure 6.2 presents an interpretation of local geology and the structures and features discussed below are considered to be particularly important with respect to localization of mineralization in the Pulacayo district.

The Uyuni-Khenayani Fault is a reverse fault which is believed to have controlled localization of volcanic center complexes at Cuzco, Cosuño, Pulacayo and San Cristóbal and related mineralized areas at Pulacayo, Cosuño, El Asiento, Carguaycollu and San Cristóbal. This fault brings Tertiary sediments in contact with Paleozoic formations at surface and is located about 4 km west of Pulacayo (Figures 6.2 and 6.3).

As noted above, the mineralized zones at Pulacayo, Pacamayo and Paca all occur on the west flank of a north-south striking anticline. Local topographic highs define Lower Miocene dacitic-andesitic domes and stocks associated with caldera resurgence that intrude the folded section. A younger Miocene-Pliocene phase of volcanism is also superimposed on the anticlinal trend and is marked by pyroclastic deposits and flows of andesitic and rhyolitic composition. Ignimbrites associated with the Cosuño Caldera are the youngest volcanic deposits in the area. A dacitic to andesitic dome complex at the Pulacayo property intruded the folded sedimentary section and forms the main topographic highs that occur on the property (Figures 6.3 - Iriondo et al., 2009).

Detailed mapping was carried out by ASC and Apogee in the Paca deposit area and this served to support a comprehensive interpretation of stratigraphy, the relationship of silver-lead-zinc mineralization to local structural features, wall rock alteration trends and distribution of volcanic intrusion and breccia centers related to mineralization. Figure 6.4 presents the detailed interpretation of Paca area geology prepared by Apogee in 2006, which Mercator understands to be the most up to date compilation of such information.

Figure 6.2: Regional Geology Map (From Iriondo Et Al., 2009)

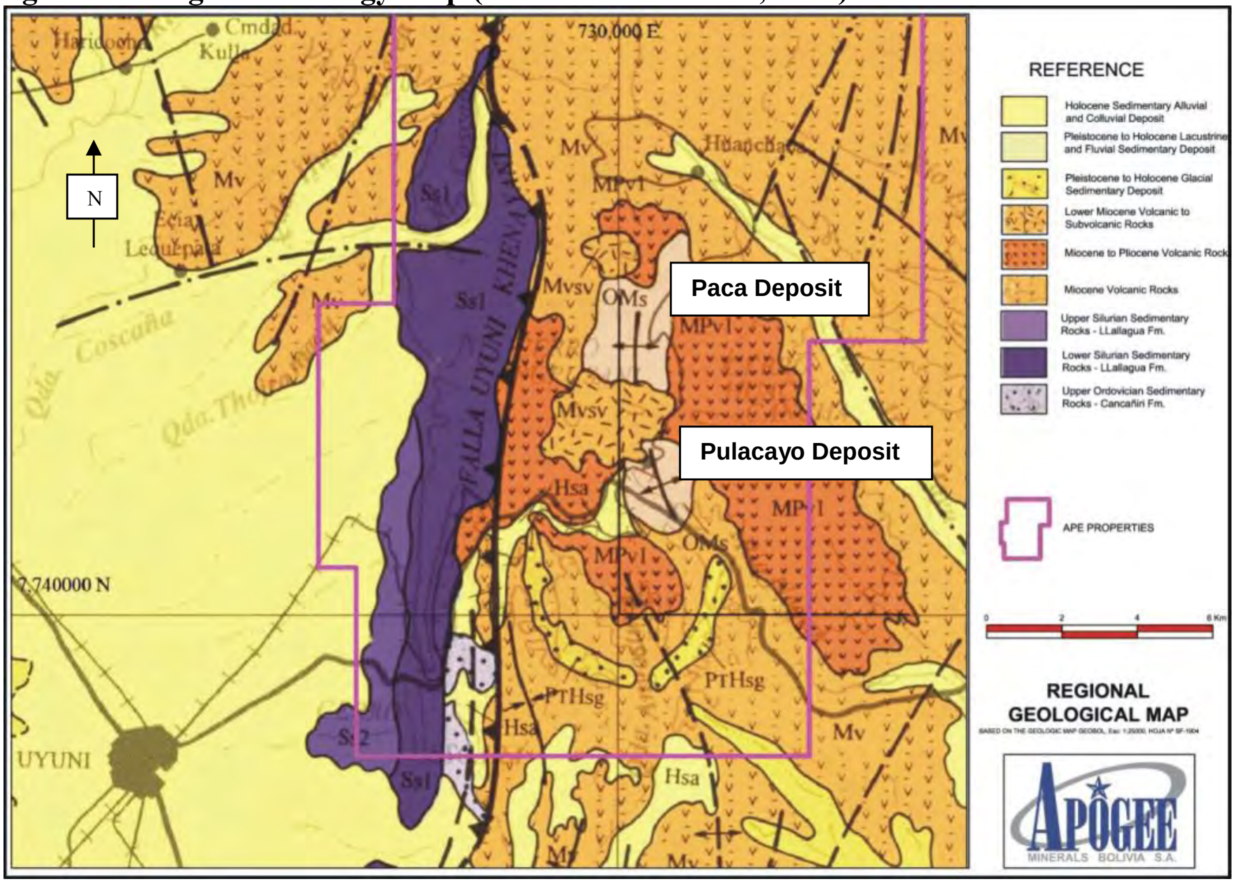
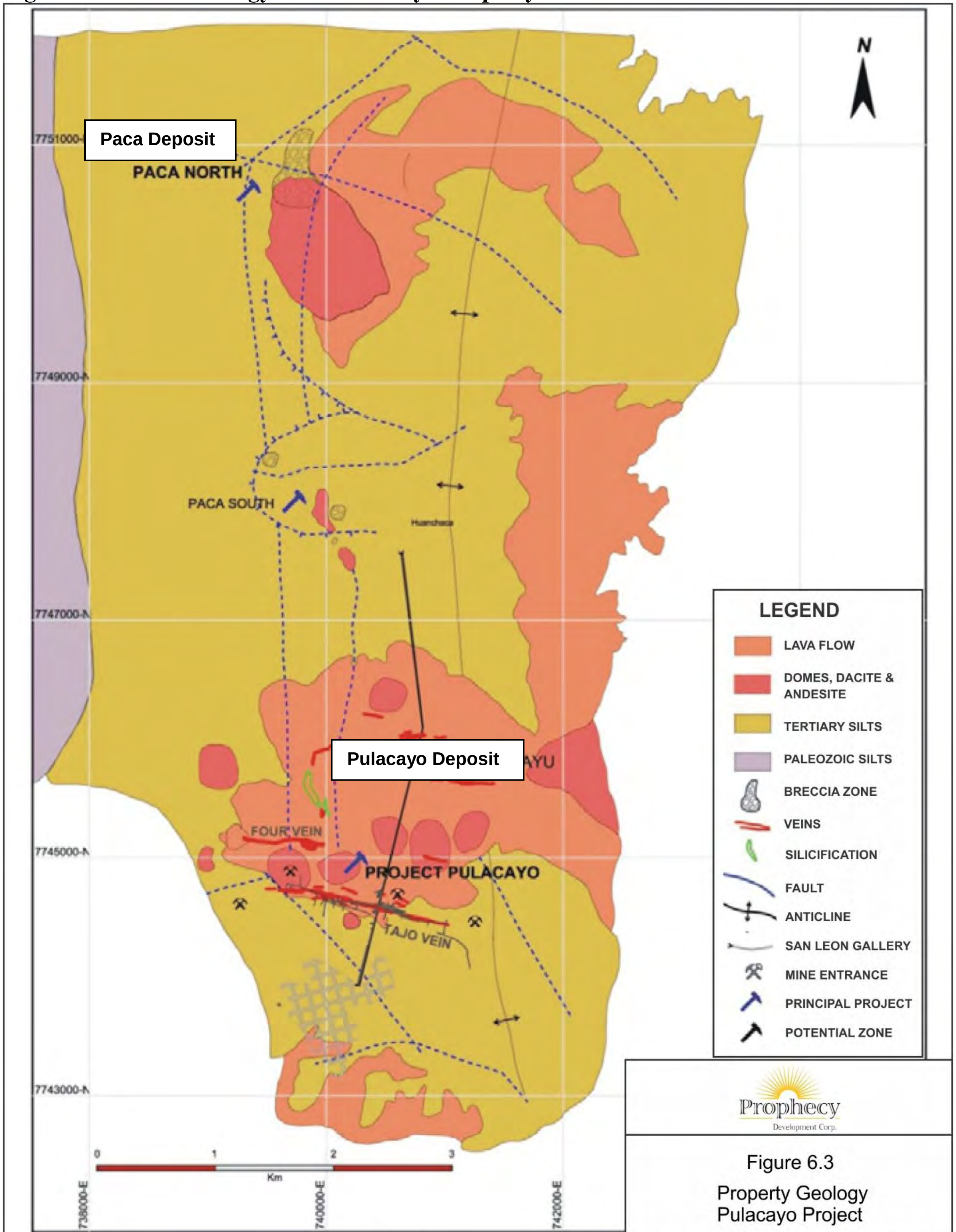
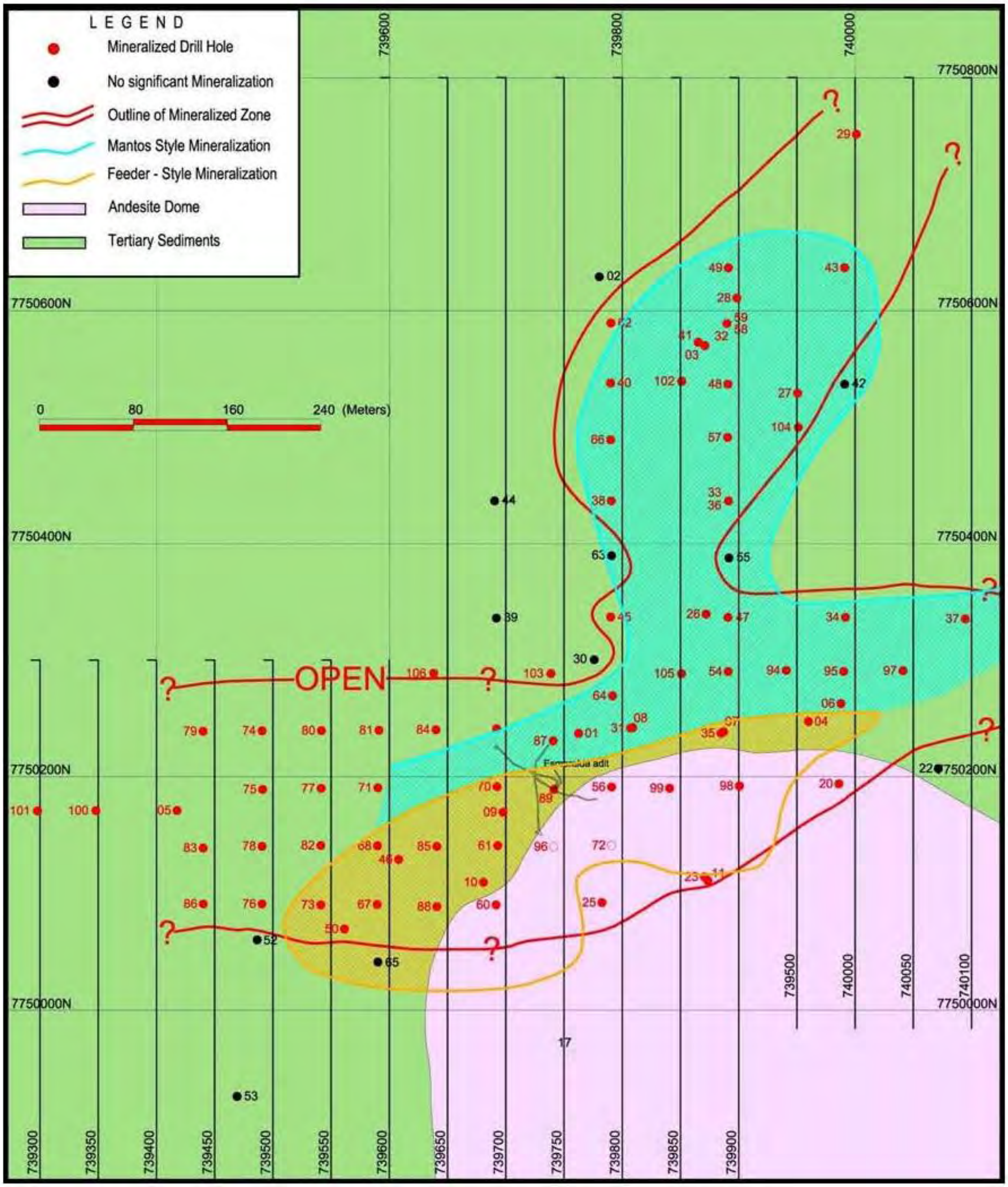


Figure 6.3: Local Geology of the Pulacayo Property



Taken from Iriondo et al. (2009)

Figure 6.4: Local Geology of the Paca Deposit Area



Taken from Iriondo et al. (2009)

Table 6.1 summarizes characteristics of major stratigraphic units present on the property and Table 6.2 identifies volcanic sub-units used by Apogee in detailed property mapping.

Table 6.1: Major Stratigraphic Units of the Pulacayo-Paca Area

Unit	Age	Description
Quehua Formation	Lower Miocene (15-20 Ma)	Red to grey tuffaceous sandstone, lapilli tuff, claystone and lesser conglomerate plus interbedded and intrusive igneous volcanic units
San Vicente Formation	Oligocene (25-30 Ma)	Red conglomerate with Cretaceous and older clasts plus red sandstone and claystone
Potoco Formation	Eocene (30-50Ma)	Interbedded red conglomerate, sandstone and claystone; thickness unknown

Table 6.2: Volcanic Sub-Units of The Quehua Formation in the Pulacayo-Paca Area

Volcanic Sub-Unit	Description
Rothchild Andesite	Non-equigranular, plagioclase porphyritic domal andesite in Pulacayo area
Megacrystal Andesite	Non-equigranular, plagioclase porphyritic andesite flow having broad distribution in Pulacayo area and north of Paca
Volcaniclastic	Debris flows of Megacrystal and Rotchild andesite sub-units associated with Megacrystal andesite distribution
Flores Andesite	Non-equigranular, quartz-bearing, plagioclase porphyritic andesite and dacite associated with north-south structural trend
Paisano	Grey, locally banded, non-equigranular, plagioclase porphyritic andesite; probable dike
Cantera Andesite	Dark grey, equigranular andesite that post-dates mineralization
Andesite Dike	Dark grey, fine grained, biotite hornblende andesite intrusion north of Paca area
Huaca Cancha Andesite	Dark grey, medium to fine grained andesite in intrusions and flows east of Pulacayo that post-date mineralization
Pupusani Andesite	Dark grey flows, breccias and related intrusions along north-south trend west of Pulacayo
Paca Dome	Greenish grey, biotite andesite intrusion; locally porphyritic or altered, plus volcaniclastic and hydrothermal breccias

6.3 Structure

The Pulacayo, Pacamayo and Paca volcanic dome complexes occur along a north-south corridor defined by two parallel, north-south trending regional faults that are separated by about 2.7 km (see previous Figure 6.3). The domes occur over an interval measuring approximately 10 km in length. Polymetallic vein and wall rock mineralization that is prominently exemplified by the Pulacayo deposit are controlled by east-west trending secondary faults that cut Tertiary sediments and volcanic rocks of the Pulacayo dome. The main Pulacayo stockwork vein system was emplaced on the southern side of the Pulacayo dome complex and is best exemplified by the Tajo Vein System (TVS) (Figure 6.5). The TVS bifurcates in andesitic rocks to form separate veins that collectively form a dense network or stockwork of veinlets along strike. The bifurcating polymetallic veins are commonly separated by altered andesitic rock that contains disseminated sulphide mineralization (Iriondo et al., 2009; Pressacco et al., 2010).

Figure 6.5: Structural Interpretation For TVS at Pulacayo (Iriondo Et Al., 2009)

The TVS is approximately 2,700 m in defined strike length at surface and is still present at a depth of 1,000 m below surface in the lowest level of the underground mine. In the upper levels of the mine, the stockwork vein system locally reaches approximately 120 m of mineralized width. The polymetallic veins exhibit a sigmoidal geometry along strike, which is generally interpreted to be the result of sinistral movement along the 2 north-south oriented bounding faults mentioned earlier (see previous Figure 6.4) (Iriondo et al. 2009).

At the Paca deposit, 7 km north of the Pulacayo deposit, north-south trending reverse faults that parallel the major Khenayani fault corridor have been mapped. These are in addition to both east-west trending extensional structures of lesser magnitude that cross the area and discrete, arcuate fault segments that are concentrically disposed around the Paca Dome. Pressacco and Gowans (2007) note that Apogee geologists interpreted presence of four north-northeast to south-

southwest oriented fault blocks close to the contact of the Paca Dome with surrounding sedimentary rocks (see previous Figure 6.3). These structures are believed to have been important conduits for hydrothermal fluids associated with development of wall rock alteration and associated silver-lead zinc mineralization of economic interest at Paca.

6.4 Alteration

Wall rock alteration is spatially associated with the main silver-zinc-lead mineralized vein system trends at Pulacayo and includes propylitic, sericitic, moderate to advanced argillic, and siliceous assemblages. Similar alteration assemblages occur in association with silver-zinc-lead mineralization at Paca, where disseminated ("mantos") and breccia hosted styles of mineralization predominate over vein styles. Host rock composition exerts a strong local influence on both the nature of alteration assemblages and their relative development intensity.

On this basis, spatial distribution of hydrothermal alteration assemblages in the district is a useful indicator of proximity to mineralized structures. Moderate argillic alteration is observed throughout the Pulacayo dome and Paca dome areas and this transitions to intense argillic alteration in close proximity to veins and disseminated-stockwork zones. Haloes of silicification are developed at Pulacayo around vein contacts and measure up to several cm in width in some cases. Silicification grades into advanced argillic alteration as distance into the wall rock increases from the vein contact and this gradually grades to argillic and propylitic zones with greater distance from the contact (Pressacco et al., 2010). At Paca, argillic and advanced argillic alteration assemblages that commonly include abundant alunite occur in association with silver-zinc-lead mineralization and are concentrated around the Paca dome andesite's contact with surrounding volcaniclastic sedimentary rocks and volcanic breccias (see previous Figure 6.4). A mineralized, heterolithic conglomerate unit that is well-exposed at surface and also encountered at shallow depths in some Paca drill holes appears to be have been preferentially silicified during the alteration and mineralizing processes that affected these rocks.

Pressacco and Gowans (2007) also describe a strong potassic alteration imprint developed within porphyritic andesite in the Paca area, with this being represented by presence of pink potassium feldspar phenocrysts and secondary biotite. They reference Apogee geologists as defining the following Paca alteration assemblages:

- Barite, quartz, dolomite, calcite
- Pyrite with native copper
- Tetrahedrite, sometimes with alteration jamesonite or chalcopyrite
- Sphalerite plus galena, chalcopyrite plus galena, and chalcopyrite in sphalerite
- Stephanite, tennantite and pyrargirite

6.5 Mineralization

6.5.1 Introduction

The Pulacayo and Paca deposits are considered to be related to the same mineralizing event that is associated with development of the associated Paca and Pulacayo volcanic centers. For completeness, summary descriptions of mineralization characterizing each deposit are presented below under separate headings.

6.5.2 Pulacayo Deposit

As described by Pressacco et al. (2010) and subsequently referenced by Cullen and Webster (2011, 2012a, 2012b and 2015a,b), the Pulacayo deposit is considered an example of a sub-volcanic epithermal mineralization system showing well developed vertical metal zonation. The main mineralized vein and stockwork system that comprises the deposit developed on the southern flank of the dacitic Pulacayo intrusive dome and shows a surface strike dimension of approximately 2700 m. At Pulacayo, east-west striking faults are interpreted to have acted as a conduit system for mineralizing fluids, with sulphide precipitation in open spaces to form veins and along fractures or by replacement to form zones of disseminated mineralization. Changes in temperature, pressure and redox state between the wall rock and fluid are thought to have influenced the style and intensity of mineralization. As such, silver lead and zinc mineralization at the Pulacayo deposit is typical of a high level epithermal system that in this case is hosted by sedimentary and intrusive rocks of Silurian and Neocene age.

The principal mineralized structure at Pulacayo is the TVS which has historically been the main silver producer of the mine. The TVS is a large structural stockwork vein system that trends east-west and dips 75° to 90° to the south (see previous Figure 6.5). The high-grade parts of the TVS were historically mined as single veins over widths of 1 m to 3 m but transitions occur from this setting into zones of complex quartz-sulphide or sulphide vein arrays that include conjugate veins, veinlets, stockworks and disseminated sulphides that range in width from less than a metre up to 120 m.

Mineralization of economic interest at Pulacayo is predominantly comprised of sphalerite, galena and tetrahedrite in sulphide-rich veins and stringers that are accompanied by locally abundant quartz, barite and pyrite. These veins range from a few cm to 3 m or more in thickness and disseminated sphalerite, galena and tetrahedrite typically occur in wall rock between veins. Disseminated mineralization is preferentially developed around and between veins hosted by andesite. To date, the TVS system has been continuously proven by a combination of mining, drilling and surface exposure along a strike length of about 2700 m and to a vertical depth of 1000 m below surface. Mercator considers the deposit to remain open in both strike and dip components at the effective date of this report. The first 450 vertical m of the TVS is hosted by andesitic volcanic rocks and the remaining 550 vertical m is hosted by underlying Silurian sedimentary strata (Figure 6.6). Veins at Pulacayo commonly contain semi-massive to massive sulphide and show internal features such as compositional banding, crustiform texture and drusy character (Figure 6.7). They also frequently exhibit vuggy texture and have local infillings of quartz and barite (Figure 6.8).

Figure 6.6: Representative Pulacayo Drilling Section

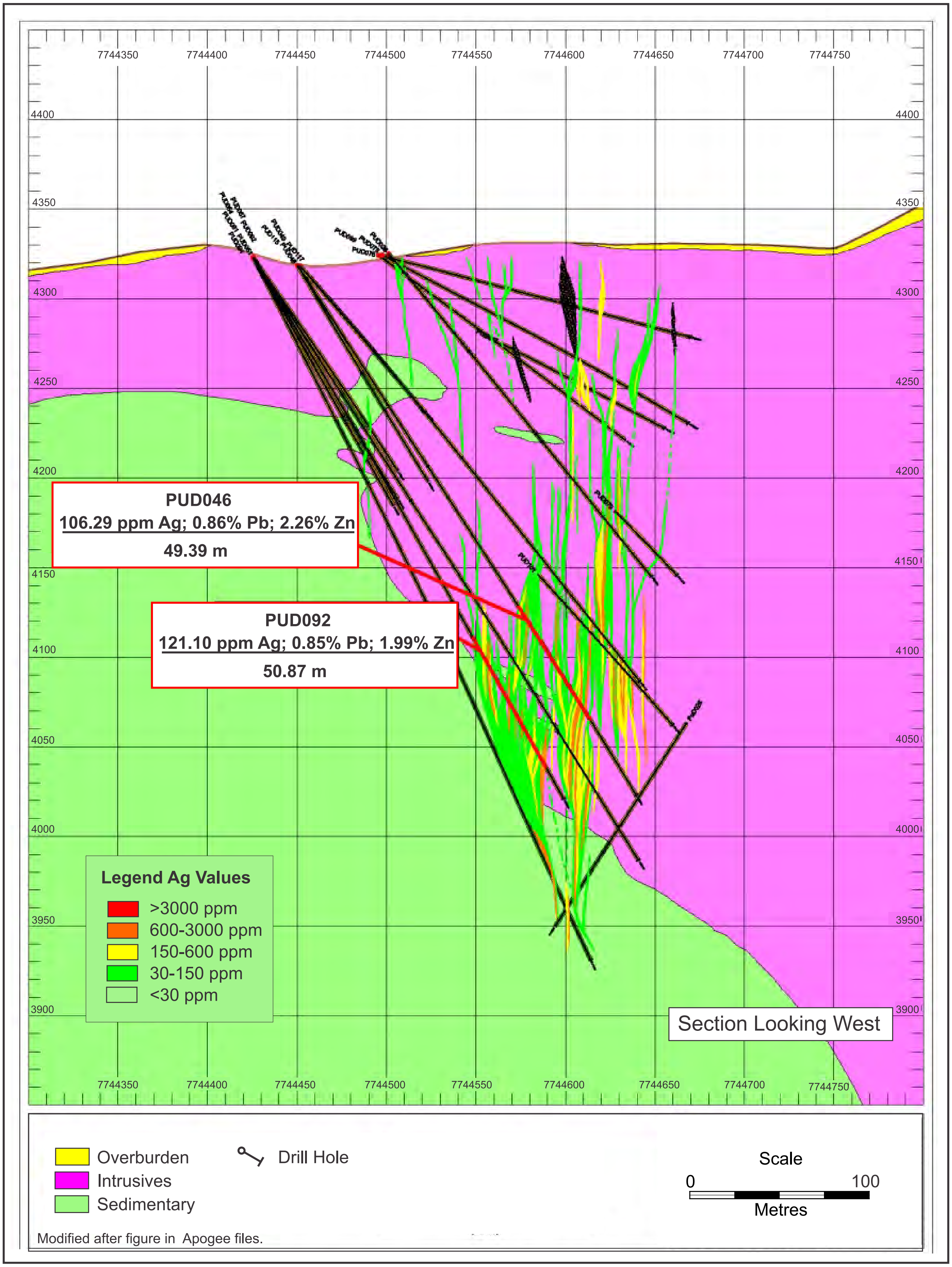


Figure 6.7: Crustiform Texture in HQ Core (~63.5 mm Width) - Pulacayo

Figure 6.8: Vuggy Quartz and Barite in HQ Core (~63.5 mm width) – Pulacayo

6.5.3 Paca Deposit

The Paca deposit is spatially related to the contact zone of the Paca volcanic dome which is comprised of porphyritic andesite and dacite units and related volcanic breccias that were described above in report Section 6.2 (Figure 6.9). These are hosted by fine grained to conglomeratic volcaniclastic lithologies of the Quehua Formation.

Figure 6.9: View of Paca Deposit Argillic Alteration in Volcaniclastic Sequence

Silver-zinc-lead mineralization at Paca occurs primarily within an argillic to advanced argillic alteration envelope that affects both Paca dome igneous lithologies and surrounding host sequences. As noted above in report Section 6.3, silicification and alunite development are also well developed in association with some portions of the deposit. The Paca deposit presents a core zone of mineralization that correlates closely with an irregularly shaped body of altered and brecciated andesite and country rocks that closely follows the contact zone between the Paca dome andesite and the shallowly north-dipping host volcaniclastic sequence. Adjacent to this, stratabound replacement style ("mantos") mineralization is present within the shallowly north-dipping host volcaniclastic sequence at several elevations. Mantos mineralization merges with that seen in the central breccia zone but is typically lower in all metal grades. A representative example of mantos style disseminated mineralization appears in Figure 6.10 and Figure 6.11 presents an example of breccia style mineralization.

A polylithic conglomerate unit that outcrops in the deposit area is also mineralized and shows a strong imprint of silicification represented by micro-crystalline replacement style silica in various forms. This unit was mapped by Apogee and a small program of reverse circulation style drilling was carried out by Apogee to assess it more fully. The drilling program encountered technical difficulties and was not deemed to have been successful (Iriondo et al., 2009).

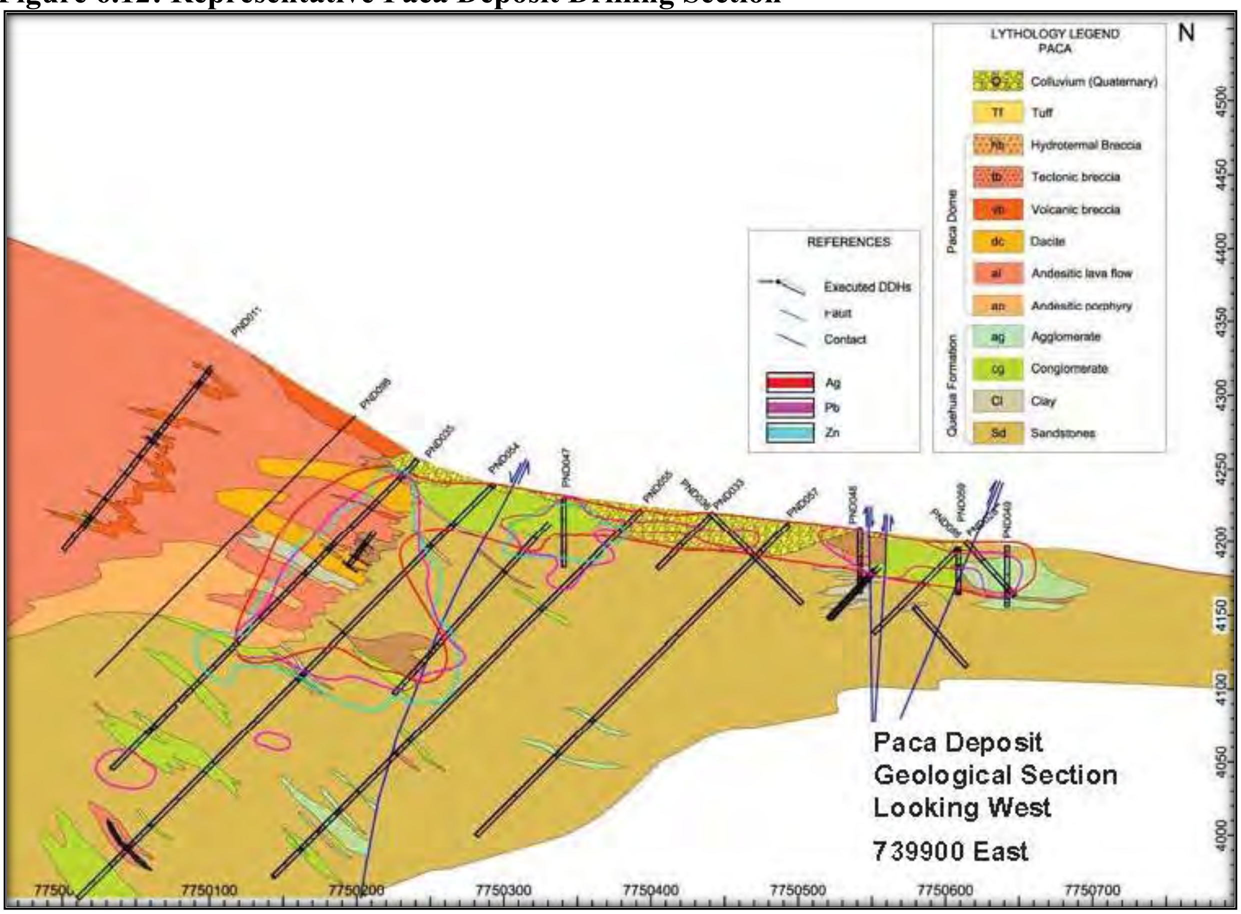
Figure 6.10: Disseminated Mantos Style Mineralization - Paca Hole PND-061 at ~180m

Figure 6.11: Breccia Hosted Style Mineralization – Paca Hole 092 at ~ 47m

The conglomerate style of stratabound mineralization was the focus of limited bulk sampling and on-site processing during the Hochschild operational period at Pulacayo and deposits of resulting crushed waste material were sampled by Prophecy staff in 2015 to assess their economic potential. The results of the Prophecy program are summarized in report Section 8.0.

A representative geological cross section through the Paca deposit showing the main mineralized trends and associated lithologies as interpreted by Iriondo et al. (2009) is presented in Figure 6.12.

Figure 6.12: Representative Paca Deposit Drilling Section



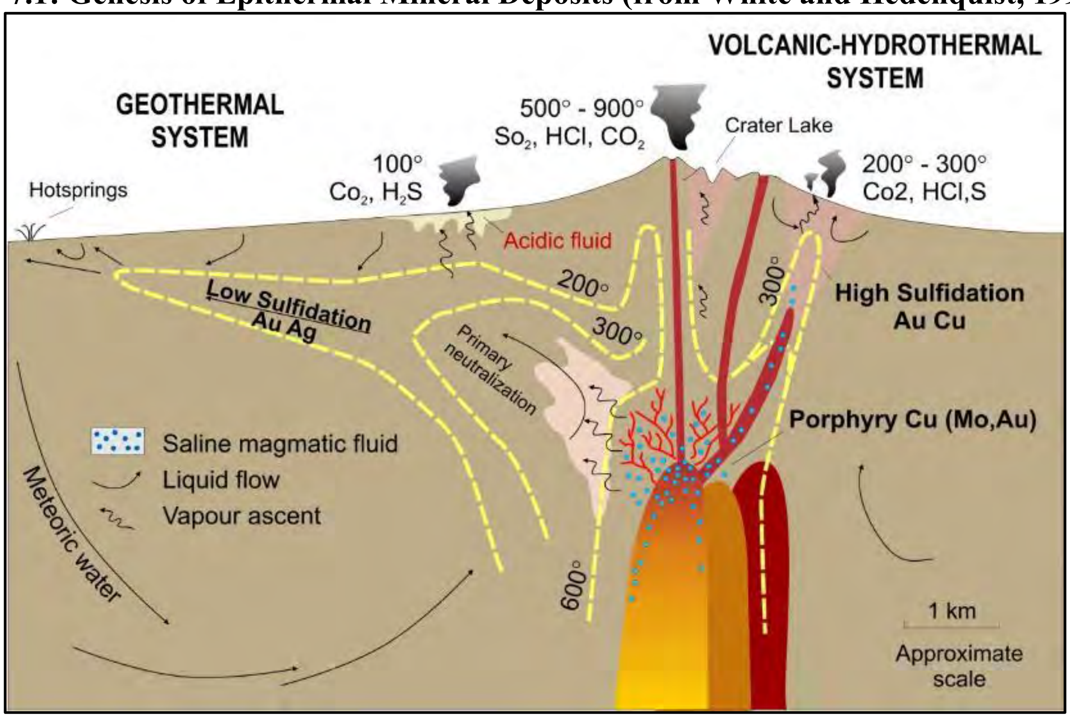
(Taken from Iriondo et al., 2009)

Mineralization associated with discrete veins of significant width and lateral extent is not pervasively present at Paca. Mineralization more typically occurs in irregularly spaced discrete fracture systems as well as in matrix replacement sites. The mantos style mineralization is primarily represented as finely disseminated, fine grains and aggregates of silver, lead and zinc sulphide and sulphosalt phases, accompanied by others such as manganese oxide and barite. Argillic to advanced argillic alteration phases are pervasively present in areas of significant metallic mineralization. Pressacco and Gowans (2007) note that mineral phases commonly recognized at Paca in association with metal grades of economic interest include sphalerite, galena, silver sulphosalts, tennatite, smithsonite, barite, manganese oxide, gypsum, jarosite, specularite, cerussite, dolomite aragonite and calcite.

7.0 Deposit Type

The Pulacayo and Paca deposits have been classified as epithermal deposits of low to intermediate sulphidation state. Deposits of this type have been extensively researched and various summary publications that document specifics of the association are available. Examples of these include Lindgren (1922), White and Hedenquist (1994), Corbett and Leach, (1998) and Corbett (2002). More recently, Arce Burgoa (2009) classified the silver-zinc lead deposits associated with the Pulacayo dome as being of transitional association between high and low sulphidation types. The following discussion of deposit type incorporates attributes of the Pulacayo vein and stockwork style deposit as well as the Paca stratabound mantos and breccia style deposits. The premise is that these deposits are similar in being directly related to development of the discrete Pulacayo and Paca volcanic dome complexes that are of comparable age and similar magmatic affinity. Figure 7.1 provides a schematic illustration of this deposit setting. The following discussion has been modified from that presented in Cullen and Webster (2012b, and 2015a,b) to include information applicable to silver-zinc-lead mineralization defined at both the Pulacayo and Paca deposits.

Figure 7.1: Genesis of Epithermal Mineral Deposits (from White and Hedenquist, 1994)



Pressacco et al. (2010) highlighted several key geological characteristics of the Pulacayo deposit that support its classification as a low to intermediate sulphidation epithermal deposit associated with the Pulacayo volcanic dome. The main elements of this association, exclusive of well developed quartz-sulphide vein or lode systems present at Pulacayo, also apply to silver, zinc and lead mineralization and alteration of the Paca deposit that are related to the separate, but similar age, Paca volcanic dome complex.

- The vein and disseminated sulphide mineralization is hosted by Tertiary volcanic rocks of intermediate composition that form part of an outcropping dome complex.

- The mineralized body is composed of narrow veins, veinlets, stockworks and disseminations in argillicly-altered host rock that are controlled by an east-west oriented fault system. Width of the mineralized zone varies from a few metres or less to 120 m.

- Sedimentary rocks intruded by the dome complex host high grade veins such as TVS that are typically less than 3 m in width but transition to stockwork and disseminated zones in overlying andesitic volcanic rocks that reach as much as 120 m in width.

- The sulphide mineralization at Pulacayo has been proven to continuously occur along strike for 2,700 m and to a depth of approximately 1000 m below surface.

- Paca mineralization of the core breccia zone trend has been defined by drilling to date along a strike length of approximately 400 m and to a vertical depth of 250 m below surface, while the shallowly dipping mantos mineralization defined by drilling occurs within an area measuring approximately 750 m by 800 m.

- Both the Pulacayo vein system and Paca breccia and mantos style mineral assemblages are relatively simple, and in combination are diagnostic of an epithermal setting. They consist of galena, sphalerite, tetrahedrite, and other silver sulfosalts that form the main assemblage of economic interest, plus barite, quartz, pyrite and calcite that are present as gangue phases. Chalcopyrite and jamesonite are present in minor amounts locally.

- Internal texture of veins is typically banded and drusy with some segments containing almost massive sulphides. This is typical of epizonal veins that have been subjected to multiple pulses of mineralizing fluid.

- Vertical metal zonation exists at Pulacayo within the deposit that includes a plunging mid-elevation zone of highest silver values that transition with depth to progressively increasing total base metal concentrations.

- The Paca silver-zinc-lead mineralization is spatially zoned, with highest silver occurring in the central breccia bodies and highest zinc and lead values and lower to moderate silver levels characterizing the stratabound mantos zones.

8.0 Exploration

8.1 Introduction

Prophecy announced the acquisition of the Pulacayo Project on October 15, 2014 and completed the transaction on January 2, 2015. Since that time, the company has focused on developing a strategy for project evaluation leading to mine production. The company's approach has been to concentrate on assessment of the main Pulacayo and Paca deposits with respect to their potential to provide sufficient high-grade mineralization to sustain a future milling rate of approximately 500 tonnes per day. Prophecy has disclosed that the Bolivian government has issued all environmental and production permits necessary to support mining and milling of the Pulacayo deposit at this scale. These were itemized earlier in Section 2.0 of this report.

Since acquiring the project, Prophecy has undertaken several exploration programs aimed at further technical evaluation of the Pulacayo project holdings. These began in late 2014 with a program of surface sampling of seven tailings and/or waste rock deposits that occur on the property. This was followed by new high-grade mineral resource estimates for the Pulacayo and Paca deposits and geological mapping and surface sampling programs over several areas of mineralization on the property during the 2015 through 2017 period.

Summarized results of the exploration programs carried out by Prophecy at Pulacayo, Paca and various other mineralized areas since acquisition of the Pulacayo project in January of 2015 are presented below under separate headings.

8.2 Sampling of Tailings and Waste Rock Deposits

8.2.1 Introduction

In December of 2014, Prophecy retained senior consulting geologists Mr. Hernán Uribe-Zeballos and Mr. Luis Barrera-Iriondo to carry out a surface sampling program of tailings and waste rock materials present in seven areas of the Pulacayo property (Figure 8.1). The largest deposits occur adjacent to the mill site at Pulacayo village, where most historic production from the TVS was processed (Figures 8.2 and 8.3). Smaller deposits occur at the Pero, Pacamayo, Paca, Candelaria-Rotchild and Florez sites. Multiple piles or deposits occur in some areas (Figures 8.4 and 8.5).

Figure 8.1: Location Map for Tailings/Waste Rock Program Sampling Sites

(Taken from Prophecy files, 2015)

Figure 8.2: View of Pulacayo 1 Tailings/Waste Rock Deposit

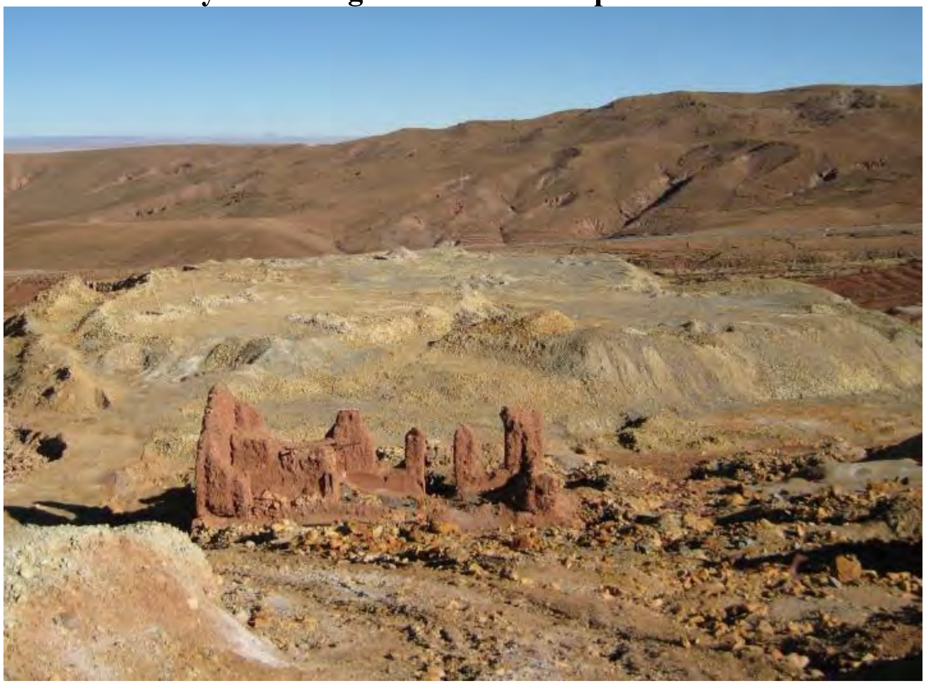


Figure 8.3: Typical Sampling Site on Pulacayo 1 Tailings/Waste Rock Deposit

Figure 8.4: View of Pacamayo Tailings/Waste Rock Deposit

Figure 8.5: View of Paca 2 Tailings/Waste Rock Deposit

8.2.2 Description of 2014 Sampling Program

Prophecy's consultants completed a program of systematic surface sampling at the locations noted above. The dimensions of each tailings/waste rock deposit were recorded, and sampling patterns were laid out in the field to provide spatial coverage of respective deposits. Sampling was typically carried out by shallow pits on the deposit surface from which sample material was recovered. Pits generally ranged in depth from 50 cm to approximately 1.0 m. Several deeper excavations were made on the large piles at the main Pulacayo site using an excavator.

A total of 290 field samples were collected during the program and these were augmented by 12 samples for quality control and assurance purposes. Field samples typically ranged in weight between 2.5 kg and 3.0 kg and were sent to ALS Laboratories (ALS) in Lima, Peru for analysis. ALS is an independent, fully accredited, commercial analytical firm that provides service to the mining and exploration industries on a world-wide basis. Location coordinates were developed for all sample sites and descriptions of the material collected at each site were recorded by the consultants.

8.2.3 Results of 2014 Sampling Program

Analytical results for the 2014 program are presented in an internal Prophecy report prepared by the company's consultants. This internal report is referenced herein as Uribe and Iriondo (2015). Average results for silver, lead, zinc gold and indium for each of the sampled areas are presented below in Table 8.1. These show that substantial differences exist between average metal values for the sample sets collected at the various sites. Samples were obtained at random locations on the top surface of those piles from small holes excavated with an excavator and systematically at 2 meter spacings in the walls (slopes) of the piles from hand dug or excavated trenches, all at depths of 1.2 to 1.5 meters. The samples were then preserved, stored, secured, and transported following industry standard methods. The assay program was performed by ALS Minerals Ltda. of Lima, Perú and included standard QA/QC samples to enforce the validity of the results.

Results of sampling programs carried out to date by Prophecy on the tailings/waste rock deposits are useful in providing preliminary assessments of surface material metal levels in the deposits. They do not, however, include systematic quantification of metal levels below the surface extents of the various deposits. Mercator is of the opinion that the nature and extent of current sampling programs and related analytical data sets are insufficient to support estimation of mineral resources for any of the associated deposits.

Preliminary metallurgical tests on a collection of tailings/waste rock samples were also carried out in 2015 at the Laboratory of Minerals Concentration located in La Paz, Bolivia. This facility

Table 8.1: Metal Levels for 2014 Tailings and Waste Rock Sampling Program

Sampled Site	Number of Samples	Ag (g/t)		Pb (%)		Zn (%)		Au (g/t)		In (g/t)	
		Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
Pulacayo 1	91	5.7	679	0.02	1.44	0.01	1.12	0	7	0.388	22
Pulacayo 2	105	6.54	406	0.03	2.2	0.02	1.65	0	5.8	1.19	45.5
Pulacayo 3	5	53.6	773	0.29	3.8	0.18	3.36	0.2	2.3	11.25	154.5
Pero 1	35	49.4	716	0.27	2.63	0.05	2.33	0	<0.2	0.898	7.95
Pero 2	4	2.71	540	0.02	2.48	0.01	1.05	0	0.2	0.305	35
Flores 1	4	0.63	94.7	0.14	3.2	0.06	7.32	0	<0.2	0.057	13.35
Flores 4	7	0.52	239	0.1	5.12	0.04	12.3	0	<0.2	0.027	13.75
Pacamayo	34	17.55	1200	0.09	3.59	0.04	0.97	0	0.5	1.335	22.9
Paca 1	3	93.8	414	1.04	2.09	0.55	1.36	0	<0.2	0.43	0.55
Paca 2	5	33.5	381	0.23	1.01	0.03	0.16	0	<0.2	0.019	3.01
Rotchild	2	50.3	194	1.12	3.88	0.29	0.34	0	<0.2	11.05	14.85
Candelaria	4	1.83	72.1	0.02	0.6	0.04	1	0	<0.2	0.538	3.53

forms part of the Engineering Faculty of the Higher University of San Andrés (UMSA) and specializes in the creation and execution of metallurgical experimental work in ferrous, non-ferrous and non-metallic minerals. In a press release dated September 10, 2015, Prophecy disclosed that highlights of related differential flotation tests include producing lead concentrate with a silver grade of 3,765 g/t Ag at 64.5% Ag recovery (sample Pulacayo Tailing 2 sample) and a zinc concentrate with a silver grade of 3,600 g/t Ag at 59.7% silver recovery (sample Paca Tailing 2). In addition, five of the six samples produced lead or zinc concentrate having a silver grade greater than 1,000 g/t. Silver recovery in other samples ranged from 1.68% to 54.23%.

The 2015 tailings and waste rock sampling results show wide ranges in values and this is reflected in Table 8.1. It was anticipated that a substantial range in subsequent metallurgical test recoveries would be returned from the initial 2015 sampling program material and the summary recovery range comments provided above for silver support this view.

Due to the nature of the deposits being sampled, it was not possible to categorize the degree to which the samples could be considered representative of larger volumes of material present throughout the source deposits. It must be emphasized that the 2015 program was preliminary in nature and that results cannot at this time be used to definitively identify processing factors or elemental associations present that would have a significant effect on potential future economic extraction of the sample material. Further testing is required to refine such factors. Notwithstanding these qualifications, results of the preliminary test program show that good metal recoveries can in some cases be obtained for waste pile materials.

8.3 High Grade Pulacayo Deposit Mineral Resource Estimate by Mercator

In June of 2015, Mercator completed a mineral resource estimate for the Pulacayo deposit in accordance with the CIM Standards and this was disclosed by Prophecy in a technical report prepared by Mercator in accordance with NI 43-101. The focus of the June 2015 Pulacayo estimate was definition of high grade mineral resources within the drilled deposit area. Results of the program were disclosed by Prophecy on June 18th, 2015 and the associated technical report by Mercator (Cullen and Webster, 2015a) was subsequently filed on SEDAR. Further comment on this estimate is provided in report section 13.

8.4 2015 Mapping and Sampling Programs

During the July through early September period of 2015, Prophecy staff carried out surface geological mapping and sampling programs in several mineralized areas on the Pulacayo property. Results were reported in a company press release on August 27, 2015. These areas include El Abra, Pero, Paca Mayo, Paca and Pulacayo West. Most of these sites were visited by Mercator staff during the 2015 site visit and the mineralized areas appear below in Figure 8.6. Mapping and sampling results confirmed the presence of mineralized structures in each of the mineralized areas and Prophecy staff have recommended further follow up in each area. Surface sampling results of the 2015 program up to the effective date of this report were disclosed by Prophecy in press releases dated August 27th and September 9th, 2015 and Table 8.2 presents a summary of the results reported in the press releases.

Table 8.2: Summarized Surface Sampling Results from Prophecy 2015 Surface Program

Target Area	No. of Samples Reported in Disclosure	Silver Range (g/t)	Zinc Range (%)	Lead Range (%)	Disclosure Date
El Abra	7	0.72 to 38.9	0.00 to 0.00	0.00 to 1.56	August 27, 2015
Pacamayo	9	18.2 to >1500	0.02 to 6.96	0.01 to 17.6	August 27, Sept 18, 2015
Paca	14	45.8 to 833	0.02 to 0.10	0.03 to 2.16	August 27, 2015
Pero	27	0.5 to 118	0.00 to 0.08	0.00 to 4.32	September 9th, 2015

The El Abra, Pacamayo and Paca assay results are from chip samples 0.60 to 2.0 m in length and the Pero assay results are from chip samples 0.50 to 2.0 m in length. QAQC samples were included with the chip samples and upon review showed no significant variation from the accepted values. Records documenting sample identity and secure handling were maintained. No conditions are known that would place the assay results in question. ALS Global performed the sample preparations and assaying and is a qualified and fully accredited analytical services firm.

Figure 8.6: Location Map for 2015 Mapping and Sampling Mineralized Areas

8.5 High Grade Paca Deposit Mineral Resource Estimate by Mercator

In September of 2015, Mercator completed a mineral resource estimate for the Paca deposit in accordance with the CIM Standards and this was supported by a technical report prepared in accordance with NI 43-101. The focus of the September Paca estimate was definition of high grade mineral resources within the drilled deposit area. As noted above, results of that program were disclosed by Prophecy on September 21, 2015 and the associated technical report by Mercator (Cullen and Webster, 2015b) was subsequently filed on SEDAR. Further comment on this estimate is provided in report section 13.

8.6 2015 Esmeralda Adit Underground Sampling Program

During June of 2016, Prophecy initiated an underground sampling program on portions of the Esmeralda adit of the Paca deposit. This is the same adit sampled by Apogee during 2006 and reported in section 5.4.6 of this report. Mercator staff visited the area during the 2015 site visit. A total of 233 samples were collected and assay results for the first group of 40 samples collected were press released by Prophecy on August 12, 2016. Samples were obtained at one meter intervals from near-surface drifts within the Paca mine workings, which have limited extent. The area of sampled drifts has an estimated dimension of 90 metres length (east to west) and 75 metres width (north to south). Mineralization mainly consists of silver-bearing sulphides (mostly tennantite), galena and sphalerite disseminated within the sedimentary and volcanic breccia host rocks. The sampled area is within the Paca resource boundary but the analytical results were not included in the block model used to estimate current resources.

Ag values for the samples ranged from 15 to 1500 g/t Ag (average of 331 g/t Ag), Zn values ranged from 0.07 to 2.49% Zn (average of 0.6 Zn%), and Pb values ranged from 0.5 to 6.72% Pb (average of 1.9% Pb). Detailed results are tabulated in the August 12, 2016 press release. The chip samples and QAQC samples were delivered to ALS Geochemistry Laboratory in Oruro, Bolivia ("ALS") for assay. The QAQC samples included standard reference, duplicate and blank samples, all of which, produced acceptable results. ALS is an independent laboratory and was qualified and accredited by the Colombian Institute of Technical Standards and Certification (ICONTEC) and the Standards Council of Canada for the methods used during the time the samples were prepared and assayed. Records were maintained to document the secure handling of the samples and to verify their identities were maintained.

8.7 November 2016 AVS Sampling Program

In December of 2016, Prophecy released the results of a small sampling program on two zones of mineralization within the Pulacayo deposit, these being the AVS and UG1 veins. The AVS vein is located approximately 200 m west of the Rothschild shaft, at a level 50 m above the San Leon adit level, which is situated at the 0 mine level (4128 m asl). The AVS vein measures 1.0 to 1.5 m in width and is defined by historic mapping and sampling. The strike and vertical extent of the steeply dipping vein is not well known. The AVS is identified in historical mining records but has not been mined at this level to date. Summarized assay results of five chip samples obtained in 2016 by Prophecy of the AVS vein are: Ag ranges from 17 to 392 g/t (average 208 g/t), Zn ranges from 5.7 to 23% (average 12.1%) and Pb ranges from 0.5 to 12% (average 5.6%). Samples were obtained by chipping a continuous channel across the width of the vein at a nominal spacing of one metre.

UG1 is the second vein sampled in 2016 and is located at mine level 0 (4128 m asl), approximately 110 m east of the San Leon adit and within 100 m of the Central shaft. The UG1 vein was sampled for approximately 117 m along a drift driven along the strike of the vein. Summarized assay results of 22 chip samples are: Ag ranged from 39 to 1400 g/t (average 433 g/t), Zn ranged from 0 to 23% (average 11%) and Pb ranged from 0 to 7% (average 1%). Sampling procedures were the same as those applied for the AVS vein. QAQC samples including certified reference materials and blank samples were inserted by Prophecy in the sample streams and all samples were submitted to ALS Bolivia Ltda., located in Oruro, Bolivia, for preparation. Prepared sample material was subsequently sent for assay to ALS laboratory facilities in Lima, Peru. ALS is a fully accredited, independent, international analytical services firm head quartered in Brisbane, Australia, that incorporates rigorous internal QAQC procedures. The QAQC sample assay results were determined to be acceptable and supported acceptance of the chip sample assay results. Records were maintained to document the secure handling of the samples and to verify their identities were maintained.

9.0 Drilling

9.1 Introduction

Prophecy has not completed any drilling on either the Paca or Pulacayo deposits to date. The historic drilling data set that supports the current Pulacayo and Paca mineral resource estimates was compiled from reporting for drilling programs carried out by ASC between 2002 and 2005 and those carried out by Apogee between 2006 and 2012. It is also the same as that used to support the September 2012 Pulacayo resource estimate prepared for Apogee by Mercator (Cullen and Webster, 2012b). A separate digital database containing drilling results from applicable programs was developed by Apogee for the Paca area and used to support the 2007 Paca mineral resource estimate prepared by Micon and reported in Pressacco and Gowans (2007).

Information pertaining to both the ASC and Apogee drilling programs is presented below in chronological order of program initiation. Selected drill hole data from all of the programs are used in the current resource estimates and examples of typical long sections and cross sections for the Pulacayo and Paca Deposits are presented in Appendix 1.

9.2 ASC Drilling Programs (2002-2005)

9.2.1 Paca Drilling

ASC carried out 3,130 m of core drilling at Paca in 30 drill holes and 896 m of reverse circulation (RC) drilling in 5 drill holes. Basic information for the program appears in Table 9.1 and a tabulation of collar coordinate, hole depth and hole orientation data for the programs appears in Cullen and Webster 2015a,b. Appendix 1 presents ASC drill hole locations relative to later drill holes by Apogee and to the current resource estimate outline.

Drilling was completed under contract by Leduc Drilling S.R.L. of La Paz, Bolivia using two drill rigs, a Longyear LF-140 and a LY-44, and HQ (63.5 mm diameter) core was recovered. The small reverse circulation drilling program was carried out using one of the coring rigs with modifications, but this system was reported to be unsatisfactory. ASC staff were responsible for geological support and management of the drilling programs. The purpose of ASC drilling programs was to explore the Paca deposit and provide initial delineation of mineral resources having potential for economic development using open pit mining methods. Results of the programs allowed ASC to identify a sub-vertical mineralized breccia structure along the Paca andesite dome’s north contact that merges with stratabound, mantos style mineralization that conforms to gently north-dipping volcaniclastic stratigraphy in the area. The results of drilling were used by ASC to support an initial mineral resource estimate for the deposit, details of which were presented earlier in report Section 5.

Table 9.1: Summary of ASC Paca Deposit Drilling Programs – 2002 To 2005

Company	Period	Hole Numbers	Type	Total Metres
ASC	2002 to 2005	P001 to P030	NQ Core	3130
ASC	2002	PNR001, 002, 004 to 006 and PNS001	Reverse Circulation	896

9.2.2 Pulacayo Drilling

ASC completed 14 diamond holes totalling 3,095 m in length between July 2002 and November, 2003 (holes PUD001-PUD017). Eleven holes were drilled from surface and another three from drill stations located in the Pulacayo underground workings. Drilling was completed by Leduc Drilling S.R.L. of La Paz, Bolivia, using two Longyear LF-140 and LY-44 drill rigs and HQ (63.5 mm diameter) core was recovered.

A second phase of drilling was initiated in February 2003. Although 10 holes were planned, only 2 underground drill holes were subsequently completed for a total of 554 m (holes PUD025 and PUD026). Drilling was performed by Drilling Bolivia Ltd. and HQ core was recovered.

ASC continued the drilling program in September 2003 and completed eight additional holes totalling 1,302 m (holes PUD018 to PUD024 and PUD027). Six holes were completed from surface and two holes were completed from drill stations located in the Pulacayo underground workings. Drilling was contracted to Maldonado Exploraciones S.R.L. of La Paz, Bolivia and they used Longyear model LY-44 and LF-70 drilling rigs recovering HQ size core.

The 2002 though 2005 drilling programs outlined disseminated, veinlet and stockwork style mineralization occurring between previously mined high-grade veins (Appendix 1).

9.3 Apogee Drilling Programs (2006-2008)

9.3.1 Paca Deposit Drilling

Apogee completed 76 diamond drill holes (13,631.2 m) at Paca in three separate drilling campaigns during 2006. Between February 2006 and April 2006, Apogee completed a total of 2,301.5 m in 23 drill holes (PND031 to PND053). A second phase of diamond drilling was carried out from June 2006 to November 2006 during which a total of 10,443.70 m of drilling was completed in 46 drill holes (PND054 to PND099). Seven additional drill holes totalling 886 m were drilled in a third phase of drilling completed late in 2006 (PND100 to PND106). Table 9.2 presents a summary of these programs and a tabulation of collar coordinate, hole depth and hole orientation data for the programs appears in Cullen and Webster 2015a,b. Appendix 1 presents the Apogee drill hole locations relative to earlier drill holes by ASC and to the current resource estimate outline. Drilling was completed under contract by Leduc Drilling S.R.L. of La

Paz, Bolivia, using two rigs, these being Longyear LF-140 and LY-44 models, and HQ (63.5 mm diameter) core was recovered. Apogee staff were responsible for geological support and management of the 2006 drilling programs.

Table 9.2: Summary of Apogee Paca deposit Drilling Programs

Company	Period	Hole Numbers	Type	No. of Holes	Total Metres
Apogee	Early 2006	PND031 to PND053	HQ Core	23	2,301.5
Apogee	Mid to Late 2006	PND054 to PND99	HQ Core	46	10,443.7
Apogee	Late 2006	PND100 to PND106	HQ Core	7	886.0
Total				76	13,631.2

The objective of the Apogee programs was to confirm and expand the distribution of Paca deposit mineralization defined by earlier ASC drilling results. Emphasis on resources potentially amenable to open pit development remained the focus of deposit assessment work carried out by Apogee. The 2006 programs were successful in confirming the nature and extent of the Paca deposit as previously defined by ASC and expanding the drilled extent of mineralization. The results of this exploration drilling program, in combination with those of the earlier ASC programs, formed the basis of the 2007 mineral resource estimate on the Paca deposit completed by Micon for Apogee and reported by Pressacco and Gowans (2007).

9.3.2 Pulacayo Deposit Drilling

Following the acquisition of the Pulacayo property in 2005, Apogee initiated a Phase I drill program that consisted of 19 holes totalling 4,150 m in length (PUD028 to PUD042). Four of the holes were completed from drill stations located in the Pulacayo underground workings and 15 were completed from surface locations. The Apogee program objective was to confirm mineralization defined by earlier ASC drilling results and the program was successful in demonstrating the presence of significant amounts of disseminated, veinlet, and stockwork sulphide mineralization located between the high-grade veins that were exploited by historic, narrow underground mine workings (Pressacco et al., 2010), (Appendix 1).

In November 2007 Apogee started Phase II drilling at Pulacayo and completed 14 holes totalling 3,745 m (PUD043 to PUD056) (Appendix 1). All holes were drilled from surface locations and results showed that the TVS consisted of disseminated, veinlet, and stockwork sulphide mineralized material measuring up to 120 m in width within which high grade mineralized shoots were present that had not been exploited by previous operators of the mine.

Phase III drilling was undertaken by Apogee between January and May, 2008 at which time 54 holes totalling 14,096 m were completed (PUD057 to PUD110). Of these, 8 holes were drilled from underground and the balance from surface.

Phase I drilling was completed by the Leduc Drilling S.R.L of La Paz, Bolivia and subsequent Phase II and III programs were completed by the Fujita Core Drilling Company of Bolivia. The companies used Longyear model LF44, LM-55, LF-90 and LM-90 drilling rigs for the surface and underground programs and core size was generally HQ (65.3 mm diameter). In certain instances, ground conditions around old workings or other issues required reduction in core size to NQ (47.6 mm diameter).

9.4 Apogee Drilling (January 2010 – December 2011)

9.4.1 Pulacayo Deposit Drilling

Phase IV drilling at the Pulacayo deposit was initiated by Apogee in January of 2010. The surface program continued until the end of 2011 and underground drilling was carried out on a limited basis during that time in support of test mining activities within the current resource outline (PUD-111-PUD266). The current resource estimate includes all Phase IV surface holes up to and including hole PD266, for a total of 42,522 m of Phase IV drilling to the end of 2011. The last 45 holes of the surface drilling program (6,253.83 m) were directed toward evaluation of oxide zone resource potential above the main sulphide zone of the TVS. Phase IV program results improved the level of confidence within certain sulphide zone mineral resource areas and also allowed estimation and evaluation of oxide zone resources.

The Fujita Core Drilling Company continued to provide drilling services at Pulacayo through the Phase IV, using Longyear models LF44, LM-55, LF-90 and LM-90 rigs for surface and underground drilling. The core size has been HQ except where ground conditions around old workings or other issues have required reduction in core size to NQ.

9.5 ASC and Apogee Drilling Program Planning and Logistics

Planning for drill holes was based on the logging and interpretation of geological cross sections generated by staff geologists. Drill hole coordinates were established from base maps and surface drill hole collars were then located on the ground by field geologists using hand-held GPS equipment. Hole azimuths and inclinations were established using a compass and clinometer. Down hole deviation was determined at various down hole intervals, with 50 m separation being common, using either Tropari or Reflex down hole survey tools.

Drill core was initially stored at the drill site in wooden core boxes which hold approximately three metres of core. Boxes were marked with the hole identification, box number and the included depth interval of the drill hole. Drilling staff marked core depth, generally in 3 m intervals, with a wooden tag indicating downhole depth at that point in metres. Once the drill hole was completed, drill hole collar coordinates were surveyed by staff surveyors and a concrete monument was typically established. The drill hole number was typically affixed to the monument by either a plate or simple printing in the cement (Figures 9.1, 9.2, 9.3).

Overall core recovery reported by both ASC and Apogee exceeds 90% in most cases, regardless of the type of rock being recovered. However, review of database records and drill log entries, plus observations made during the drill core inspection program of the June 2015 site visit by Mercator, showed that individual drill holes having intervals of problematic low core recovery are present. These are identifiable in the digital drilling database and have been considered during selection of assay intervals for use in the current mineral resource estimate. Zones with poor recovery typically occur in the Quaternary near-surface intervals, often directly below the cased overburden section (Figure 9.4). Since the Quaternary material is not included in the resource solids, this style of loss did not appreciably impact the current resource model. Mercator staff reviewed core from various positions within the deposit during the three field visits and confirmed that good recovery through mineralized zones is generally obtained. However, some intervals of strong fracturing and reduced core recovery were also inspected. None of these was considered inadequate for inclusion in the resource estimation programs.

9.6 Comment on ASC and Apogee Drilling Program Planning and Logistics

Mercator is of the opinion that the drilling programs carried out by ASC and Apogee were completed in accordance with current industry standards such that the resulting data are acceptable for use in mineral resource estimation programs described in this report.

Figure 9.1: Typical Apogee Drill Collar After Completion of Hole

Figure 9.2: View of Apogee Drill Collar Description Plate

Figure 9.3: Typical Apogee Drill Collar Marker at Paca

Figure 9.4: Poor Conglomerate Core Recovery in Paca Drill Hole PND-008

10.0 Sample Preparation, Analysis and Security

10.1 Introduction

Sample preparation, analysis and security discussions applicable to the core drilling data set that supports the current mineral resource estimates are the same as those described in support of the September, 2012 estimate prepared for Apogee by Mercator (Cullen and Webster, 2015a,b). Descriptions presented below are taken with minor modification from the Pulacayo and Paca deposit mineral resource estimate technical reports prepared earlier by Mercator (Cullen and Webster, 2015a,b). Minor modifications have been made where necessary to address current project context and property ownership by Prophecy rather than Apogee.

10.2 Sample Preparation for 2002-2003 ASC Programs

Site procedures pertinent to ASC were not documented in the support information reviewed by Mercator. However, Apogee site staff familiar with the earlier program indicated during the 2011 and 2012 site visits by Mercator staff that procedures were generally similar to those employed by Apogee with respect to core logging, sampling, transport of samples and security. All ASC drill core samples were processed at the Oruro, Bolivia laboratory of ALS Chemex, with those from the first phase of drilling being analysed at ALS Chemex (formerly Bondar-Clegg) facilities in Vancouver, BC, Canada. In both instances, standard core preparation methods were used prior to elemental analysis.

10.3 Sample Preparation for Apogee Programs (2006-2012)

The following description of sample preparation and core handling protocols applies to all drilling programs at Pulacayo and Paca in which Apogee participated. Confirmation of applicability was discussed with Prophecy staff during the June 2015 site visit by Mercator and previously with Apogee staff during the 2011 and 2012 site visits by Mercator staff. Pressacco et al. (2010) previously outlined the same general conditions as being applicable for work programs carried out by Apogee prior to the effective date of that report.

Apogee staff was responsible for transport of core boxes by pick-up truck from drill sites to the company's locked and secure core storage and logging facility located in the town of Pulacayo (Figure 10.1). At the core facility the core was initially examined by core technicians and all measurements were confirmed. Core was aligned and repositioned in the core box where possible and individual depth marks were recorded at one metre intervals on the core box walls. Core technicians photographed all core, measured core recovery between core meterage blocks, completed magnetic susceptibility readings and specific gravity measurements, and recorded

Figure 10.1: Apogee Core Logging Facility at Pulacayo Site

information on hard copy data record sheets. This information was entered into digital spreadsheets and then incorporated in the project digital database.

Drill site geologists initially completed a written quick log of drill hole lithologies along with a graphical strip log illustrating lithologies at the drill site. At the core facility they subsequently completed a detailed written description of lithologies, alteration styles and intensities, structural features, mineralization features such as occurrences and orientations of quartz veins, and the style, amount and distribution of sulphide minerals. Drill hole sections were drawn on paper cross sections when logging was completed and lithologies were graphically correlated from drill hole to drill hole.

Mineralized intervals were marked for sampling by the logging geologist using colored grease pencils and intervals plus associated sample numbers were recorded on a hardcopy sample record sheet. All paper copy information for each drill hole, including quick logs, detailed logs, graphical logs, sample record sheets, down hole surveys and assay certificates were secured together in a drill hole file folder to provide an archival record for each drill hole. After logging and processing, down hole lithocoded intervals, sample intervals and drill hole collar and survey information were entered into digital spreadsheets and then incorporated in the project digital database.

Sample intervals are marked by the logging geologist on the core and core technicians then cut the corresponding core in half using a diamond saw. Friable core was cut in half with a knife.

Each half core sample was assigned a unique sample tag and number and placed in a correspondingly numbered 6 mil plastic sample bag. A duplicate tag showing the same number was secured to the core box at the indicated sample interval. As noted earlier, all sample intervals and corresponding numbers were recorded on a hardcopy sample data sheet and subsequently entered into a digital spreadsheet for later incorporation in the project database. The secured plastic sample bags were grouped in batches of 6-10 samples and secured in a larger plastic mesh bag in preparation for shipment to the ALS Chemex (ALS) preparation laboratory located in Oruro, Bolivia. All bagged samples remained in a locked storage facility until shipment to the laboratory. Samples were transported from the core storage area to the ALS facility by either Apogee personnel or a reputable commercial carrier. Sample shipment forms were used to list all samples in each shipment and laboratory personnel cross-checked samples received against this list and reported any irregularities by fax or email to Apogee. Apogee advised Mercator that it has not encountered any substantial issues with respect to sample processing, delivery or security during the Paca or Pulacayo programs.

10.4 Drill Core Analysis for ASC Programs

Samples from the ASC Paca drilling programs carried out in 2002 were also prepared and analyzed by ALS. However, after preparation at the facility in Oruro, Bolivia under generally the same protocols as noted above for Apogee, analytical work was carried out at the ALS laboratory in Vancouver, BC, Canada. This facility was independent and fully accredited at the time as described earlier and analytical protocols were the same as those described above for Apogee.

10.5 Drill Core Analysis for Apogee Programs

Apogee staff logged and sampled drill core and carried out immersion method bulk density determinations but did not carry out any form of direct sample preparation or analytical work on project samples. Project analytical work was completed by ALS at its analytical facility in Lima, Peru after completion of sample preparation procedures at the ALS facility located in Oruro, Bolivia. ALS is an internationally accredited laboratory services firm with National Association of Testing Authorities (NATA) certification and that is certified to standards of ISO 9001:2000 and ISO 17025:1999. The laboratory utilized industry standard analytical methodology and practiced rigorous internal Quality Assurance and Quality Control (QAQC) procedures for self-testing at the time of sample processing.

All samples were weighed upon receipt at the ALS lab and prepared using ALS preparation procedure PREP-31B that consists of crushing the entire sample to >70% -2 mm, then splitting off 1 kg and pulverizing it to better than 85% passing 75 microns. The coarse reject materials from this processing were returned to Apogee for storage on site at Pulacayo.

Silver, lead and zinc concentrations for Apogee programs were analyzed by ALS using an Aqua Regia digestion and Atomic Absorption Spectroscopy (AAS) following ALS methods AA46 and AA62. Samples returning assay values greater than 300 g/t Ag were further analyzed using quantitative method Ag-GRAV22, which uses a Fire Assay pre-concentration and Gravimetric Finish on a 50g sample aliquot. Gold values were determined using the Au-AA26 analytical method provided by ALS that employs a Fire Assay pre-concentration followed by Atomic Absorption finish on a 50g sample aliquot. A multi-element analysis was also completed on samples using method code ME-MS41 which uses Aqua Regia digestion and ICP-AES analysis.

10.6 Quality Assurance and Control for ASC Programs

QAQC procedures pertinent to the 2002 ASC programs were not documented in support information reviewed by Mercator for this report. However, the first drilling program carried out by Apogee in 2006 at the Pulacayo deposit consisted of 19 holes totaling approximately 4,150 m drilled to confirm earlier ASC analytical data. Full QAQC protocols instituted by Apogee were applied to this program and, as detailed in report Section 13.0 of the Cullen and Webster (2012b) mineral resource estimate technical report for the Pulacayo deposit, results of the re-drill program correlate well with those of the earlier ASC program at Pulacayo. Such correlation suggests that acceptable standards were being maintained by ASC. Mercator speculates that the concurrent drilling programs at Paca carried out by ASC met comparable standards but this cannot be confirmed. Notably, results of limited ASC drill core check sampling carried out by Mercator during the June 2015 site visit show acceptable correlation with original ASC data. These results are discussed further in report Section 11.4.

10.7 Quality Assurance and Control for Apogee Programs

Apogee developed an internal QAQC program that included blind insertion of reference standards, blanks and duplicates in each analytical shipment. A blank was inserted at the beginning of each sample batch, standards were inserted at random intervals throughout each batch of 50 samples and duplicates were analyzed at the end of each batch. All data gathered for QAQC purposes was captured, sorted and retained in the QAQC database. The reference standards included two purchased commercial reference standards from Western Canadian Minerals Ltd. (PB-128 and PB-138), one purchased from CDN Resource Laboratories (CDN-SE-1), and one created in-house. The blank materials were either purchased by Apogee or were prepared by Apogee from locally sourced un-mineralized quartzite outcropping near Pulacayo.

Three quality control samples that include a field or commercial blank, a commercial standard and a duplicate sample were inserted with a minimum frequency of 1 in every 50 samples. Review by Mercator showed that in practice, an analytical standard typically occurs within every 20 samples submitted for analysis. Analysis of duplicate samples of ¼ core was accommodated through their blind inclusion in the sample stream and analysis of duplicate prepared pulp splits was also requested for each batch.

Apogee`s protocol included a check sampling program based on analysis of sample splits at a second accredited laboratory. Check samples submitted to the check laboratory were processed using the same preparation and analytical techniques as used by ALS in Lima. The ALS laboratory in La Serena, Chile provided initial second laboratory analytical services for the Apogee programs, results of which are discussed in report Section 13. After January 2010, starting with Pulacayo deposit drill hole PUD 140 samples, all check analyses were done at SGS in Lima, Peru. However, the Paca drilling programs carried out by Apogee had all been completed prior to this date.

In addition to chemical analysis, bulk density measurements (specific gravity) were systematically collected by Apogee staff using standard water immersion methods and unsealed core samples. Micon (Pressacco and Shoemaker, 2007) reviewed ASC and early Apogee density determination methods and recommended that these be modified to include more representative sampling methods in non-mineralized areas and be carried out continuously through mineralized zones. Procedures were subsequently modified, and measurements thereafter were collected for continuous 10 m sampled intervals where no observed sulphide mineralization was present and for all sampled intervals within recognized mineralized zones. Micon also noted that samples were not being wax sealed and advised that sealing would be advisable for some samples due to higher porosity and low permeability seen in some samples. Characteristics of lithology and alteration were also recorded as part of the density program and all information was assembled in digital spreadsheets. Results of the density measurement programs appear in report Section 13.

10.8 Mercator Comment on Sample Preparation, Analysis and Security

Based on all information consulted to date, Mercator is of the opinion that ASC and Apogee sample preparation, analysis and security methodologies for their respective Pulacayo and Paca deposit drilling programs were sufficient for a project of this size and that suitable documented precautions were taken by Apogee to identify irregularities in sample analytical results. Comparable verification for the Pulacayo and Paca ASC program was not available to Mercator but no indications of problematic data were detected during resource estimation work carried out by Mercator.

11.0 Data Verification

11.1 Introduction

The data verification discussion applicable to the current Pulacayo and Paca mineral resource estimates refers to the same project data sets used to support the Pressacco and Gowans (2007) mineral resource estimate prepared by Micon for Apogee in 2007 as well as the September, 2012 mineral resource estimate prepared for Apogee by Mercator (Cullen and Webster, 2012 b, 2015 a,b). On this basis, the descriptions presented in Cullen and Webster (2012 b and 2015 a,b) have been largely reproduced below with minor modifications where necessary to address current project ownership by Prophecy rather than Apogee.

The previous authors reviewed the drilling database and associated support data and determined that it was acceptable for use in a mineral resource estimate prepared in accordance with the CIM Standards and disclosed in accordance with NI43-101. They noted that check sample analytical results for 65 core sample pulp splits analysed at Acme Laboratories in Vancouver, British Columbia, show good correlation with original sample assay results. A review of site drilling operations, core sampling and logging procedures and available quality control and quality assurance (QAQC) program results returned similar positive comment from Micon.

Mercator carried out independent desktop data verification checks of drilling database records against support documents prior to the June, 2015 site visit. During the site visits, checks similar to those carried out by Micon were also completed. These include detailed review of core and associated sampling and logging records, collection and analysis of quarter core check samples, field checking of lithologic surface mapping at the Pulacayo and Paca deposit areas and checking of database drill collar coordinates for drill holes using a Garmin Model Map 61 hand-held GPS instrument. Results of the Mercator verification programs are presented below under respective headings.

11.2 Review and Validation of Project Data Sets

Core sample records, lithologic logs, laboratory reports and associated drill hole information for all Paca drilling programs completed by Apogee and ASC had been digitally compiled by Apogee staff and Prophecy provided Mercator with the latest version of this database for resource estimation purposes. Information pertaining to the exploration history in the property area was also provided and was reviewed to assess consistency and validity of recorded results.

Digital database drill hole records for the Pulacayo and Paca deposits were checked against scanned image file records of the original file information. The purpose of this was to assess consistency and accuracy of such records. Parameters reviewed in detail include collar coordinates, down hole survey values, hole depths, sample record entries, corresponding analytical results and database lithocodes. Approximately 20% of the drill holes comprising the Pulacayo and Paca drilling database were checked in detail against original source documents. Review of logging and sample records showed consistently good agreement between original image file or hard copy records and drilling database records.

The desktop validation program also showed that the Paca database lithocode entries for the first thirty holes completed by ASC (PND001 through PND030) could not be directly verified due to original logging records being unavailable. This deficiency did not extend to original core sampling records, which were found to be complete. Mercator recommended that Prophecy carry out a core re-logging program for the thirty ASC holes that lacked lithology documentation and this work was carried out during the summer of 2015. The re-logging results were generally consistent with the existing database entries and the original entries were in many cases more detailed. This check on original entries was considered by Mercator to provide sufficient confirmation of the existing lithocodes to support their use in the current Paca resource estimate.

Micon noted in the Pressaco et al. (2010) Pulacayo Preliminary Economic Assessment (PEA) that minor inconsistencies were in some instances present between digital project datasets and original source documents reviewed at the field site. More specifically, disagreement was noted in drill hole coordinates between original and digital datasets for such parameters as hole survey data, core recovery information on paper logs, incomplete digital representation of specific gravity analysis in the project database, and paper logs not having original sample documents appended. Apogee staff followed up on associated recommendations laid out by Micon and subsequently prepared a summary file at the field site for each drill hole that contained updated drill collar coordinates, complete down hole survey results, graphical and tabulated quick logs, geological logs, updated cross sections, original sample records, summary assay results, specific gravity analyses and core recoveries. Examples of these summary drill hole files were reviewed by Mercator during all site visits.

After completion of all manual record checking procedures, the drilling and sampling database records were further assessed through digital error identification methods available through the Gemcom-Surpac Version 6.7® software. This provided a check on items such as sample record duplications, end of hole errors, survey and collar file inconsistencies and some potential lithocode file errors. The digital review and import of the manually checked datasets through Surpac provided the validated Microsoft Access® database that Mercator considered acceptable with respect to support of the mineral resource estimation program described in this report.

11.3 Site Visits by Mercator

11.3.1 August 3rd to August 10th, 2011

Author and qualified person, Peter Webster, and Mercator Senior Resource Geologist, Matthew Harrington, carried out a site visit to the Pulacayo deposit during the period August 3rd through 10th, 2011. At that time, they completed a review of all Apogee drill program components, including discussion of protocols for lithologic logging plus storage, handling, sampling and security of drill core. A core check sampling program consisting of 9 quarter core samples, 2 duplicate split samples, 2 quality control samples, and 4 reject material samples was also carried out. A drill collar coordinate check program was also completed during the visit, with collar coordinates for 7 Apogee drill holes collected using a hand-held GPS device for comparison against database records. Apogee President, Mr. C. Collins, P. Geo, and Exploration Manager Mr. H. Uribe Zeballos provided technical assistance and professional insight during the site visit.

During the core inspection and review process, several previously sampled core intervals representative of the Ag, Pb and Zn grade ranges of the Pulacayo deposit were selected from drill holes PUD111, PUD134, PUD140, PUD144, PUD175, PUD188, and PUD203 for use in the Mercator check sampling program. After mark-up and photographing of sampled core intervals by Mercator, Apogee staff carried out quarter core sampling of the designated core samples under Mercator supervision. Resulting bagged, labelled and sealed core samples were securely stored at the Apogee facility until being transported by commercial courier to SGS del Peru S.A.C for analysis.

Observations regarding the character of the landscape, vegetation, site elevations, surface drainage, road/drill pad features, drill sites, mine accesses, exploration conditions, and core logging and handling facilities were noted during the site visit. Based on observations made during the site visit and discussions with Apogee staff and consultants, Mercator determined that, to the extent reviewed during the visit, evidence of work programs carried out to date on the property is consistent with descriptions reported by the company and that procedures employed by Apogee staff are consistent with current industry standards and of good quality.

11.3.2 April 26th to April 28th, 2012

Author Cullen visited the Pulacayo site during the period April 26th to April 28th, 2012 the purpose being to carry out additional review of on-going drilling and resource estimation program work pertaining to oxide zone mineralization not included in the previous Mercator resource estimate. Reviews of site drill program components, including discussion of protocols for lithologic logging plus storage, handling, sampling and security of drill core were carried out at that time, with specific focus on the 45 drill holes completed late in 2011 that targeted oxide zone mineralization of the TVS.

Trenched areas, TVS surface exposures and drilling locations associated with assessment of the oxide zone were visited and a general overview of the site and facilities was obtained (Figures 101.1 and 10.2). A core check sampling program consisting of 24 quarter core samples, 1 quality control reference material sample, and 1 blank sample was also carried out, along with field location checking of drill collar coordinates for 14 oxide zone drill holes. Collar locations were checked using a hand-held GPS device for comparison against database records and acceptable results were returned from both programs. Details of these are presented below in report Sections 11.3.5 and 11.4

An active test mining area developed by Apogee on a subsidiary hanging-wall vein (ramale) interval of the TVS near the San Leon tunnel was also visited during the April 2012 trip. Stoping of the vein was being carried out at that time over a horizontal width of approximately 1.5 m to 2.0 m and stoped material was being stockpiled on surface for use in future metallurgical testing programs (Figure 11.3).

Apogee President, Mr. C. Collins, P. Geo., accompanied author Cullen throughout the visit and Exploration Manager, Mr. H. Uribe Zeballos, discussed the project during meetings held on April 24th at Apogee's La Paz office. Discussions on site were held with Apogee mine staff and mine manager, Mr. Wouter Erasmus, led an underground tour of the test mining area and adjacent historic workings (Figure 11.4). Apogee site geological staff under direction of Mr. F. Mayta, Senior Geologist, plus core facility technicians facilitated review and sampling of the oxide zone drill core that was a primary focus of the site visit (Figure 11.4).

11.4 Site Visit by Mercator - June 3rd to June 6th, 2015

11.4.1 Summary

Author Cullen and Mercator's Senior Resource Geologist, Mr. Matthew Harrington, visited the Pulacayo site during the June 3rd to June 6th period of 2015. Meetings were also held with Mr. Bekzod Kasimov, now Prophecy's Vice President of Operations, plus other consultants, in Prophecy's La Paz office on June 3rd prior to departure for Pulacayo. Mr. Kazimov accompanied Mercator staff to the Pulacayo site and participated in site activities and discussions. Prophecy's Chief Geological Consultant, Mr. Hernan Uribe Zeballos coordinated site geological activities and field inspections with assistance from other Prophecy site staff. Mercator recognizes and appreciates the highly professional input provided by Prophecy staff and consultants during all phases of the site visit.

The primary purpose of the 2015 site visit was to carry out data validation and analytical check sampling studies related to the Paca deposit resource estimate prepared by Mercator. A second priority was to review results of work carried out to that date by Prophecy staff and consultants with respect to various tailings/waste rock deposits on the property. The latter are currently considered by Prophecy to be possible sources of future mill feed. On that basis, they constitute potential targets for future mineral resource estimation programs. While the Pulacayo deposit was not the central technical focus during the 2015 site visit, and the visit was not required to support the current resource estimation program, discussion with respect to the deposit, the current geological and block models and various other aspects of deposit geology were held during the visit with Prophecy's staff and consultants.

11.4.2 Site Data Validation and Analytical Check Sampling by Mercator

During the 2015 Paca site visit, drill core from the ten drill holes identified below in Table 11.1 was reviewed in detail by Mercator and Prophecy staff. All core was found to be in excellent condition and had been systematically archived and stored in the core storage and logging facility located at the Pulacayo site (Figures 11.1 and 11.2). Careful review of these cores relative to corresponding database entries, core sampling records and respective logs showed that good correlation generally exists between the database lithocode and sampling records and original logging and sampling records. However, in several instances, logged and lithocoded descriptions of core intervals were found to be inconsistent with actual rock types observed in core. In some cases, substantial discrepancy was noted, an example being a 48.5 m interval of altered volcanic breccia beginning at 183 m downhole in hole PND092 is logged and lithocoded as altered, fine grained volcaniclastic sediment. A similar issue was noted in PND093, where a 27 m interval beginning at 128 m downhole is logged and lithocoded as conglomerate but is actually andesite. Errors such as these cannot be readily detected in standard desktop database checks but can sometimes be identified by careful checking of database core lithocodes against corresponding photographic core records, if these are available.

Individual core intervals logged as rock types inconsistent with site visit core observations were encountered in cores from five of the ten drill holes reviewed by Mercator during the site visit. In most cases, the incorrect lithocode assignment would not have had substantive impact on geological interpretations based on the drilling database records. Prophecy staff were made aware of this issue and advised to monitor it on an on-going basis whenever archived core is being used for sampling or other purposes.

Mercator collected a total of 14 quarter core check samples from the ASC and Apogee drill holes inspected during the site visit (Figure 11.3). Prophecy technical staff coordinated handling,

Table 11.1: ASC and Apogee Drill Holes Included in Mercator Core Review

Hole Number	Drilled By	Azimuth (°)	Inclination (°)	Depth (m)
PND008	ASC	160	-45	179.04
PND023	ASC	340	-55	207.4
PND029	ASC	145	-45	133.6
PND031	ASC	160	-45	87.5
PND033	ASC	0	-45	88
PND056	Apogee	180	-45	329
PND061	Apogee	180	-45	250.5
PND062	Apogee	180	-45	82
PND070	Apogee	180	-45	258
PND072	Apogee	180	-45	363
PND087	Apogee	180	-45	343
PND092	Apogee	180	-45	237
PND093	Apogee	180	-45	249

Figure 11.1: Paca Drill Core in Secure Pulacayo Core Storage Facility – June 2015

Figure 11.2: Prophecy Staff at Pulacayo Site Core Storage Facility – June 2015

Figure 11.3: Mercator Check Sample Interval in Paca Drill Hole PND-072

cutting, bagging and photographing of core samples and all of these were carried out under direct supervision of Mercator staff. The core sampling program was designed to cover the range of metal grades that characterise the Paca deposit. Samples remained under the control of Mercator staff during the site visit and were transported to Mercator's hotel in La Paz by commercial courier. They were subsequently delivered to SGS Bolivia S.A. laboratory facility in El Alto for preparation and analysis. Specific details and results of the 2015 Mercator check sampling program are presented below in report section 11.5.10.

11.4.3 Paca Drill Collar Coordinate Checking by Mercator

Collar coordinates for 14 drill holes completed during the ASC and Apogee Paca drilling programs were checked by Mercator during the June 2015 site visit, and Table 11.2 below presents tabulated results of the program. A Garmin Map 60 handheld GPS unit was used to collect collar coordinate check data that was compared to validated resource database collar file values. Collar locations were easily located in the field and, as described and illustrated earlier in report, are typically marked by a concrete monument with the hole number inscribed.

Excellent correlation exists between the resource drilling database and the check coordinate data set with respect to UTM easting and northing values. Easting variation range is 2.0 m or less and range in Northing values is 3 m or less and within the accuracy of the handheld GPS. In contrast, site visit elevation data are less consistent with database values and define a 14 m to 27 m total range of variation. The average elevation difference between data sets is about 18 m and check elevations are consistently higher than database values. The reason for this elevation differential is not clear, but Mercator's experience is that elevation data collected using non-differential, handheld GPS instruments often shows greater variation than seen in site levelled measurements. The systematic nature of the elevation data variation in this case may indicate that a general levelling error exists between the two systems. In contrast, the easting and northing collar components show exceptionally good agreement between data sets. Notwithstanding the elevation discrepancy, Mercator is of the opinion that the 2015 field check data show acceptable correlation with corresponding database records.

Table 11.2: Mercator Drill Collar Coordinate Checking Program Results

	*GPS Coordinate			*Database Coordinate		
Hole ID	Easting (m)	Northing (m)	Elevation (m)	Easting (m)	Northing (m)	Elevation (m)
PND003	739879	7750568	4203	739877	7750571	4215
PND008	739811	7750248	4257	739810	7750247	4283
PND031	739812	7750249	4257	739810	7750247	4284
PND032	739872	7750571	4203	739871	7750574	4217
PND039	739694	7750338	4230	739690	7750337	4247
PND041	739868	7750575	4203	739868	7750576	4220
PND047	739894	7750343	4230	739892	7750342	4248
PND062	739791	7750582	4200	739789	7750583	4216

**Universal Transverse Mercator (UTM) Grid: Zone 19 South, WGS84 Datum*

11.5 Quality Assurance and Quality Control

11.5.1 Introduction

Quality Assurance and Quality Control (QAQC) programs and protocols applicable to the core drilling data set that supports the current Pulacayo and Paca mineral resource estimates are the same as those described in support of the Pressacco and Gowans (2007) mineral resource estimate prepared by Micon for Apogee in 2007 the September 2012 estimate prepared for Apogee by Mercator (Cullen and Webster, 2012b) and in the subsequent feasibility study completed by TWP in 2013. On this basis, the descriptions presented in Cullen and Webster (2012b) have been reproduced below with minor modification where necessary to address current project context and ownership by Prophecy rather than Apogee.

Mercator reviewed all available QAQC data for Apogee and ASC drilling programs at Pulacayo and Paca that support the current mineral resource estimates. This confirmed Micon's earlier assertion that external QAQC program data were not available for ASC programs. It also confirmed that Apogee had carried out systematic monitoring of QAQC issues through use of certified reference materials, blank samples, duplicate pulp split samples, independent check samples and third party check sample analysis. No certified reference materials were used for the 2006 program.

11.5.2 Apogee Programs 2006

Drill core sampling carried out by Apogee during the 2006 through 2012 programs on the Pulacayo site was subject to a QAQC program administered by Apogee. This included submissions of blank samples, duplicate split samples of quarter core and half core, Apogee field standards and analysis of check samples at a third party commercial laboratory. Additionally, internal laboratory reporting of quality control and assurance sampling was monitored by Apogee on an on-going basis during the course of the project. Details of the various components are discussed below under separate headings.

Program Description and Results

Analytical field standard materials were prepared by Apogee in-house for use beginning in the 2006 Pulacayo and Paca drilling programs and consisted of coarsely fragmented mineralized bedrock obtained by Apogee staff from the local Pulacayo area. Micon flagged this approach in 2007-2008, noting that the associated sample material was inappropriate for the stated purpose and recommended that in future the company should use commercially available certified reference materials matched to the deposit type. This recommendation was adopted by Apogee for subsequent drilling programs. In total, results for 449 field reference samples submitted by Apogee for analysis were reviewed for this report. Reference samples were systematically inserted into the laboratory sample shipment sequence by Apogee staff at a nominal frequency of 1 in 30 (Table 11.3) for the 2006 Paca program. Records of reference standard insertion were maintained as part of the core sampling and logging protocols.

Table 11.3: Apogee Field Reference Material Data for 2006 Paca Drilling

Field Reference Material	Average Ag g/t	Average Pb %	Average Zn %	Number
FSPU01	706.58	2.75	1.7	449

Returned silver values for the field sample material range between 79 g/t and 1670 g/t and the population has a standard deviation of 192.4. Figures 11.4, 11.5 and 11.6 present program results for silver, zinc and lead, respectively, and show that substantial inconsistencies in grade occur within each metal in the population. The distribution curves are chronologically ordered and also show that several intervals of elevated values occur within the data set. This can be explained in various ways, but heterogeneity of the source material used for the field standard samples may be a substantial contributing factor. It is also noted that FSPU01 was not prepared in the manner normally undertaken for standard materials, which typically includes prescribed preparation protocols and round-robin testing at multiple commercial laboratories.

Mercator Comment on Apogee In-House Field Standard Program

Mercator is of the opinion that analytical results returned for the Apogee field standard program material should not be used to assess accuracy of associated core analytical results. This reflects the wide range of values returned for the material plus recognition that material preparation procedures normally established for analytical standards were not applied to the field standard material. Mercator’s opinion is consistent with that provided in 2007 by Micon.

Figure 11.4: Field Standard FSPU01 Analytical Results For Silver (N= 449)

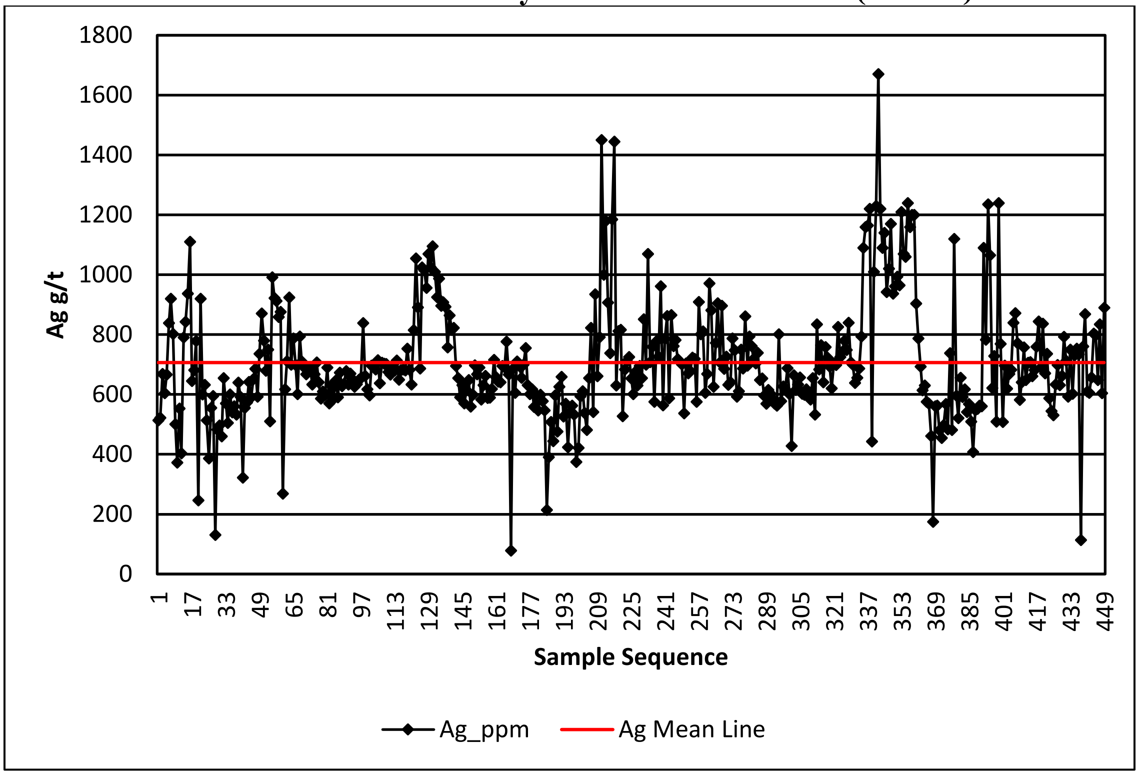


Figure 11.5: Field Standard FSPU01 Analytical Results For Zinc (N= 449)

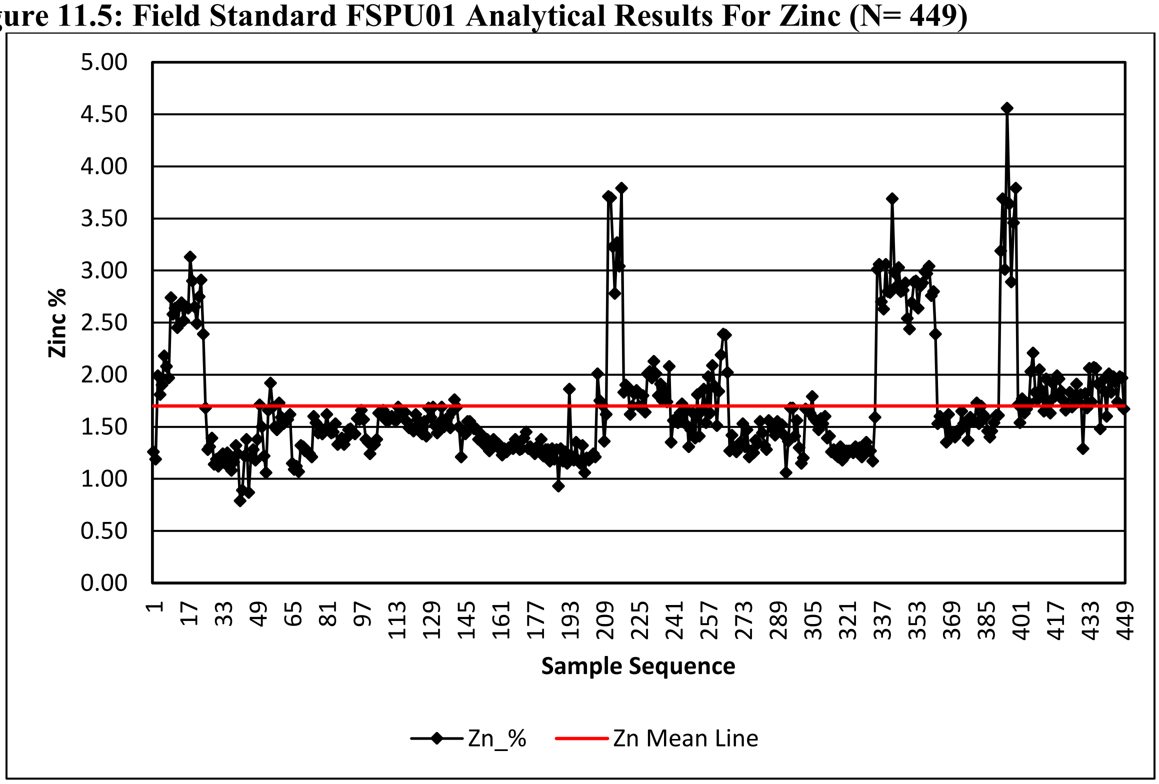
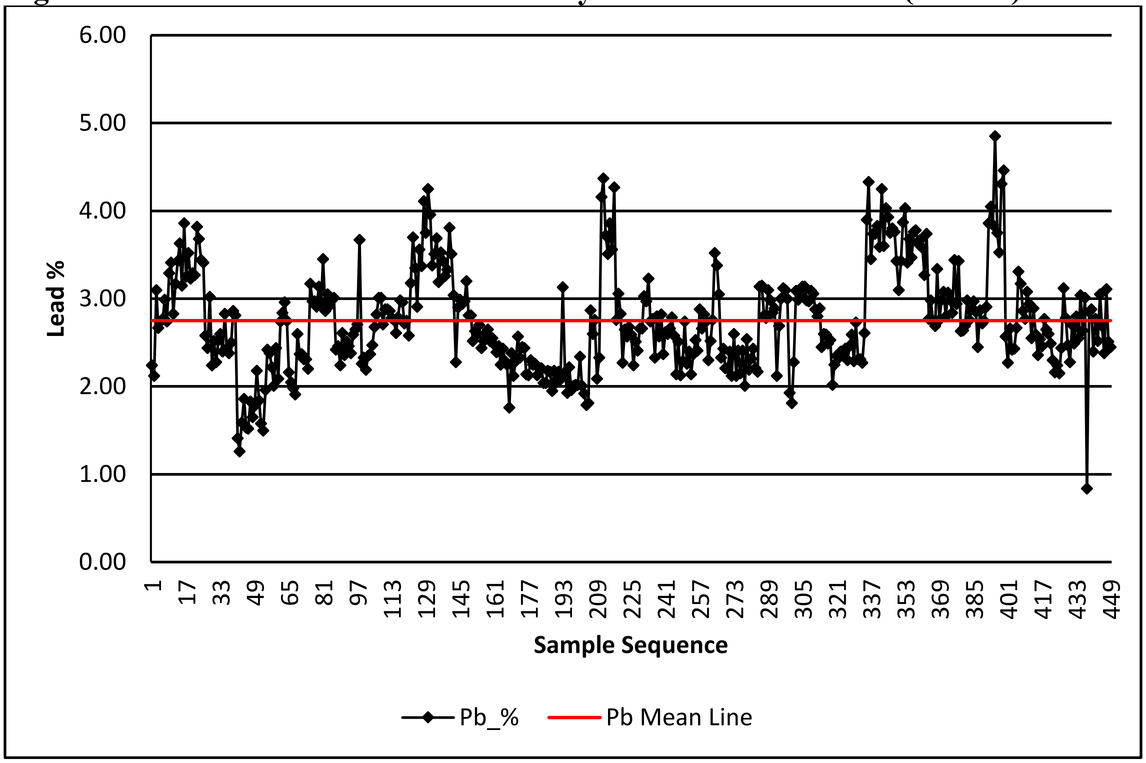


Figure 11.6: Field Standard FSPU01 Analytical Results For Lead (N= 449)



11.5.3 Apogee Certified Reference Material Programs January 2010 to July 2011

The following description of certified reference material program results is taken from Cullen and Webster (2012b) with minor local modification of text to match the current reporting context.

Apogee has used three certified reference standards since the Phase IV drilling program commenced in January of 2010. These are CDN-SE-1, obtained from CDN Resource Laboratories (CDN) of Burnaby, BC and PB128 and PB138, obtained from WCM Minerals Ltd. (WCM) of Burnaby, BC. CDN-SE-1 was used since the start of the Phase IV drill program, beginning with drill hole PUD141, and remained in use until cessation of drilling covered by this report in 2012. PB128 was used in pre-January 2010 programs, beginning with drill hole PUD061, and was replaced by PB138 at drill hole PUD207. Descriptions for all three certified standards and their certified mean values appear in Table 11.4.

In total, results for 178 certified reference samples submitted for analysis were reviewed for this project period. This includes all certified reference samples used during the Apogee Phase IV drilling program during the period plus those pertaining to Phase III drill holes PUD134 through PUD138 for which assay results had not been received at the time of the Micon PEA in 2010.

Table 11.4: Certified Reference Materials Data for January 2010 to October 2011 Period

	Certified Mean Value ± 2 Standard Deviations			
Reference Material	**Ag g/t**	**Pb %**	**Zn %**	**Number**
CDN-SE-1	712 ± 57	1.92 ± 0.09	2.65 ± 0.20	82
PB128	181 ± 16.41	4.43 ± 0.342	2.25 ± 0.18	91
PB138	199 ± 8.958	2.04 ± 0.149	2.08 ± 0.124	5

Reference samples were systematically inserted into the laboratory sample shipment sequence by Apogee staff that ensured that at least one standard was submitted for every 50 samples. Records of reference standard insertion were maintained as part of the core sampling and logging protocols.

The CDN-SE-1 standard was used exclusively during the Phase IV drill program initiated in January 2010 and continued in until cessation of drilling programs in 2012. In total, 82 samples of the material were analyzed during the drilling period covered in this report section, with samples submitted in association with drill holes PUD141 through PUD214. Returned silver values fall within a +15 g/t and -55 g/t range of the 95% confidence interval certified mean range and the average value of 698.75 g/t falls within the mean ±2 standard deviations control limits. One sample value falls below the control limits (Figure 11.7). A total of 12 lead values fall below the ±2 standard deviations control limits for that metal, with returned values within a +0.025% and -0.135% range of the certified mean. However, the average lead value of 1.87% falls within the control limits (Figure 11.8). Returned zinc values are more closely distributed around the certified value than those of silver and lead, with the average returned value of 2.65% being the same as the certified value. All values fall within +0.32% and -0.13% of the certified mean, with one result above the control limits (Figure 11.9).

The PB128 standard was used throughout the Phase III drill program, beginning in January, 2008 and continued through most of the Phase IV drill program. Use began with drill hole PUD061 and finished with drill hole PUD208. Results for a total of 91 samples collected since January, 2010 were reviewed for this report, with these corresponding to drill holes PUD134 to PUD208, exclusive of hole PUD207. All samples returned results for lead and zinc and 89 of the 91 samples returned results for silver. Silver values fall within a range of +13g/t and -8g/t of the certified mean value and the average value of 181.57 g/t very closely approximates the 181.0 8 g/t certified mean value (Figure 11.10). Lead values fall within +0.15% and -0.27% of the certified mean range and average 4.36%, all of which fall within mean ± 2 standard deviations control limits (Figure 11.11). One zinc value falls above the control limits but others fall within +0.20% and -0.09% of the certified mean range. The average returned value of 2.29% falls within the mean ± 2 standard deviations control limits (Figure 11.12).

Figure 11.7: Certified Standard CDN-SE-1 Results – Ag g/t (N=82)

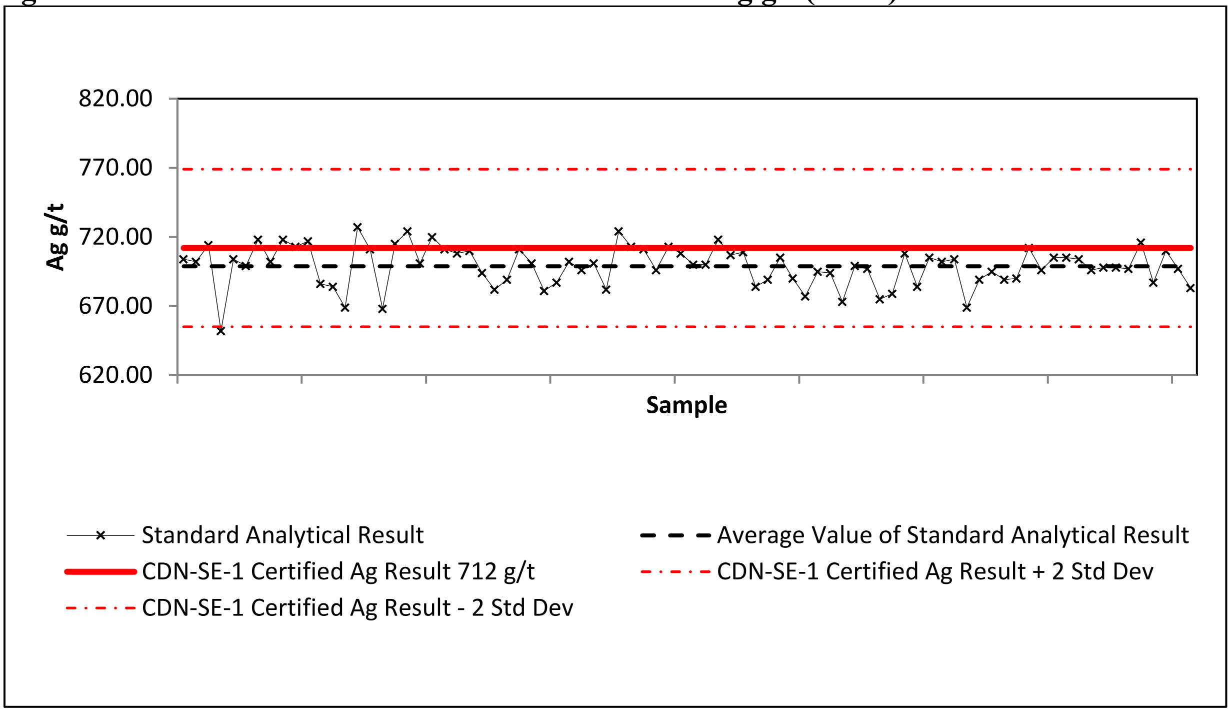


Figure 11.8: Certified Standard CDN-SE-1 Results-Pb% (N=82)

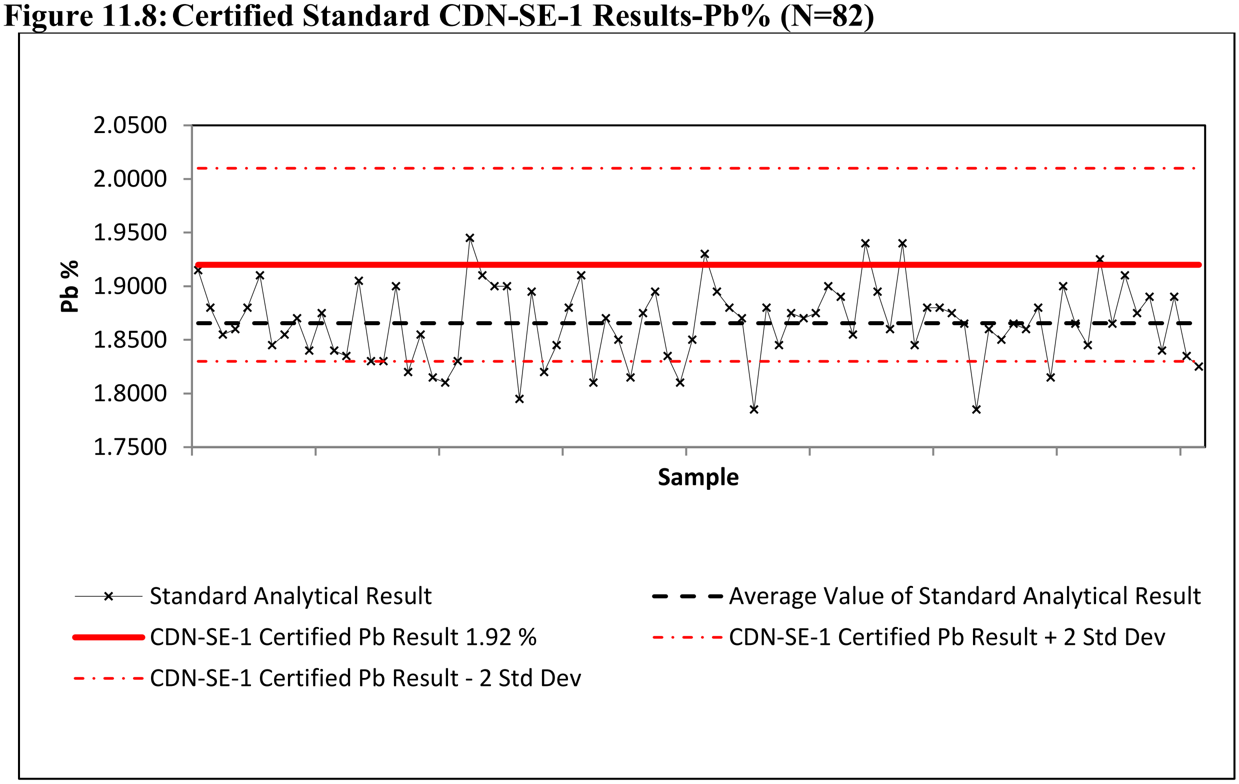


Figure 11.9: Certified Standard CDN-SE-1 Results – Zn % (N=82)

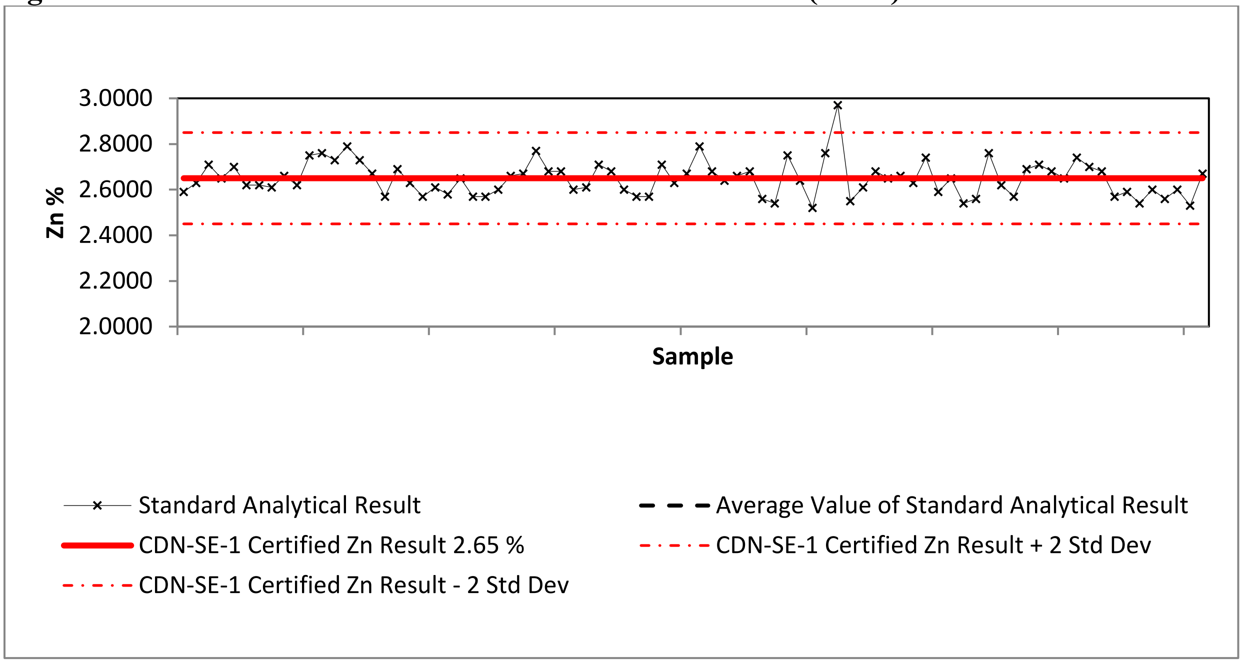


Figure 11.10: Certified Standard PB128 Results – Ag g/t (N=89)

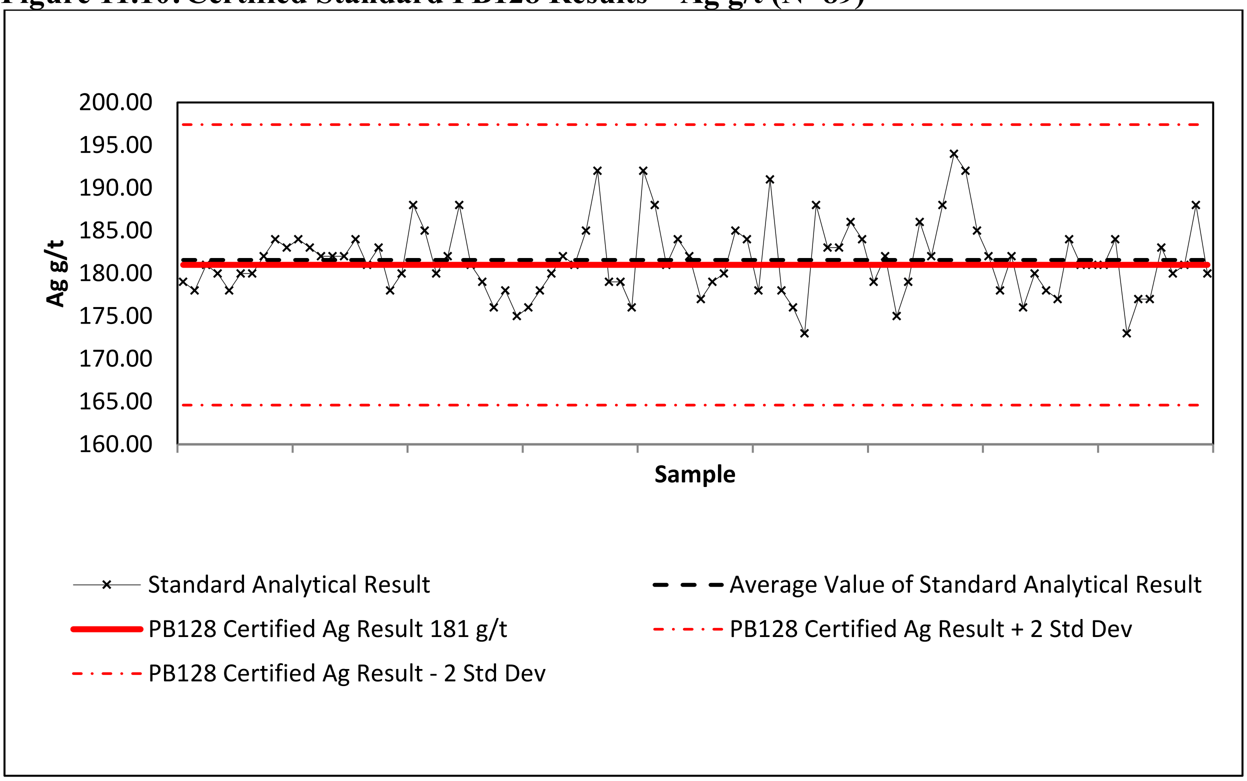


Figure 11.11: Certified Standard PB128 Results – Pb % (N=91)

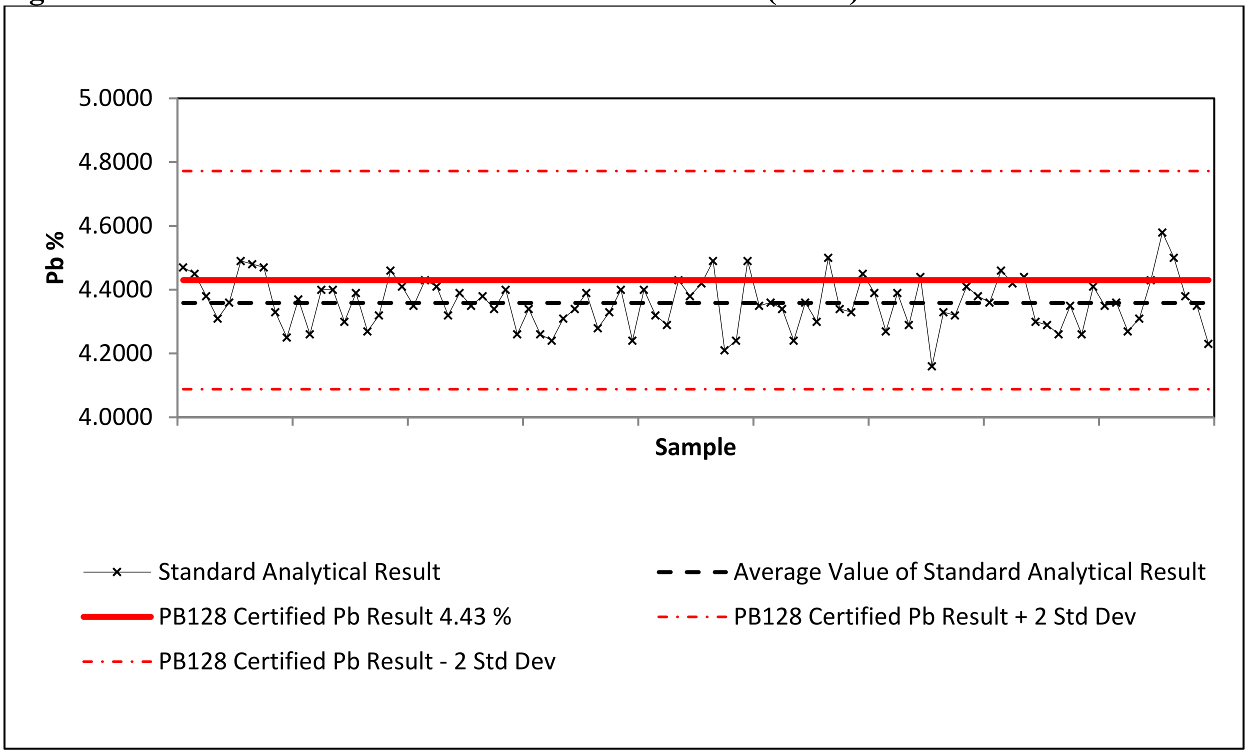
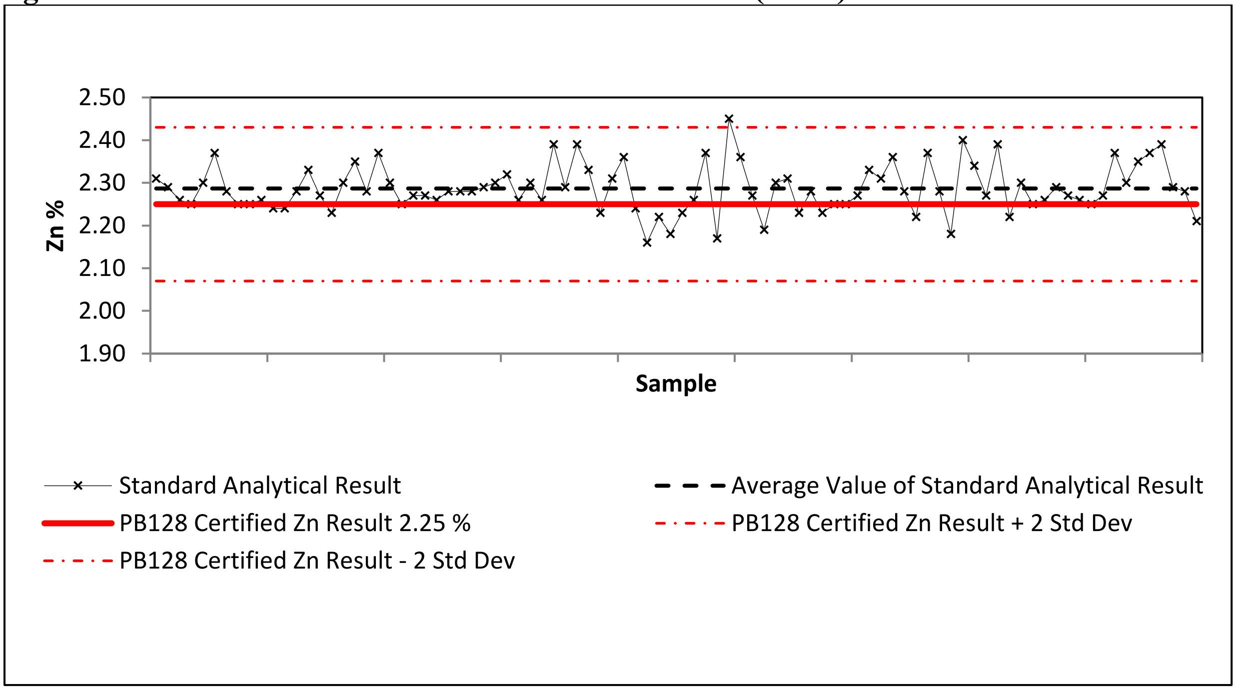


Figure 11.12: Certified Standard PB128 Results – Zn% (N=91)



The PB138 certified reference material was introduced during the Phase IV drill program to replace PB128 and a total of 5 samples of the material were analyzed in association with drill holes PUD207, PUD210, PUD211A, and PUD214. Silver values returned fell within -9 g/t of the certified mean value range and average 194.20 g/t, all of which fall within mean ± 2 standard deviations control limits (Figure 11.13). The average lead value of 1.91% falls within mean ± 2 standard deviations control limits, with all but one value falling within -0.25% of the certified mean range. One value occurs below the lower control limit (Figure 11.14). Zinc results fall within +0.11% and -0.20% of the certified mean value with 2 falling below mean ± 2 standard deviations control limits. The mean value of 2.00% falls within control limits (Figure 11.15).

Based on results presented above, it is apparent that a low bias exists in silver and lead results for CDN-SE-1. This is most pronounced in the lead data set where 15% of samples returned values below mean ± 2 standard deviations control limits. In contrast, zinc results for CDN-SE-1 closely track the certified mean value. A low bias may also be present for silver, lead and zinc in the PB138 data set, but the limited number of samples (5) prevents further comment. PB128 results for all three metals typically fall within mean ± 2 standard deviation project control limits.

July 2011 to January 2012 Programs

The oxide zone diamond drilling program was carried out between September 2011 and December 2011 and some oxide zone re-sampling of earlier holes was carried out in January of 2012. Certified reference material insertion protocols for this period were the same as those described above for the earlier Apogee program. The CDN SE-1 and PB138 reference materials were used during this period and results for both typically fall within the mean ± 2 standard deviations control limits for the project. Slight low bias within the control limits is notable for Pb in CDN-SE-1 and PB138 results show similar slight low bias within control limits for all three metals. Results for the two reference materials are interpreted as indicating an acceptable degree of accuracy in the associated data set. Figures 11.16 to 11.21 present certified reference material Ag, Pb and Zn results for this program.

Figure 11.13: Certified Standard PB138 Results - Ag g/t (N=5)

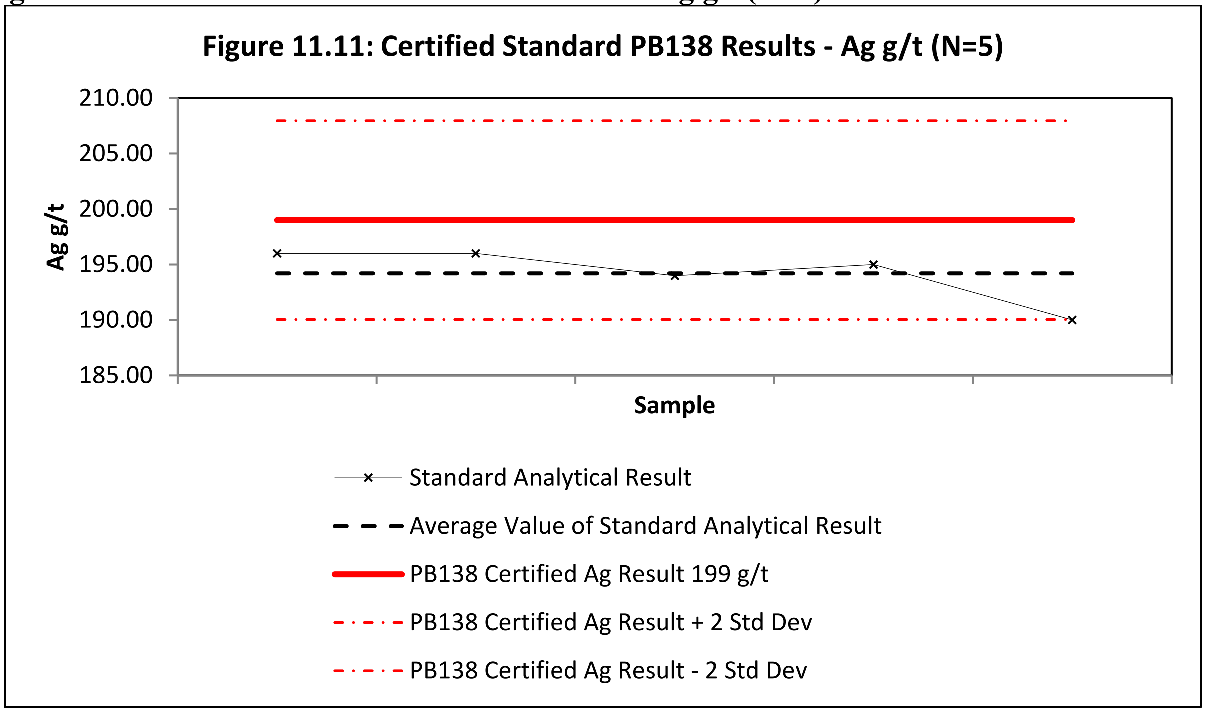


Figure 11.14: Certified Standard PB138 Results - Pb % (N=5)

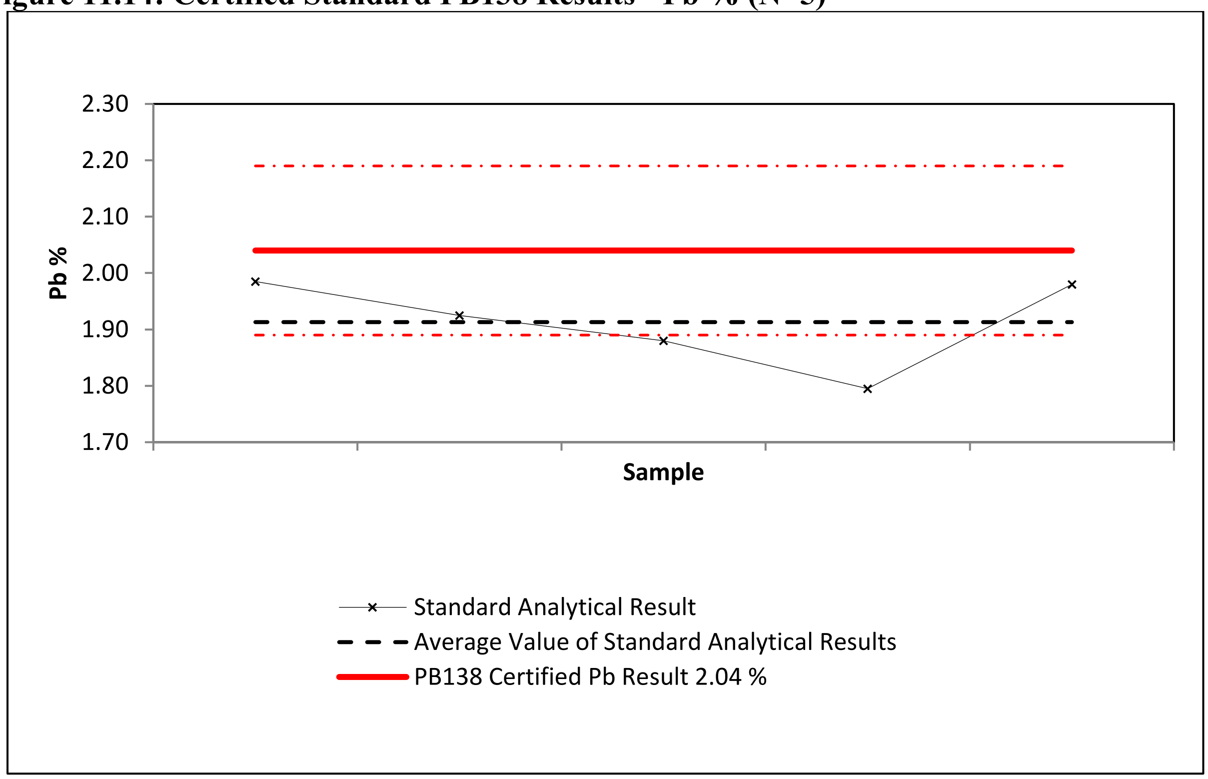


Figure 11.15: Certified Standard PB138 Results - Zn % (N=5)

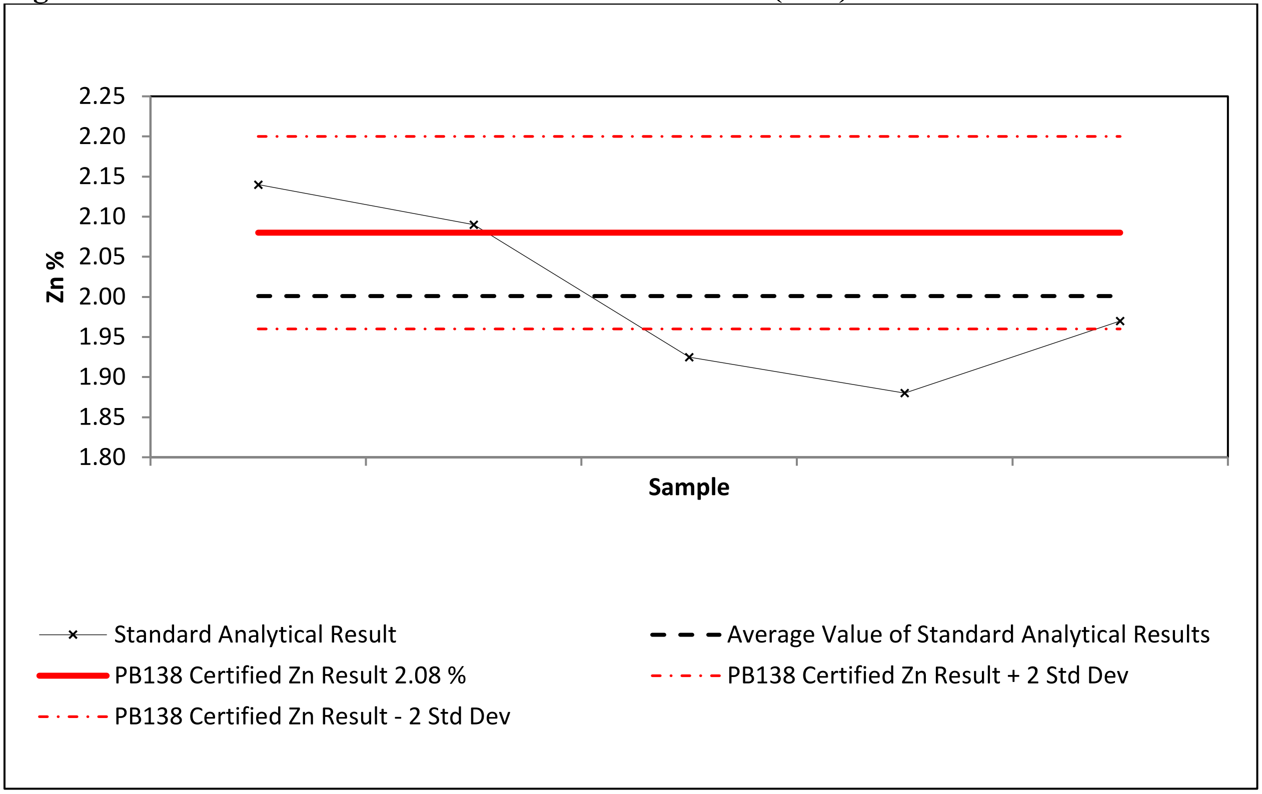


Figure 11.16: Certified Standard CDN-SE-1 Results - Ag g/t (N=25)

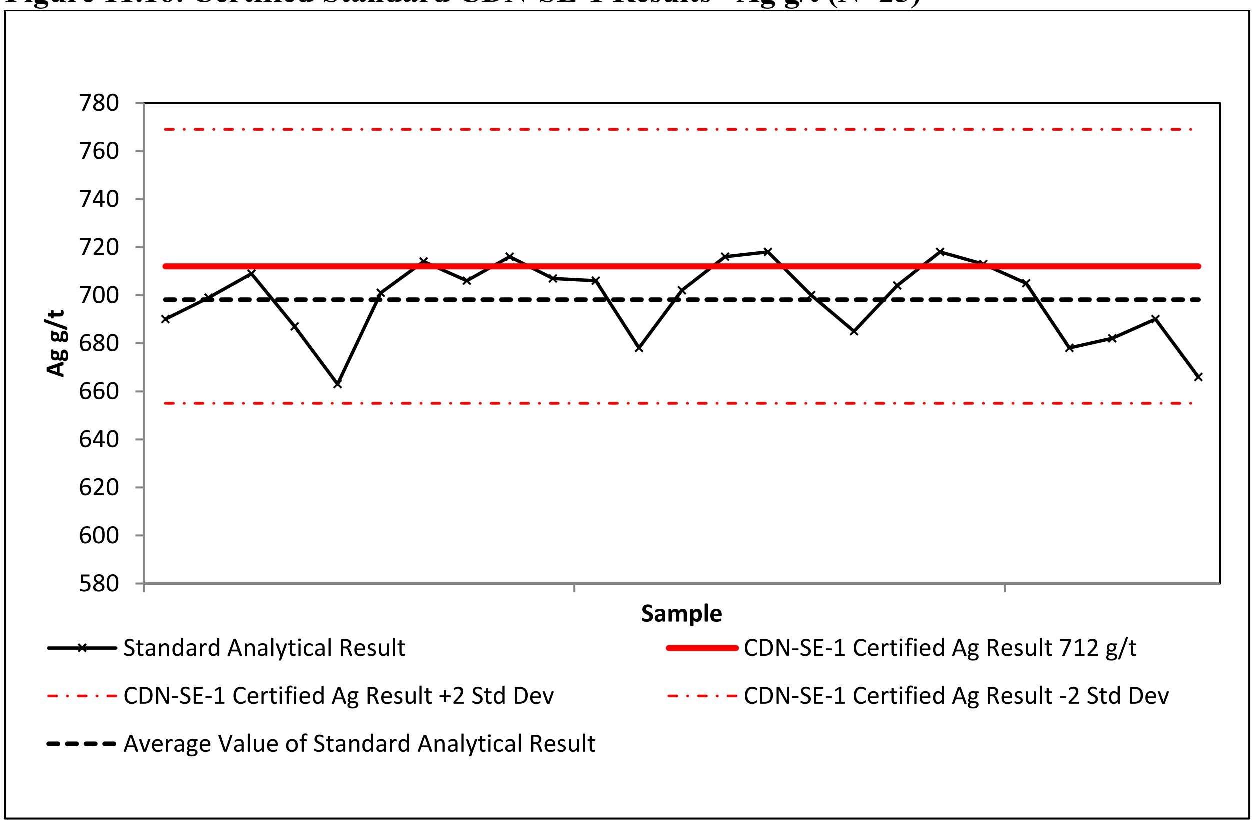


Figure 11.17: Certified Standard CDN-SE-1 Results - Pb % (N=25)

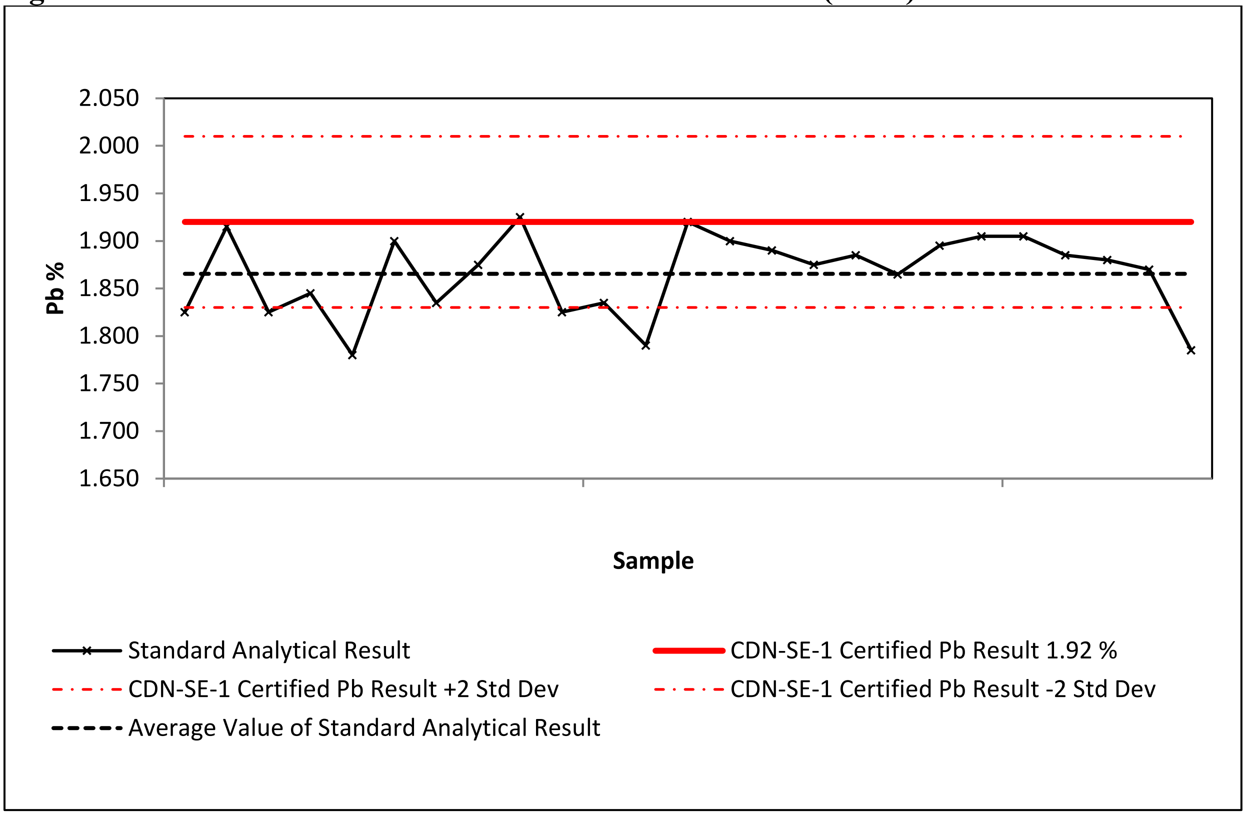


Figure 11.18: Certified Standard CDN-SE-1 Results - Zn % (N=25)

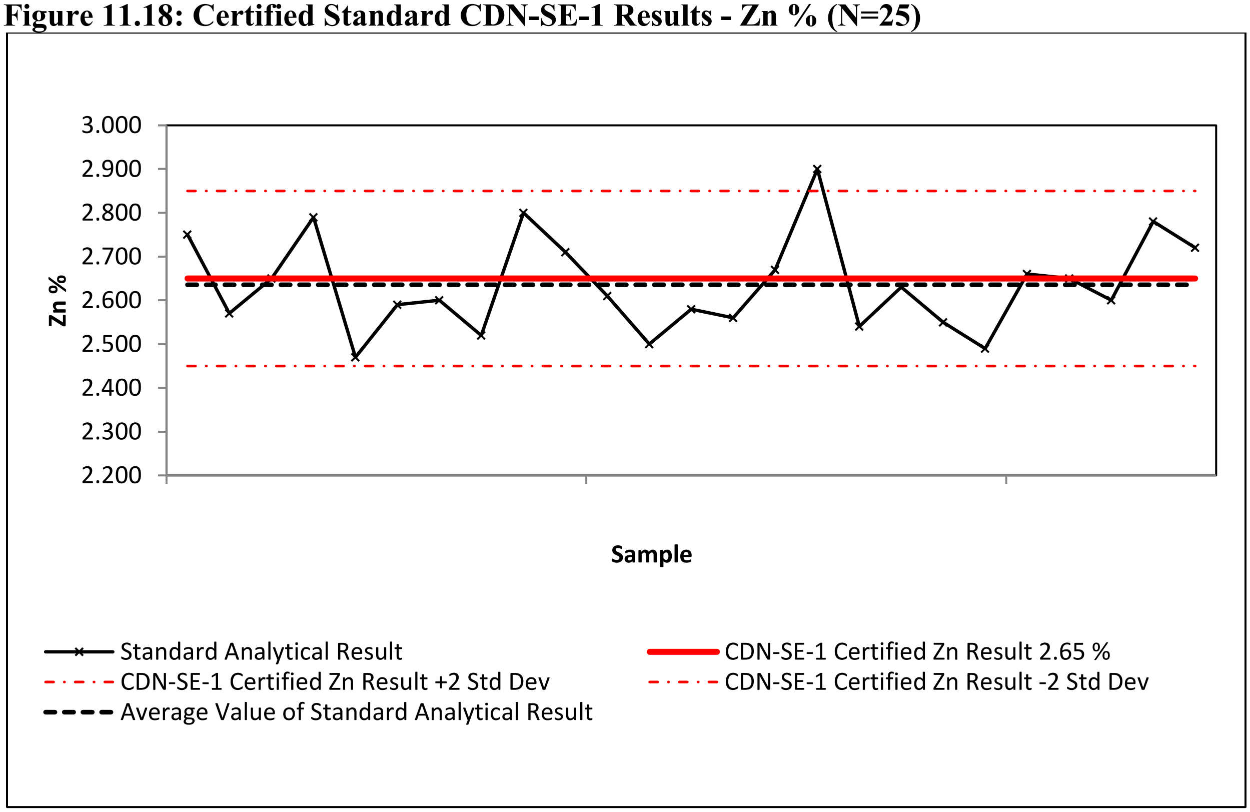


Figure 11.19: Certified Standard PB138 Results - Ag g/t (N=54)

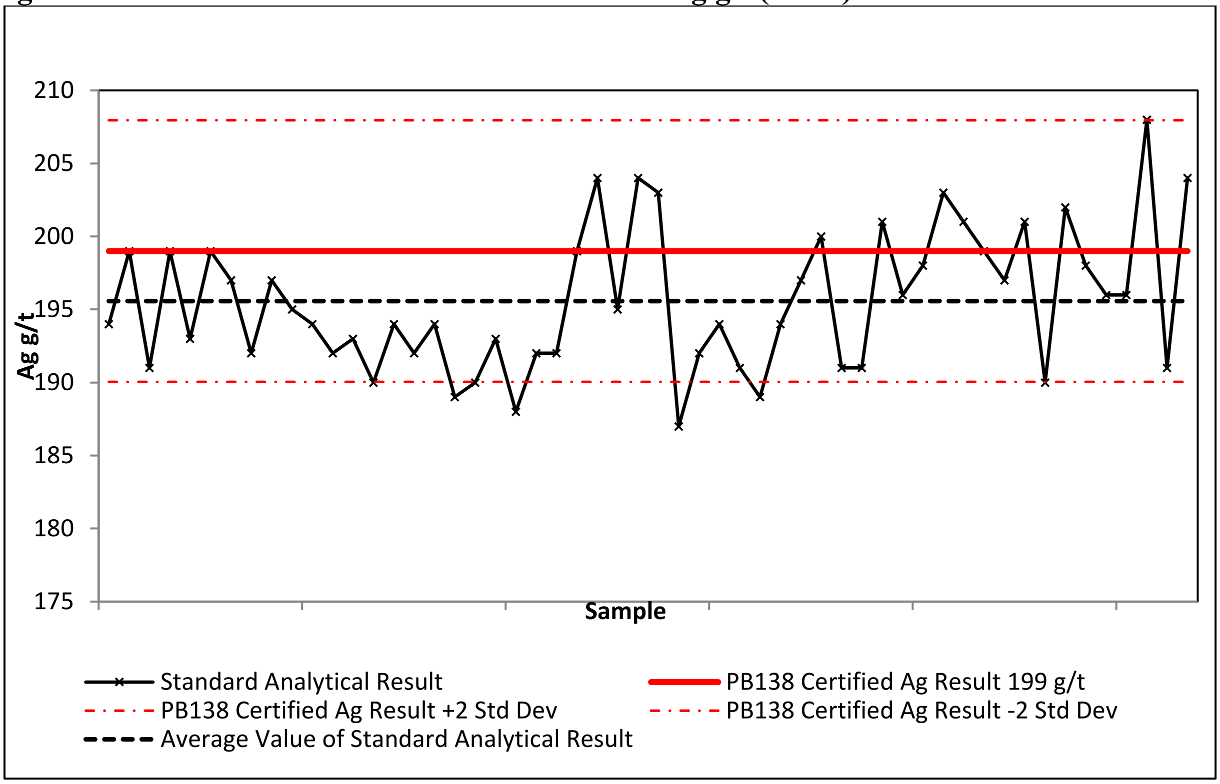


Figure 11.20: Certified Standard PB138 Results - Pb % (N=5)

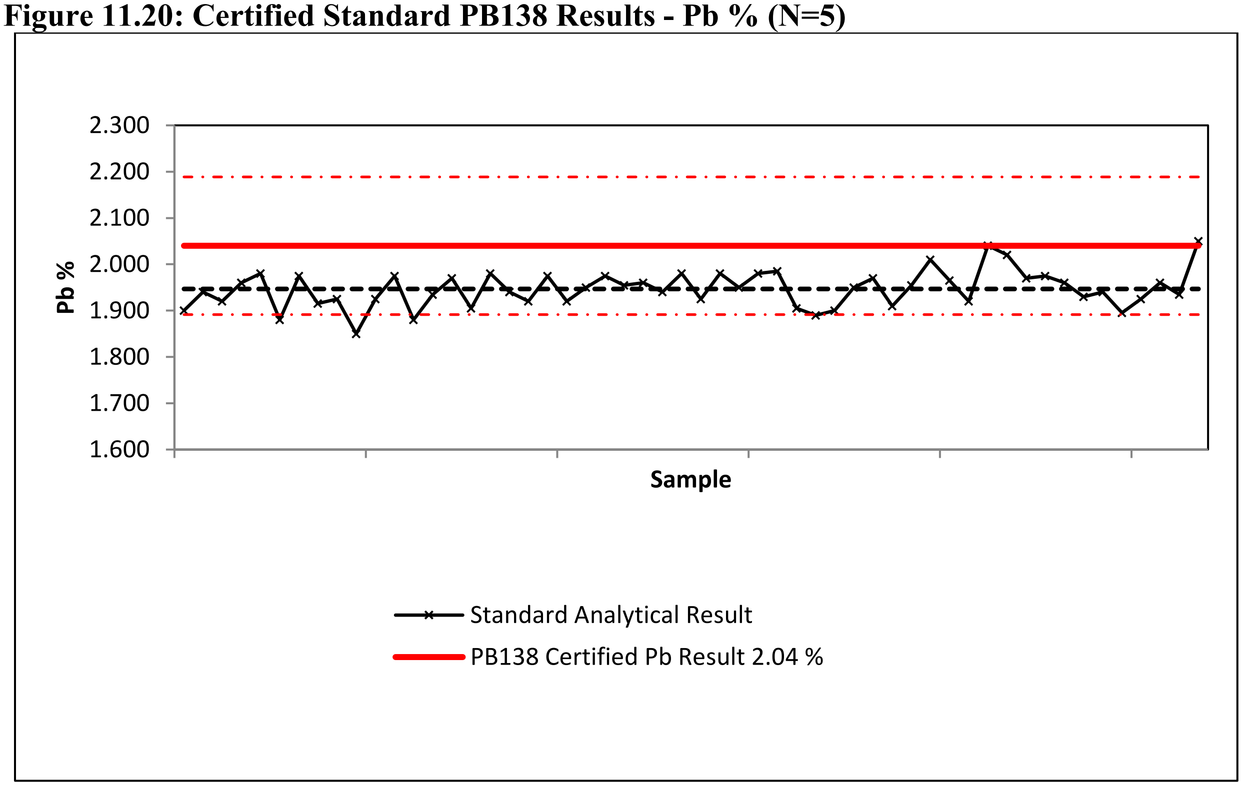
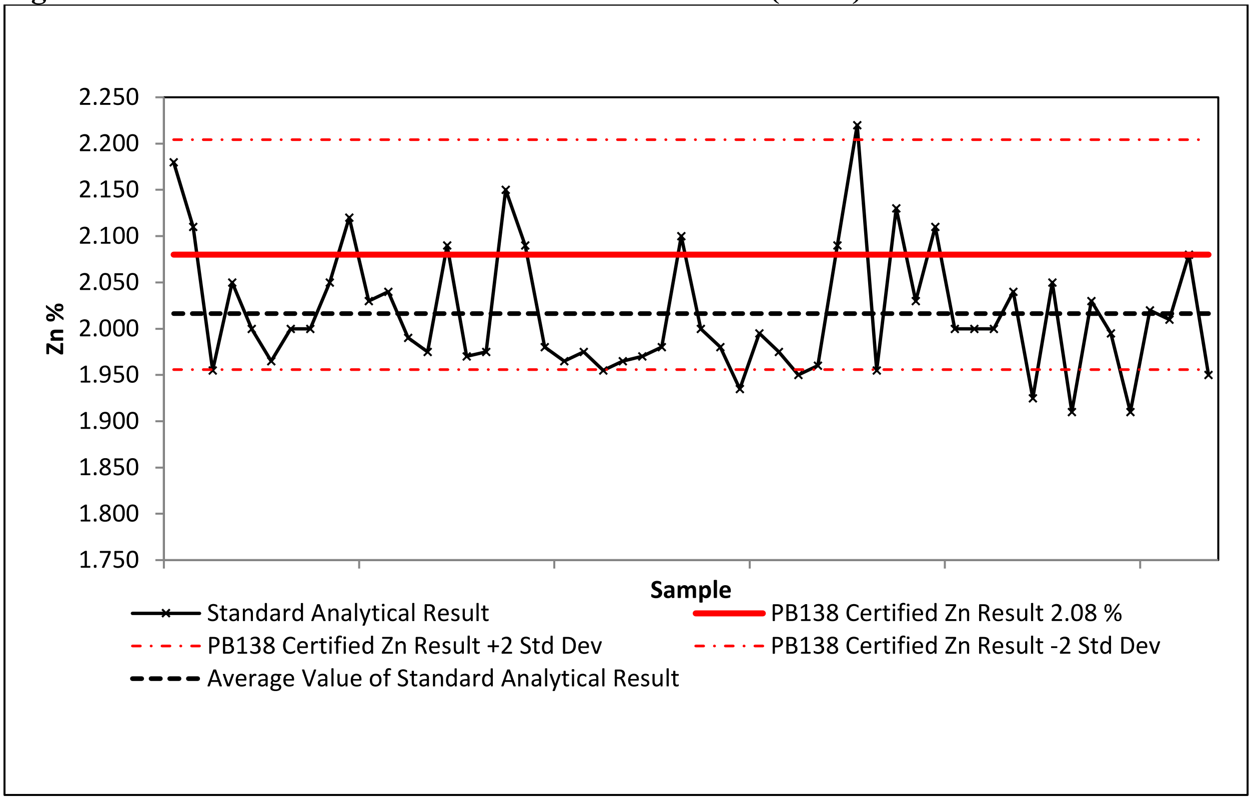


Figure 11.21: Certified Standard PB138 Results - Zn % (N=54)



Mercator Comment on Certified Reference Material Programs

Mercator is of the opinion that ASC and Apogee certified reference material programs were sufficient and appropriate for a project of this size. Notwithstanding the low bias trends noted above, Mercator considers combined data of all certified reference material programs by Apogee to be sufficiently consistent to support use of associated datasets for current resource estimation purposes. However, it is recommended that low bias trends for the associated reference materials be investigated further.

11.5.4 Blank Sample Programs

Program Description and Results

Blank samples were systematically inserted into the laboratory sample stream by Apogee staff during the 2006 Paca drilling programs as well as in the Pulacayo drilling programs that were carried out in the same year. It is assumed that the same quartzite material used at Pulacayo was also used for the Paca program, but this was not confirmed by Mercator. A total of 535 blank samples were analysed for 12,427 normal core samples and this reflects an average insertion rate between 1 in 20 and 1 in 25.

Average blank values of 0.76 g/t for silver, 0.006% for zinc and 0.005% for lead apply to this program and Figures 11.22, 11.23 and 11.24 present respective chronologically sequenced data. Descriptive statistics and rank/percentile distribution analysis were completed for each blank metal of the blank sample data set. These showed that all but one sample returned a silver value less than or equal to 20.94 g/t, with 99.8% of silver values being less than or equal to 10 g/t. Zinc results show that 99.8% of samples returned values less than or equal to 0.64% and that only one sample with a value of 0.38% exceeded this threshold. Lead results are similar, with 99.8% of samples having values less than or equal to 0.03% and only one value above this level at 0.13%. Notably, maximum lead and zinc values assign to the same sample abut do not correlate with the maximum silver value.

The oxide zone diamond drilling program was carried out between September 2011 and December 2011 and some oxide zone re-sampling of earlier holes was carried out in January of 2012. The blank sample insertion protocol for this period was the same as described above for the earlier programs. These results are interpreted as indicating that no problematic level of sample material cross-contamination exists within the associated dataset.

Figure 11.22: Blank Sample Results for Silver (N= 535)

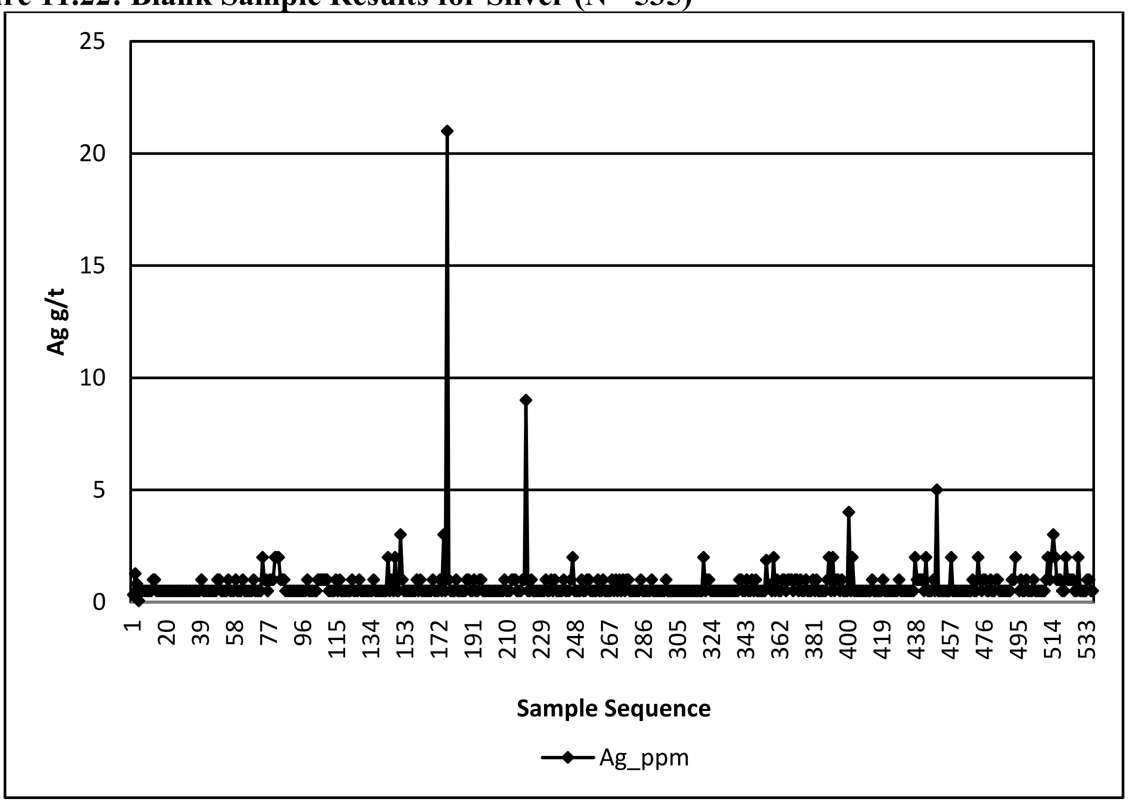


Figure 11.23: Blank Sample Results for Zinc (N= 535)

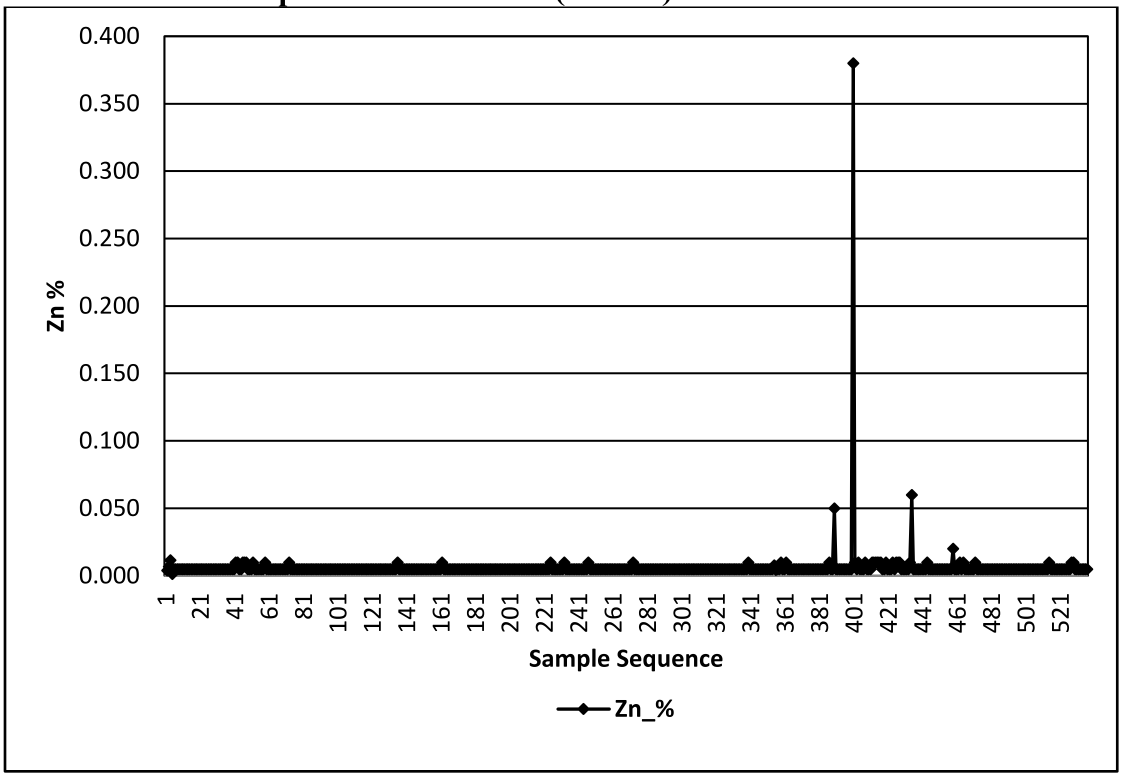
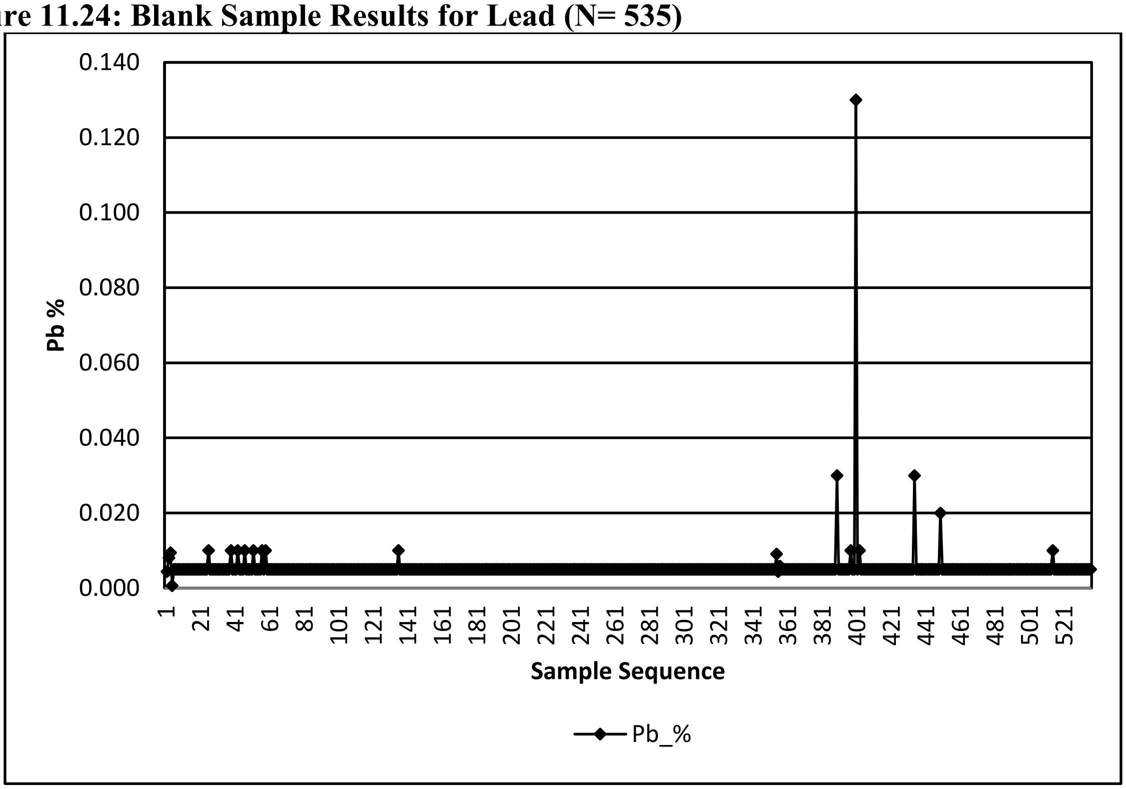


Figure 11.24: Blank Sample Results for Lead (N= 535)



Mercator Comment on Blank Sample Programs

Results of the blank sample program show consistently low variability levels and much of that seen may reflect sample collection and preparation stage influences that cannot be fully evaluated. Mercator recognizes that use of field materials as blank samples without proper preparation and analytical testing was not an optimum approach for this aspect of a QAQC program. However, data have been interpreted as showing that no significant or systematic cross-contamination effects are present in the Paca data set.

11.5.5 Core Duplicate Split Program

In addition to scheduled analysis of duplicate splits of core sample pulps by the laboratories, Apogee carried out a program of quarter core sampling to check on sample variability and lab consistency during this report period. A total of 919 duplicate ¼ core samples were processed for the Paca 2006 drilling project and this represents an average insertion rate of approximately one in fourteen. The protocol referenced by Pressacco and Gowans (2007) for this program was based on a one in fifteen insertion rate. Silver results are presented in Figure 11.25 and those for zinc and lead appear in Figures 11.26 and 11.27 respectively.

Figure 11.25: Duplicate ¼ Core Sample Results for Silver (N= 919)

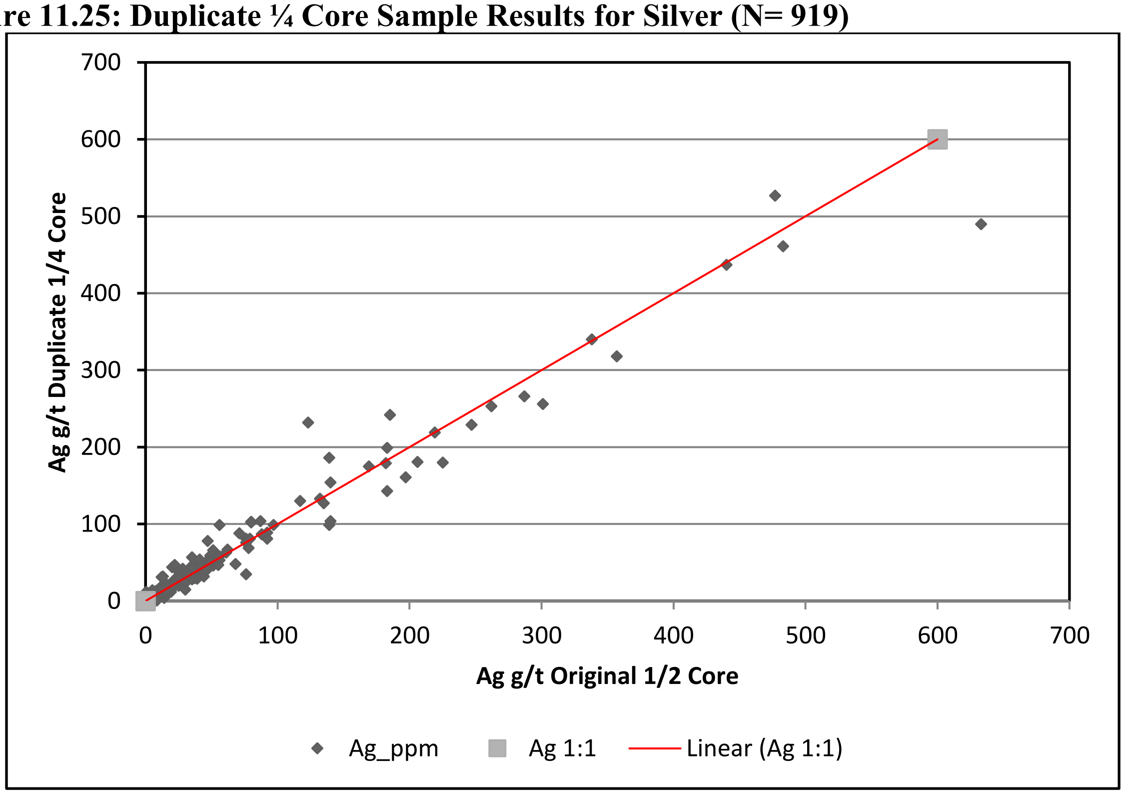


Figure 11.26: Duplicate ¼ Core Sample Results for Zinc (N= 919)

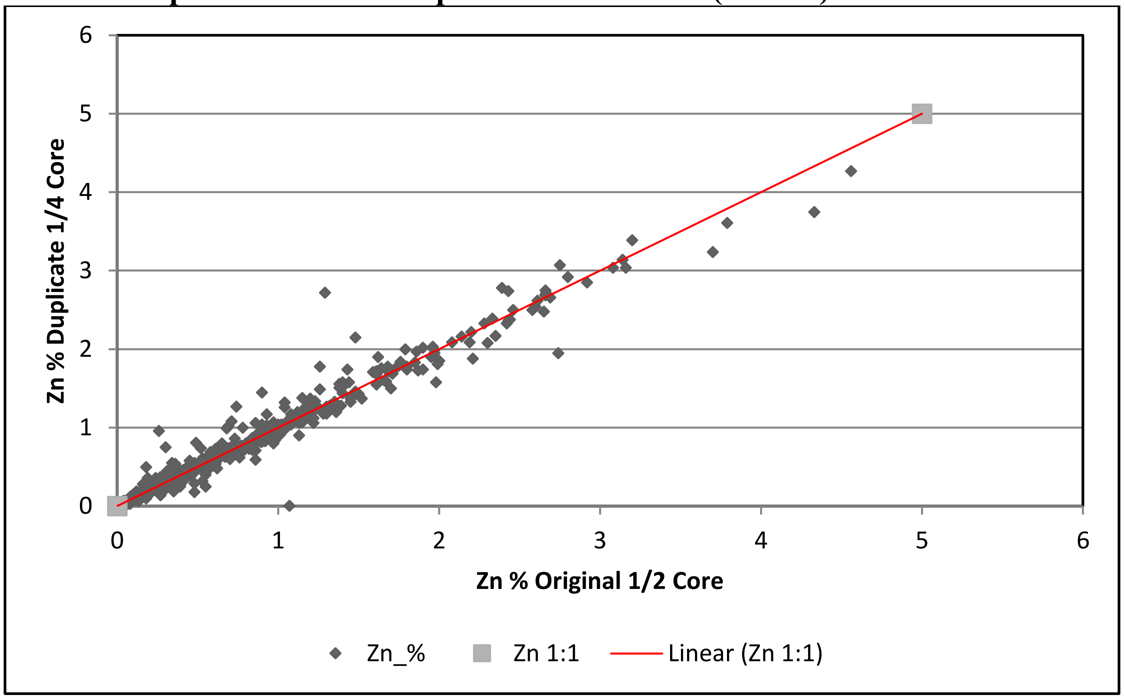
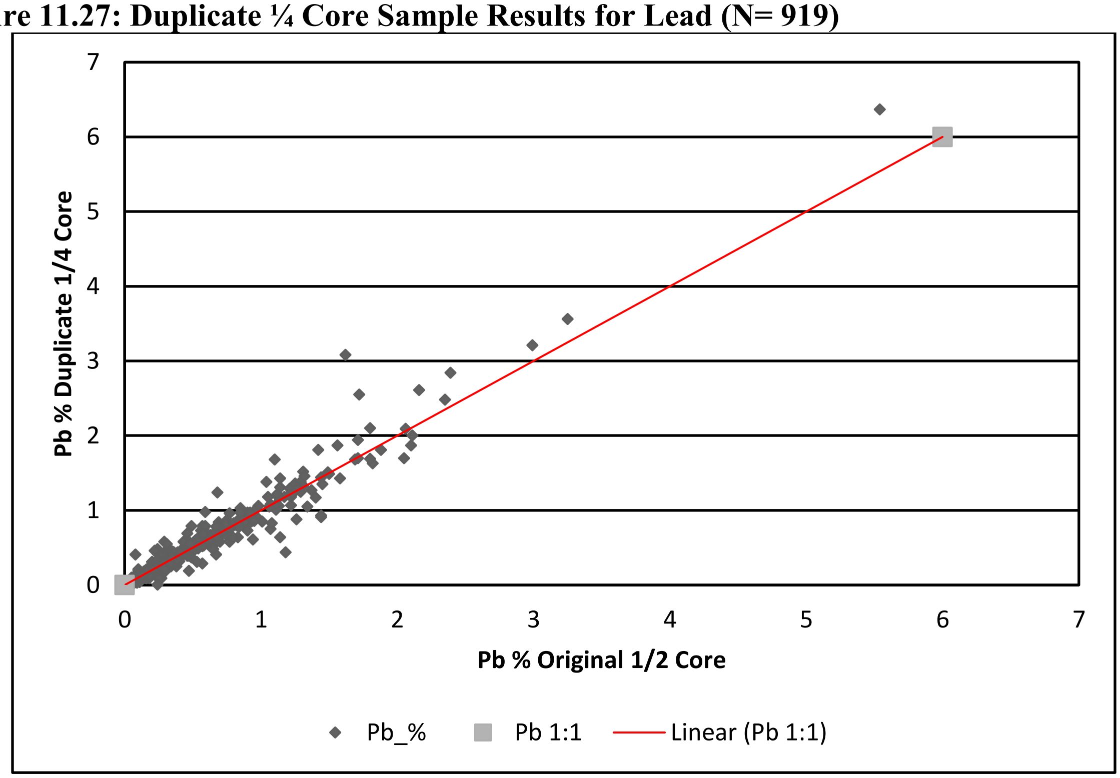


Figure 11.27: Duplicate ¼ Core Sample Results for Lead (N= 919)



The ¼ core duplicate silver, zinc and lead data sets have correlation coefficients of 0.98, 0.99 and 0.97, respectively. Distributions in all cases group along their 1:1 correlation lines.

During 2010 to 2012 Apogee carried out a program of quarter core and half core sampling to check on sample variability and lab consistency during this report period. A total of 149 duplicate samples were processed by ALS in Lima, Peru, during the period, including 107 quarter core samples associated with drill holes PUD134 through PUD211A and 42 half core samples associated with drill holes PUD176 through PUD214.

Mercator Comment on Core Duplicate Split Programs

Mercator is of the opinion that the Apogee ¼ core duplicate split program results show acceptable and systematic correlation between core sample pairs. This reflects various contributing factors, including core-scale heterogeneity of metal distribution and both preparation and analytical stage errors.

11.5.6 Pulp Split and Reject Duplicate Split Check Sample Programs

January 2010 to July 2011 Program

Apogee incorporated collection of third party check samples through all drill programs, including the Phase IV exploration program initiated in January 2010, with prepared pulp splits and rejects selected from various holes for this purpose. In total, results from 442 data pairs were reviewed for this period and are presented in Figures 11.28, 11.29, and 11.30 for Ag, Pb and Zn respectively. A high degree of correlation exists between sample pairs for all three metals and all show 0.999 correlation coefficients, with strong grouping along the 1:1 correlation trend. Analytical results included in the check sample program were determined at the ALS facility in La Serena, Chile and original project results were from the ALS facility in Lima, Peru. Since January of 2010, and starting at PUD 140, all second laboratory cross check analysis were carried out at SGS in Lima Peru.

July 2011 to January 2012 Program

The oxide zone diamond drilling program carried out between September 2011 and December 2011 and the oxide zone core re-sampling program carried out in January of 2012 included analysis of 524 check samples under the same protocols described above for the immediately preceding Apogee program. Figures 11.31, 11.32 and 11.33 present silver, lead and zinc results, respectively. As in the earlier program, a high degree of correlation exists between sample pairs for all three metals, these being 0.99 in each case, and distribution group closely along the 1:1 correlation trend.

Figure 11.28: Pulp Splits and Reject Duplicate Samples – Ag g/t (N=442)

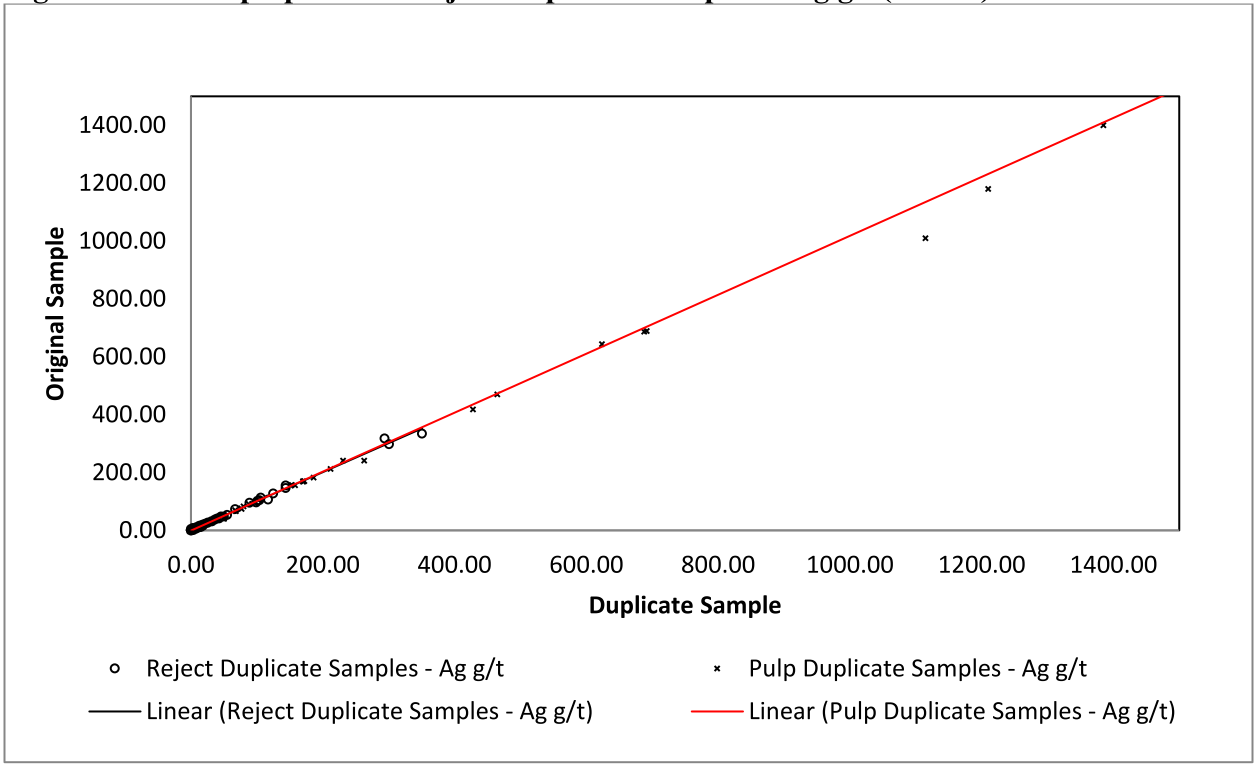


Figure 11.29: Pulp Splits and Reject Duplicate Samples - Pb % (N=442)

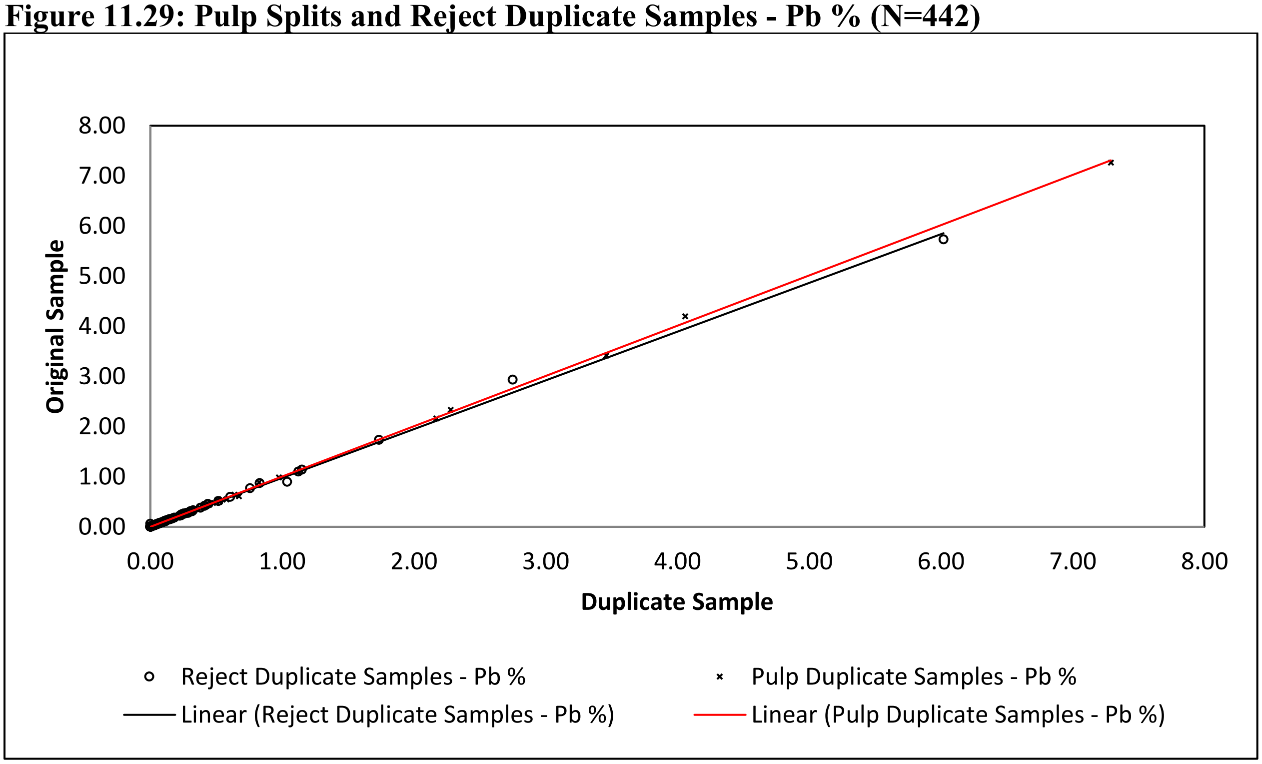


Figure 11.30: Pulp Splits and Reject Duplicate Samples – Zn % (N=442)

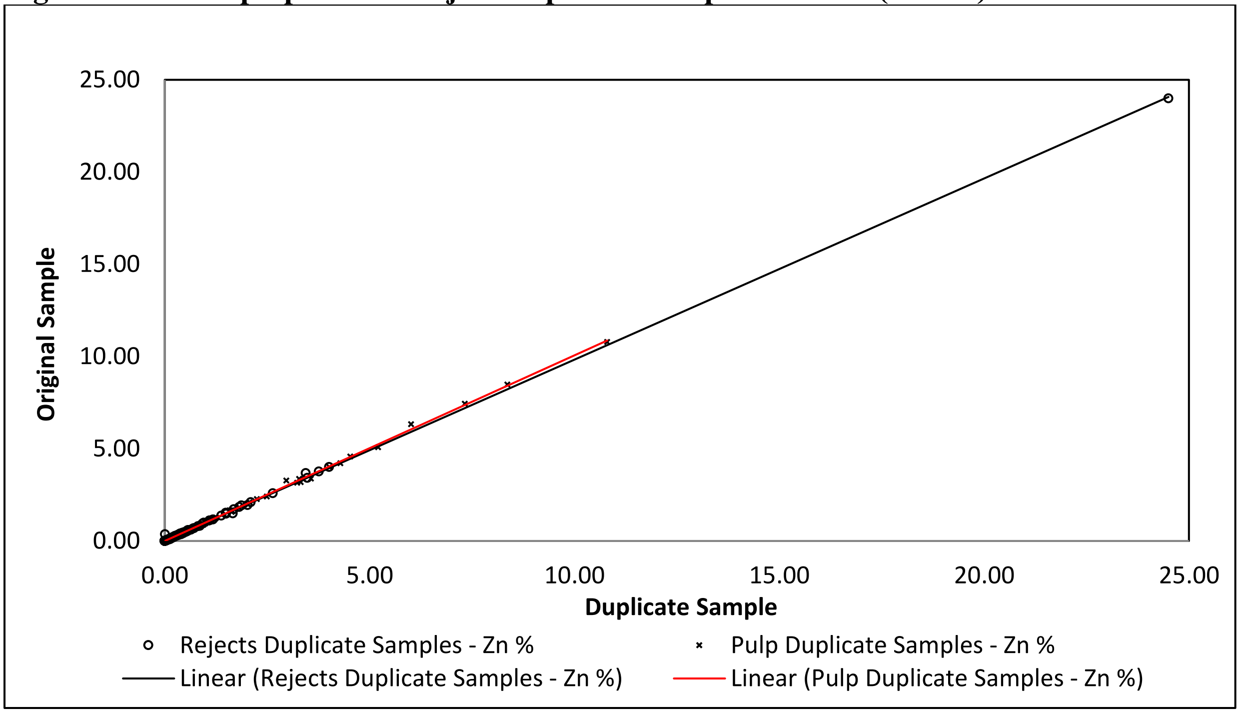


Figure 11.31: Pulp Splits and Reject Duplicate Samples – Ag g/t (N=523))

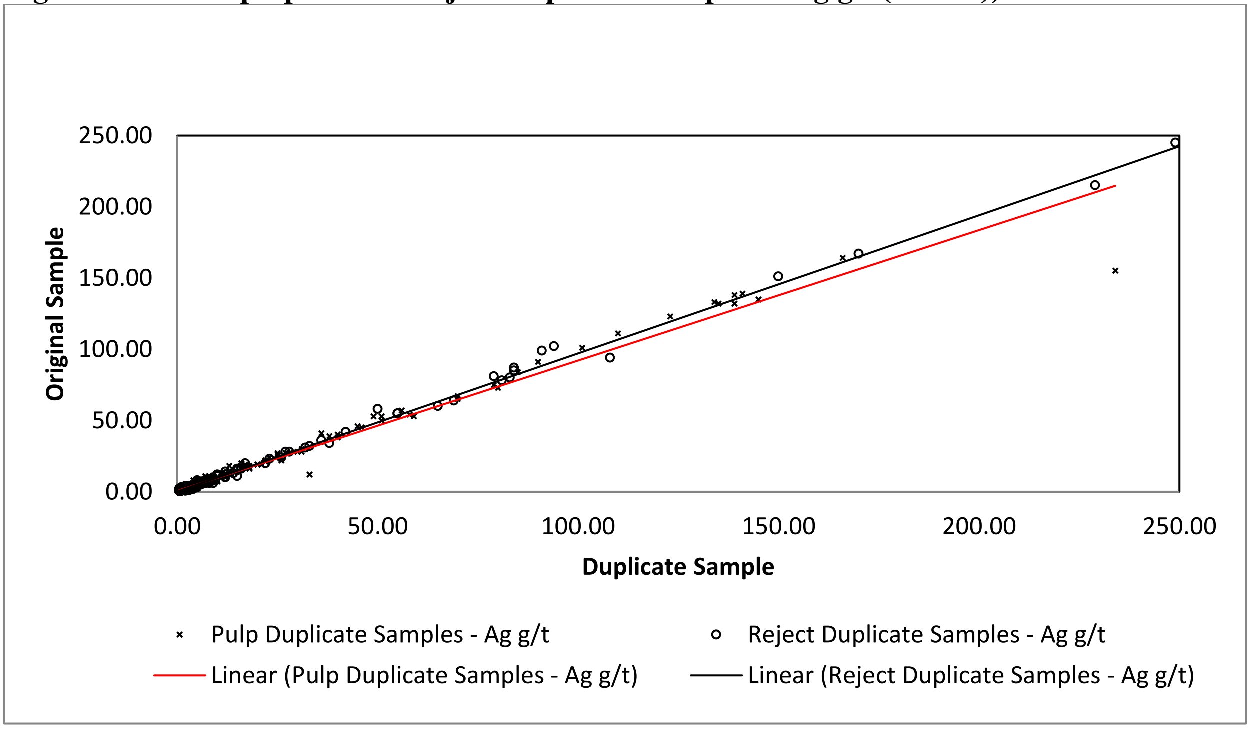


Figure 11.32: Pulp Splits and Reject Duplicate Samples – Pb % (N=523)

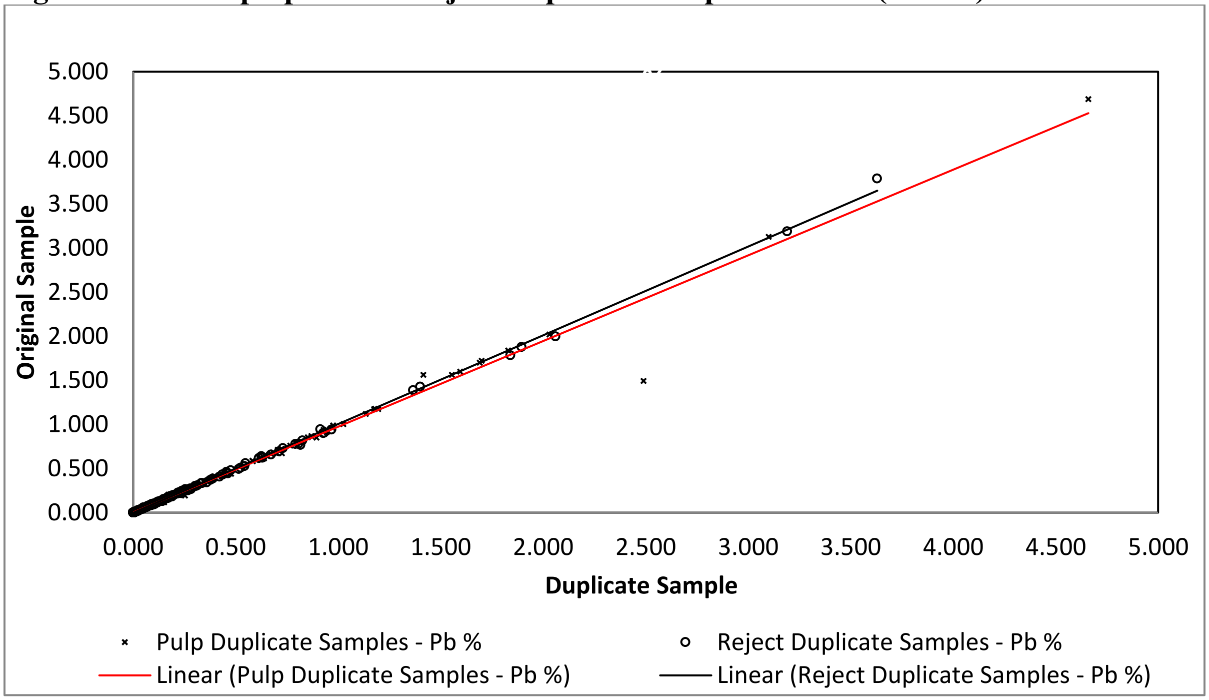
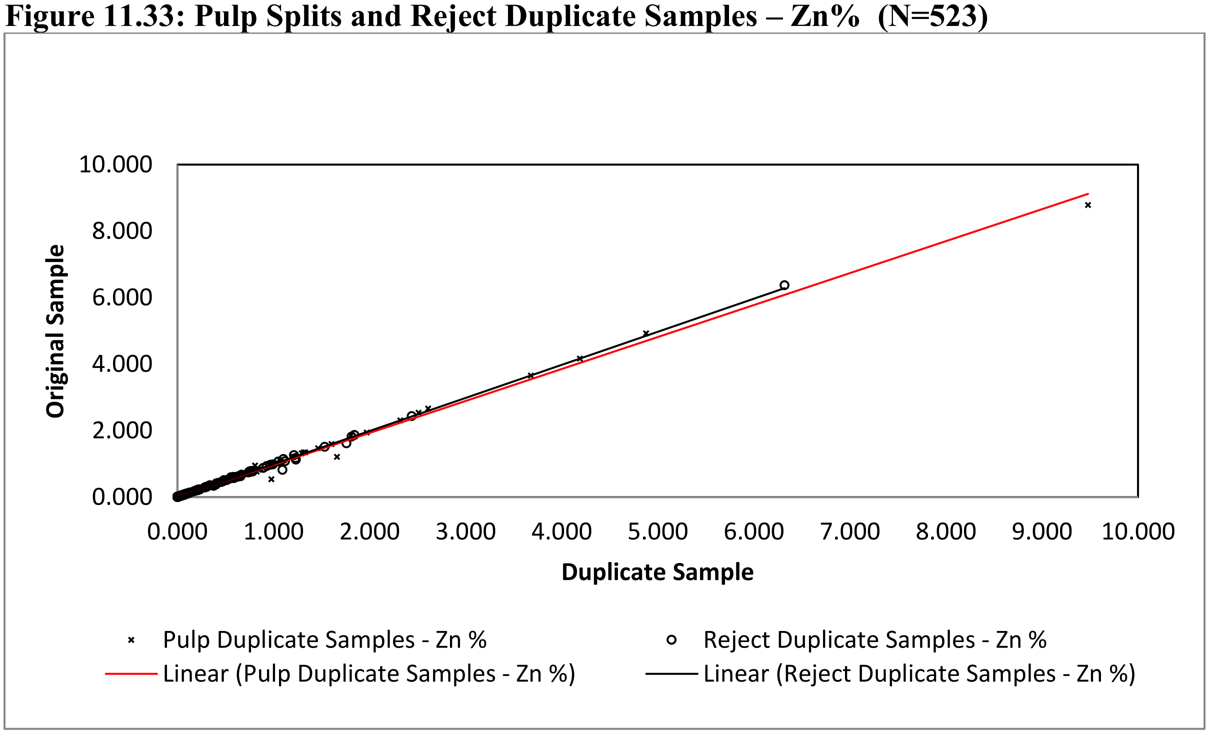


Figure 11.33: Pulp Splits and Reject Duplicate Samples – Zn% (N=523)



Mercator Comment on Pulp Split and Reject Duplicate Split Check Sample Programs

Mercator is of the opinion that the Apogee pulp split and reject duplicate split check sample programs were sufficient and appropriate for a project of this size. Results are deemed acceptable and show that no systematic or problematic trends of inter-lab bias exist within the group of sample pairs analysed.

11.5.7 Apogee Drill Hole Twinning Program

Apogee twinned two ASC core holes for purposes of check sampling and lithologic comparison. Hole PND031 was drilled as a twin for PND008 and PND 032 was drilled as twin for PND003.

Mercator could not assess original ASC lithologic logs because copies of these are not currently available. However, database lithologic entries for the original holes are assumed to have been assigned from the original logs and these lithocodes were compared with those generated for the Apogee twin holes. In both cases, reasonable agreement is present between the two lithologic records and this suggests that an element of lithologic logging consistency is present between the ASC and Apogee datasets. Assay results for twinned hole pairs were also reviewed by Mercator and in both cases. Metal values in PND003 and PND032 show reasonable spatial and magnitude correlation, while those in PND008 and PND031 show reasonable spatial correlation with generally lower metal levels being present for PND031 relative to PND008. In both cases, results define spatially correlatable higher grade portions of respective drill holes. Comparative analytical results for silver are presented in Figures 11.34 and 11.35 and illustrate the hole to hole correlation points noted. An explanation for lower silver levels in PND031 samples is not apparent in project reporting reviewed by Mercator.

Figure 11.34: Silver Comparison for Twin Drill Holes PND003 and PND032

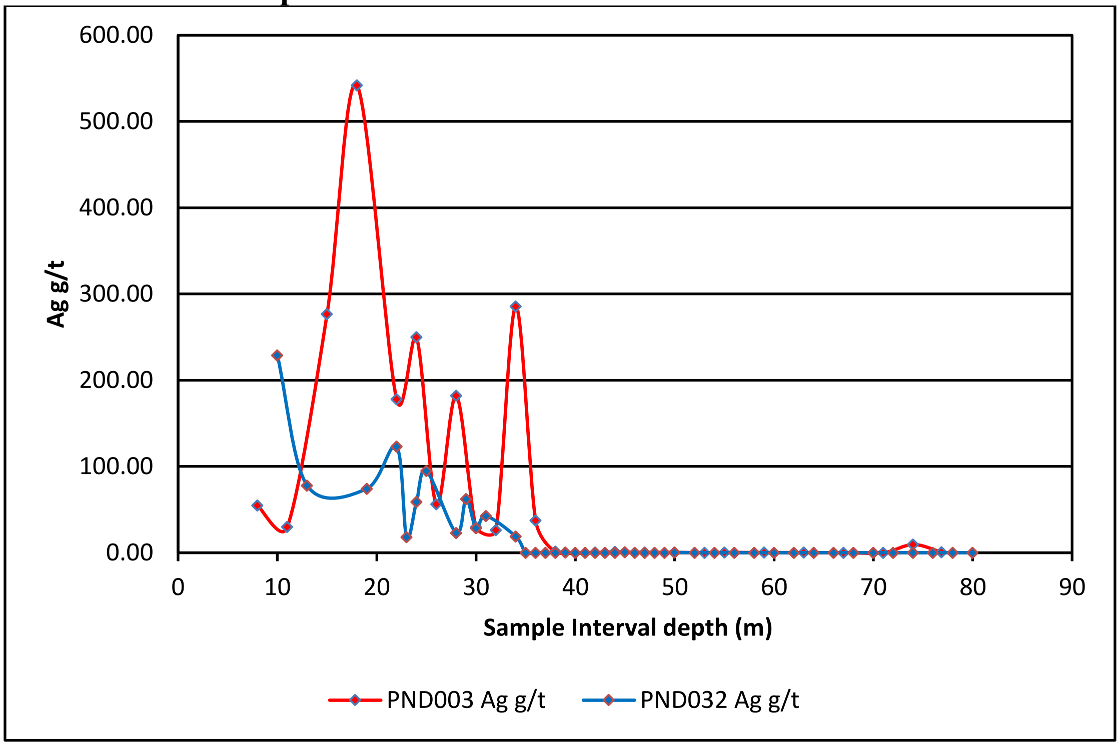
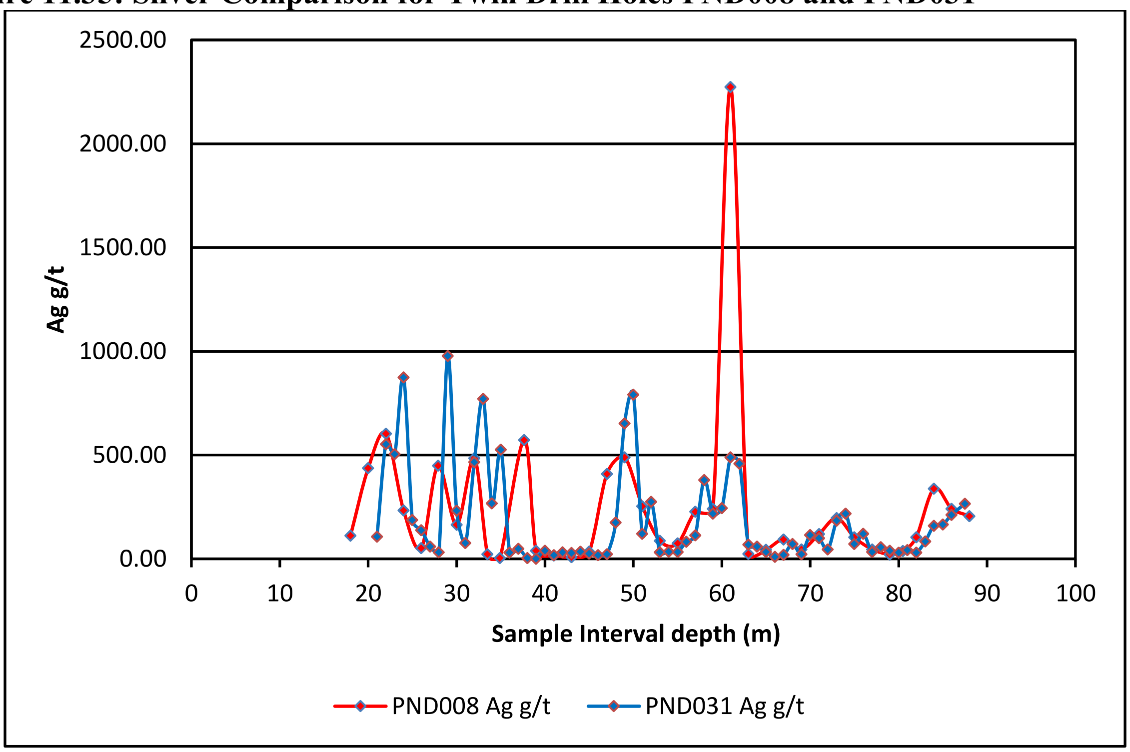


Figure 11.35: Silver Comparison for Twin Drill Holes PND008 and PND031



11.5.8 Mercator 2011 Check Sample Program

During the August 2011 site visit by Mercator, quarter core samples were obtained from Apogee drill core for purposes of independent check sample analysis. In total, 9 quarter core samples were collected to provide sample coverage across the silver, lead and zinc grade ranges represented in the deposit. The quarter core samples were collected from drill holes PUD111, PUD134, PUD140, PUD144, PUD175, PUD188, and PUD203 and were submitted for analysis to SGS del Peru S.A.C. A sample of certified reference material CDN-SE-1, a commercial blank sample, and 4 reject samples were added to the batch of core samples submitted by Mercator for quality control and quality assurance purposes.

Sample intervals of archived drill core were selected and marked by Mercator and then photographed prior to being placed in labelled plastic bags for shipment to the laboratory. Core intervals taken for check sample purposes were clearly identified by explanatory tags secured in the core boxes for archival reference purposes. All core sampling work was carried out at the Apogee core logging facility on the Pulacayo property by Mercator. Apogee field staff carried out sample cutting and bagging activities under Mercator supervision.

After standard crushing and pulverization, silver, lead, zinc and copper levels were determined using SGS code ASS11B elemental analysis, which incorporates Aqua Regia digestion followed by AAS determination, and a Fire Assay – FAG313 finish for samples with silver values greater than 300 g/t. Specific gravity measurements for all prepared sample pulps were also completed using pycnometer instrumentation (PHY03V Code).

Mercator core check sample results are compared to original Apogee results in Figure 11.36, Figure 11.37 and Figure 11.38 for silver, lead, and zinc respectively. A correlation coefficient of 0.78 applies to the silver data set but removal of one sample having an original value of 529 g/t and a check result of 21 g/t moves the correlation coefficient to 0.98. Lead results show good agreement between data sets, with a correlation coefficient of 0.96, while zinc data show higher variability between samples that is reflected in a correlation coefficient of 0.83.

Results of the Mercator check sample program are interpreted as showing that reasonable correlation exists between the original and check sample data sets in all but one instance of an anomalous silver result. The value in question may suggest strong spatial heterogeneity of silver distribution within the sample interval but could also be a result of sample contamination or analytical error. Despite the lower correlation coefficient for zinc results, all original samples that returned a grade of greater than 2.00% also returned a check value greater than 2.00% and samples below that threshold provide a correlation coefficient of 0.99. These results confirm the anomalous character of mineralization within the sections sampled, particularly at grades below

Figure 11.36: Mercator ¼ Core Check Samples - Ag g/t (N=9)

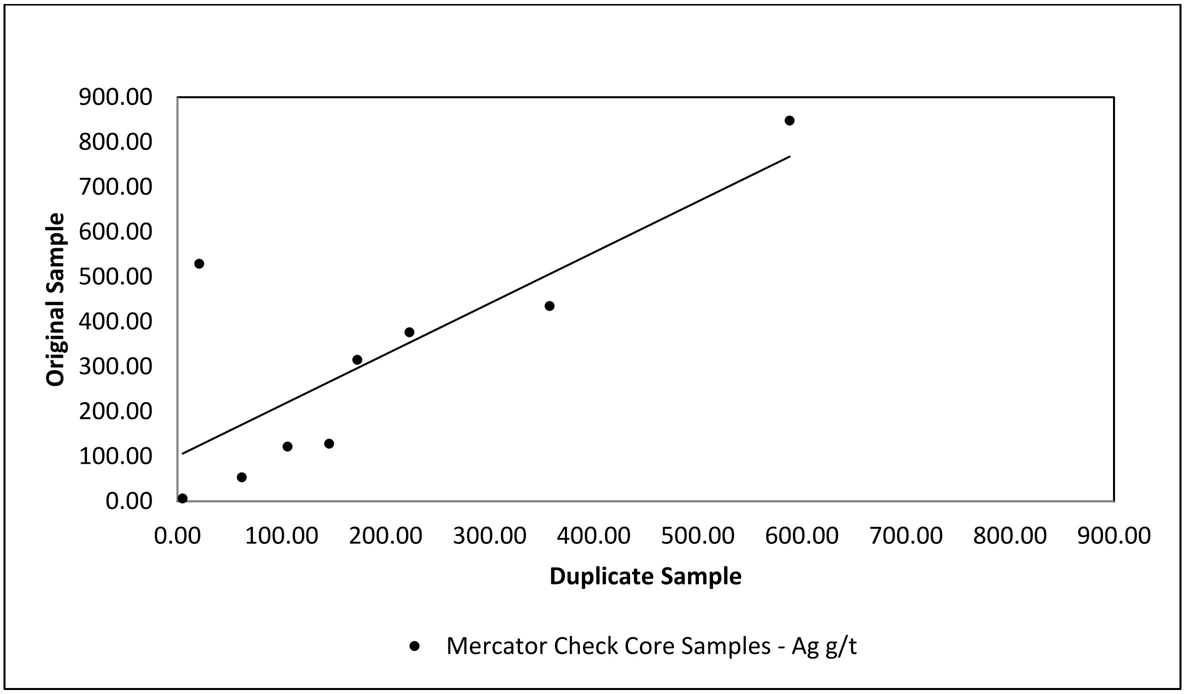


Figure 11.37: Mercator 1/4 Core Check Samples - Pb % (N=9)

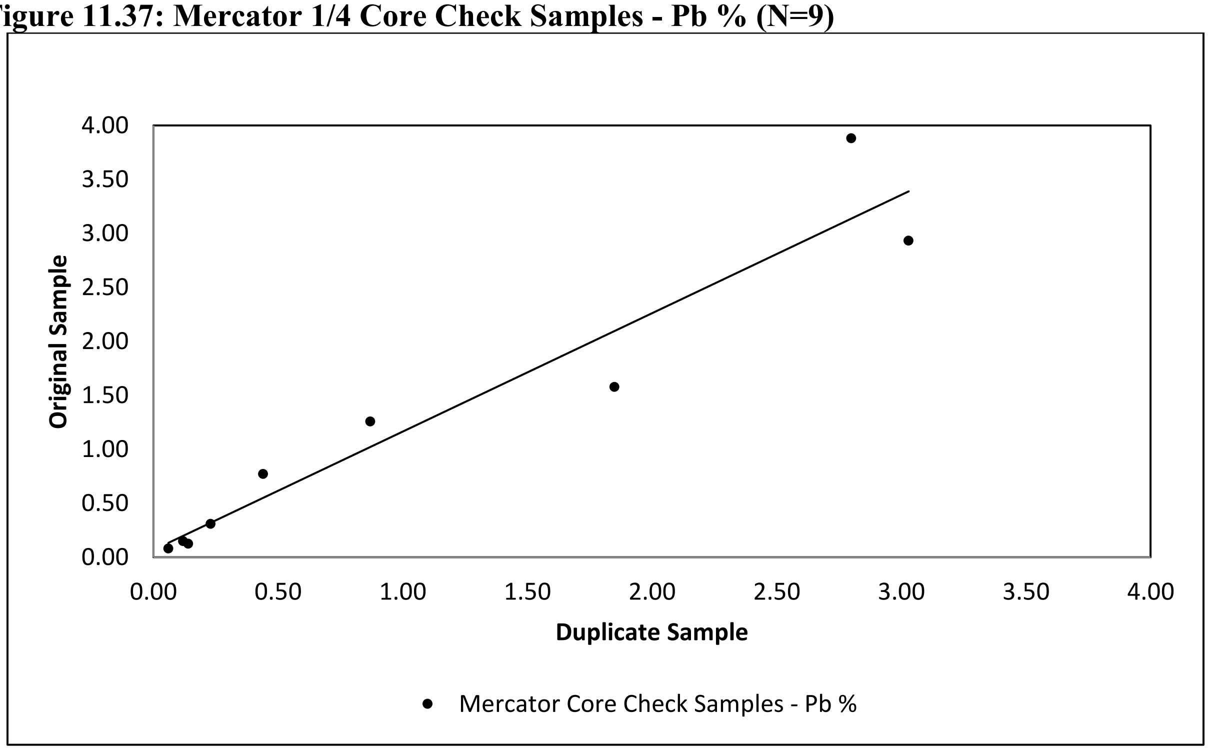
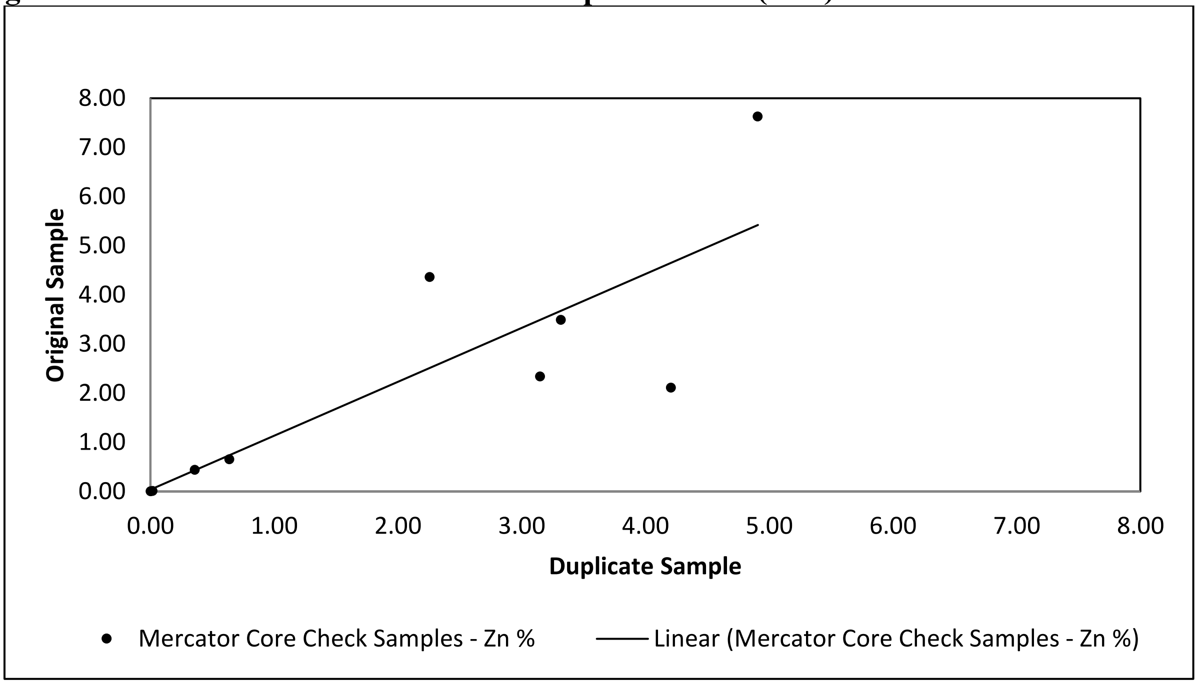


Figure 11.38: Mercator 1/4 Core Check Samples – Zn % (N=9)



2.00%, and indicate that lower correlation at higher grades may be related to heterogeneity of sulphide mineral distribution at the core sample scale rather than analytical error or sample contamination.

Figure 11.39, Figure 11.40, and Figure 11.41 show that good correlation exists between original sample values and the check sample values for coarse reject materials submitted by Mercator and support correlation coefficients of 0.99 for all three metals. Blank sample results for the Mercator sample suite returned values below detection limits for all three metals and results for certified reference material CDN-SE-1 all fall within the mean ± 2 standard deviations control limits for the material. CDN-SE-1 returned grades of 714.83 g/t Ag, 1.83% Pb, and 2.67% Zn.

Figure 11.39: Mercator Reject Check Samples - Ag g/t (N=4)

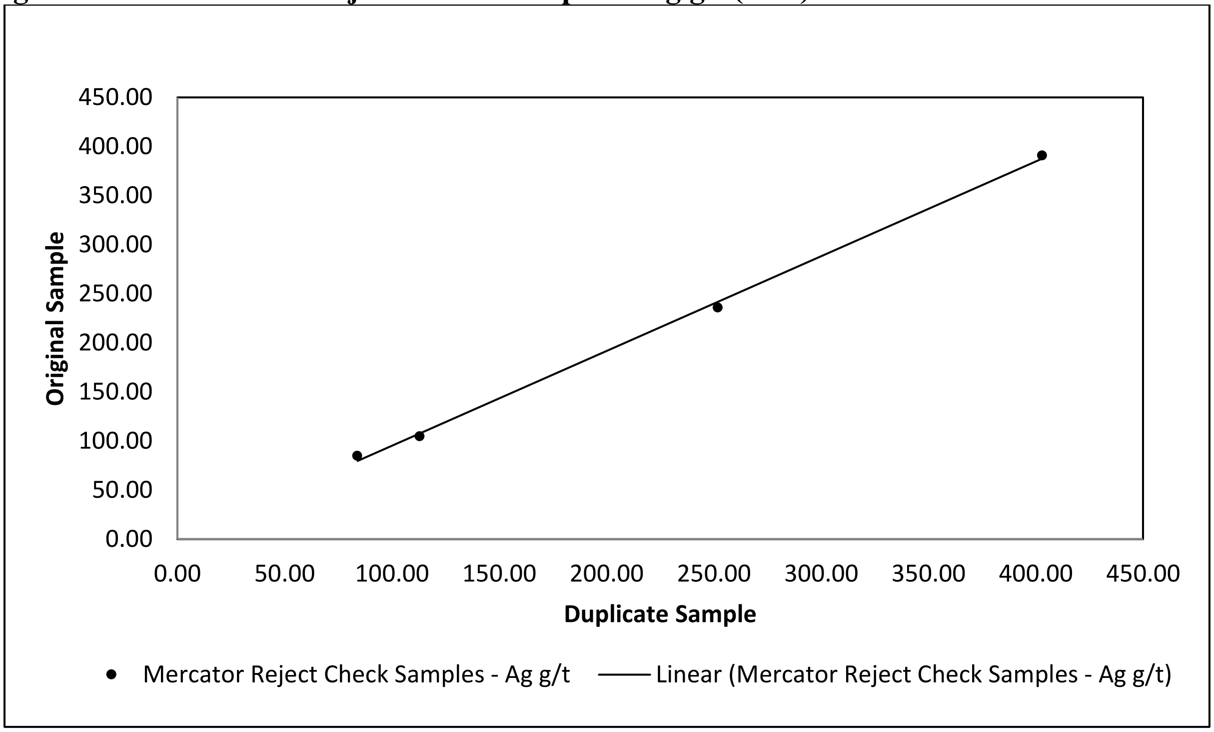


Figure 11.40: Mercator Reject Check Samples - Pb % (N=4)

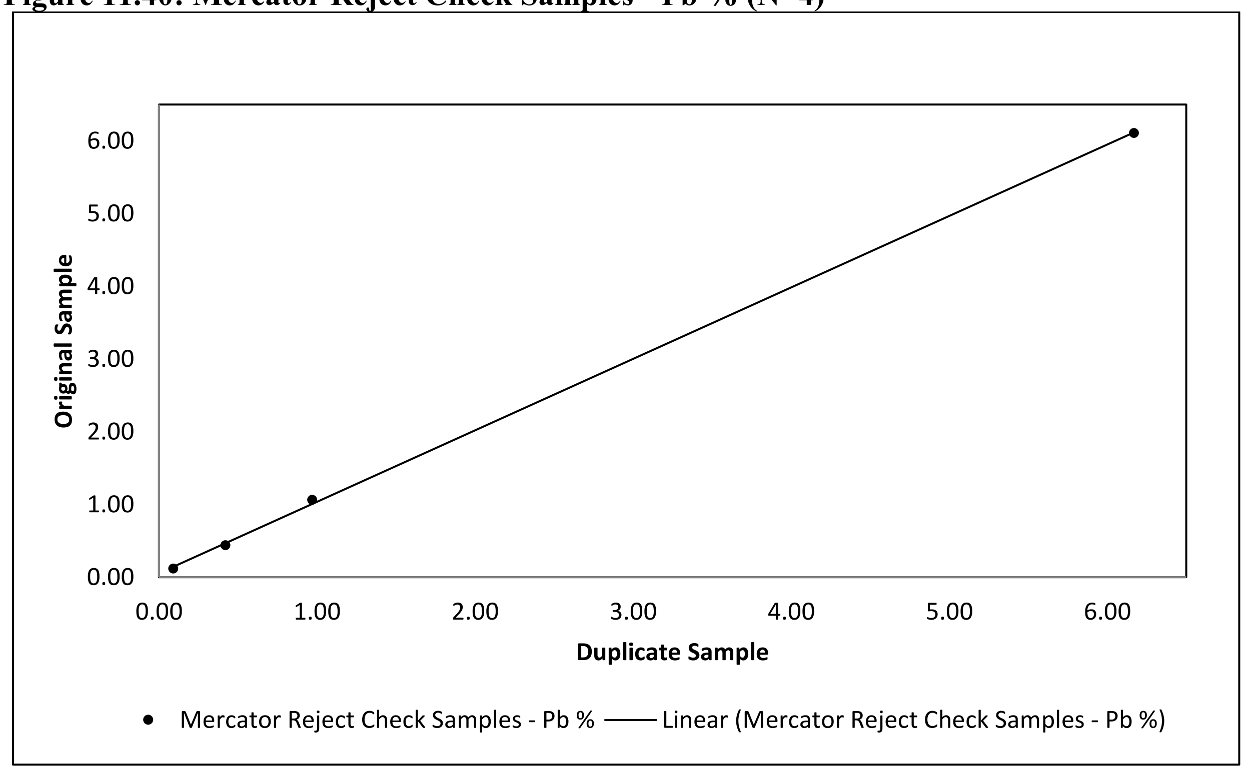
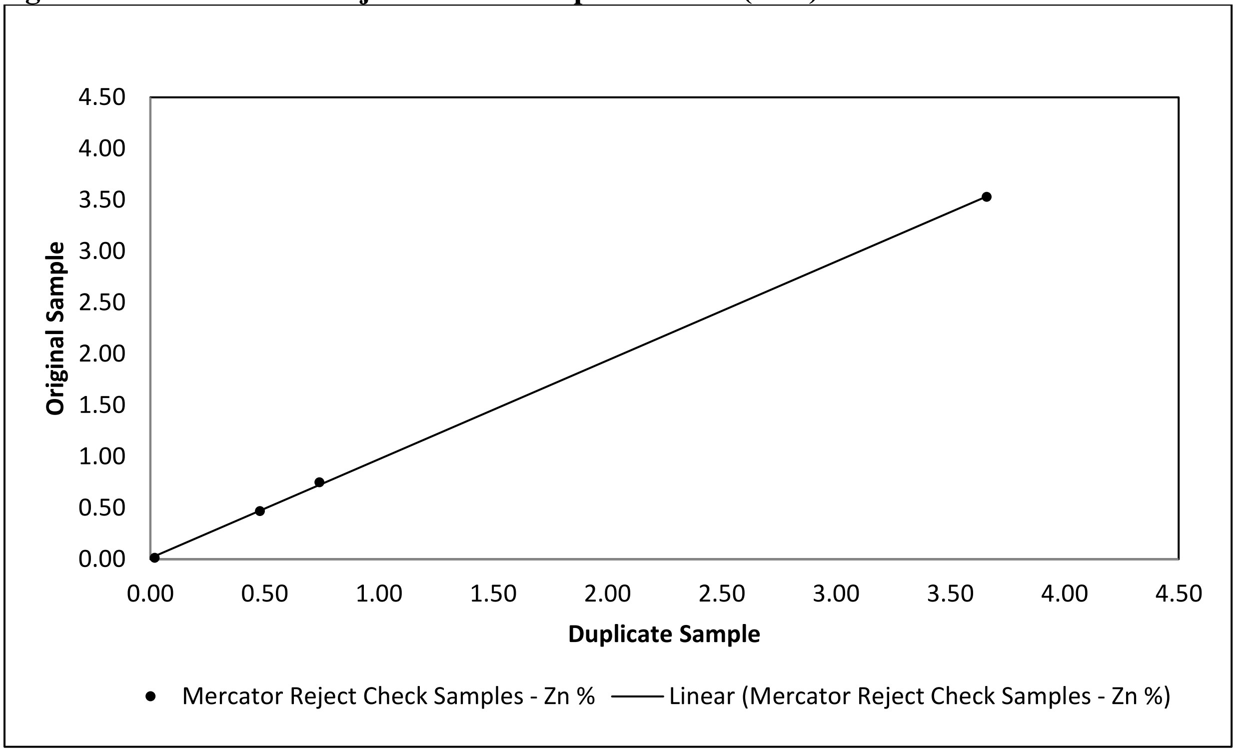


Figure 11.41: Mercator Reject Check Samples - Zn % (N=4)



11.5.9 Mercator April 2012 Program

During the April 2012 site visit by Mercator, Pulacayo quarter core samples were obtained from Apogee oxide zone drill core for purposes of independent check sample analysis. In total, 23 quarter core samples were collected to provide sample coverage across the silver, lead and zinc grade ranges represented in the oxide zone. The quarter core samples were collected from drill holes PUD266, PUD230, PUD220, PUD251 and PUD256 and were submitted for analysis to SGS del Peru S.A.C. A sample of certified reference material CDN-SE-1 and a commercial blank sample were added to the batch of core samples submitted by Mercator for quality control and quality assurance purposes.

Sample intervals of archived drill core were selected and marked by Mercator and then photographed prior to being placed in labelled plastic bags for shipment to the laboratory. Core intervals taken for check sample purposes were clearly identified by explanatory tags secured in the core boxes for archival reference purposes (Figure 11.42). All core sampling work was carried out at the Apogee core logging facility on the Pulacayo property by Mercator and Apogee field staff carried out sample cutting and bagging activities under Mercator supervision. After standard crushing and pulverization, silver, lead, zinc and copper levels were determined using the same preparation and analytical methods that were used in the previous Mercator program described above.

Figure 11.42: Photo of Mercator April 2012 core sample interval

Mercator core check sample results are compared to original Apogee results in Figure 11.43, Figure 11.44 and Figure 11.45 for silver, lead and zinc, respectively. Results are interpreted as showing that acceptable correlation exists between the original oxide zone analyses and the check sample data set. Results confirm the anomalous character of mineralization within the sections sampled but also show that lower correlation between sample pairs exists at higher grade levels. This may be related to heterogeneity of oxide and sulphide mineral assemblage distribution at the core sample scale rather than analytical error or sample contamination. Visual core inspection during the April, 2012 site visit showed that higher zinc and lead grades within the oxide zone often correspond with irregular zones in which remnants of sulphide zone mineralogy are preserved.

Collar coordinates for 14 drill holes completed during the 2011 oxide zone drilling program were checked by Mercator during the April 2012 site visit. A Garmin Map 60 handheld GPS unit was used to collect collar coordinate check values and these were then compared to validated resource database collar file values. Excellent correlation exists between the two data sets with respect to UTM easting and Northing values, with the total range in Easting variation being -2.1 m to +2.9 m and the total range for Northing being -4.5 m to +1.8 m. Values in the site visit elevation data set range between +7.9 m and +14.5 m above corresponding database collar values.

Figure 11.43: Mercator 1/4 Core Check Samples 2012 - Ag g/t (N=24)

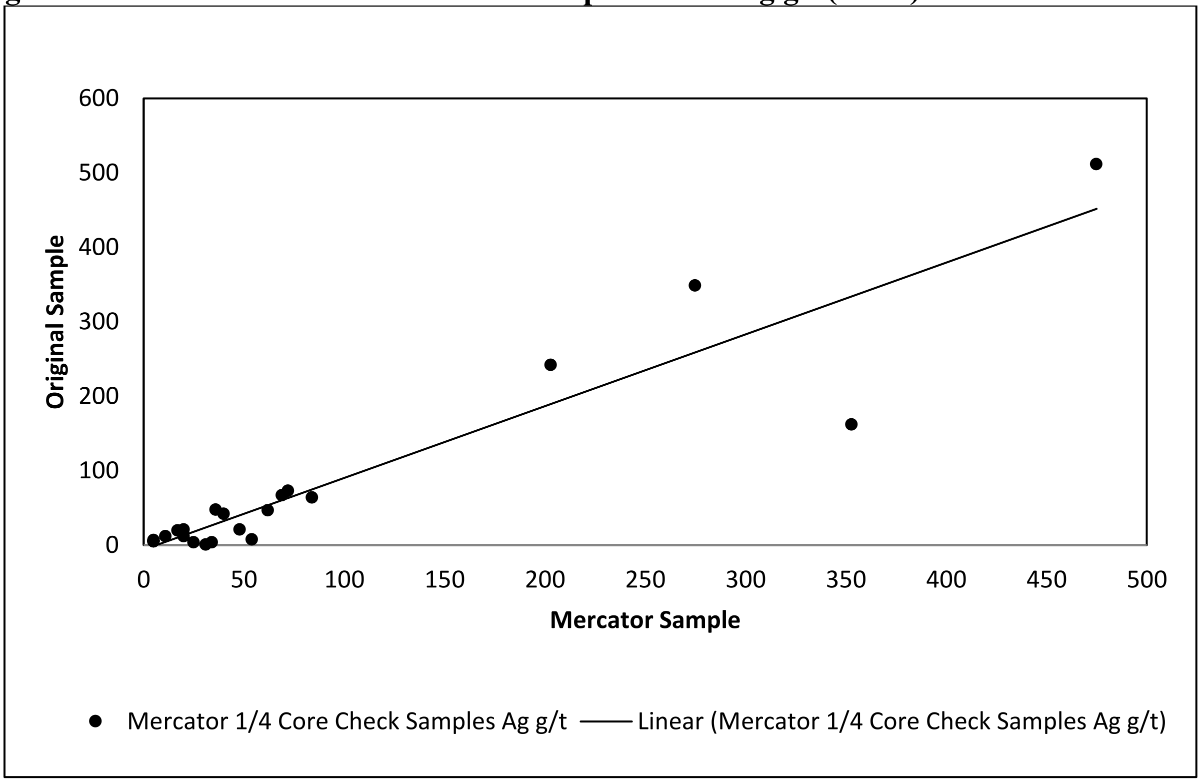


Figure 11.44: Mercator 1/4 Core Check Samples 2012 - Pb % (N=24)

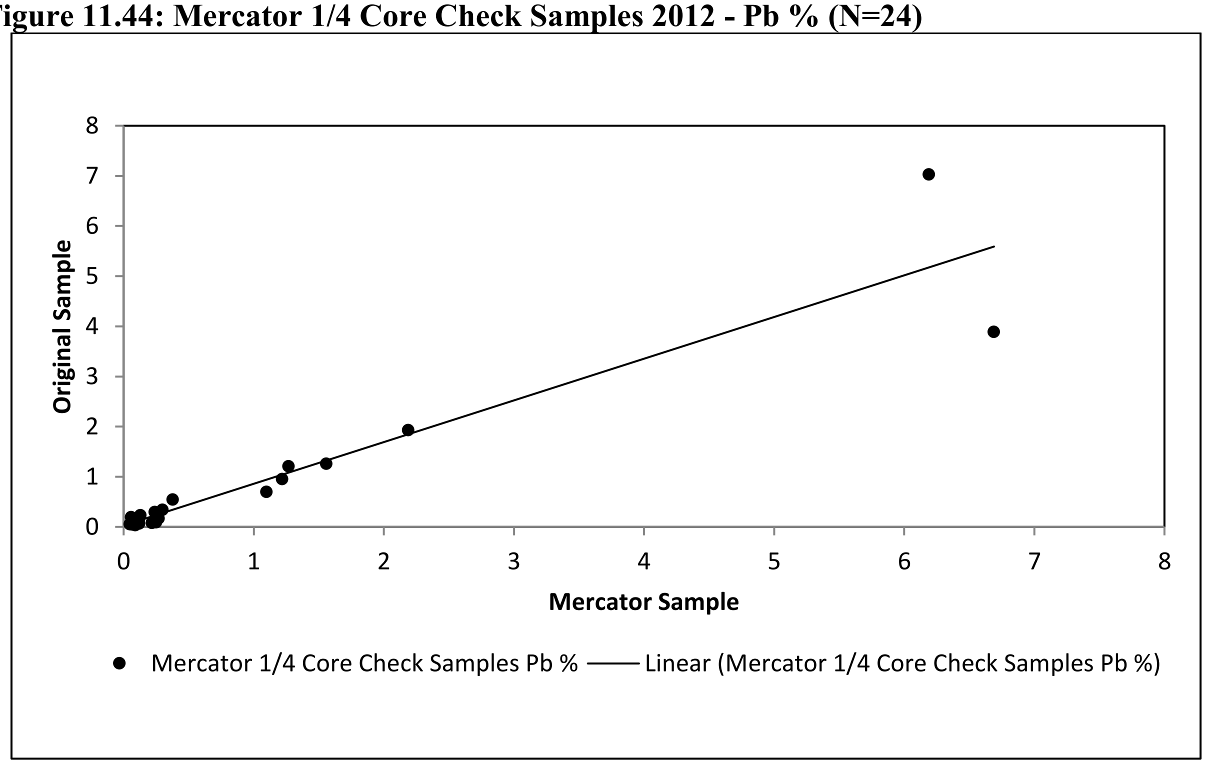
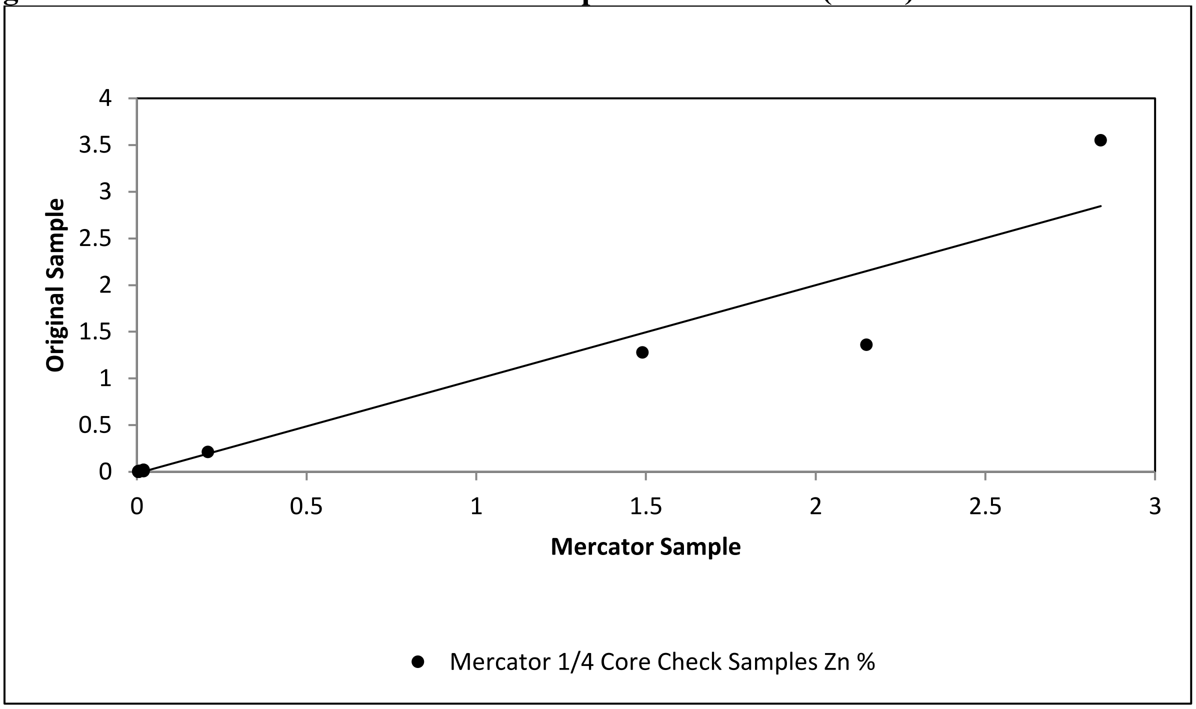


Figure 11.45: Mercator 1/4 Core Check Samples 2012 - Zn % (N=24)



This variation is systematic and project database values acquired using differential GPS equipment are considered to be more accurate than hand held GPS values obtained during the site visit. Tabulated results of the drill collar checking program are presented in Table 11.5 and Mercator is of the opinion these results adequately confirm database collar locations.

Table 11.5: Collar Coordinate Check Program Results

Drill Hole ID	GPS East (m)	GPS North (m)	GPS Elev. (m)	Database East (m)	Database North (m)	Database Elev. (m)	East Change (m)	North Change (m)	Elev. Change (m)
11PUD232	740001.5	7744735.7	4416.9	740000.6	7744734.7	4402.4	1.0	1.0	14.5
11PUD231	739999.0	7744589.3	4414.7	739999.7	7744587.5	4403.3	-0.7	1.8	11.4
11PUD239	740047.9	7744595.6	4409.7	740048.6	7744596.8	4394.0	-0.8	-1.2	15.7
PUD224	740098.6	7744858.2	4383.5	740100.0	7744862.1	4376.0	-1.4	-3.9	7.5
11PUD241	740197.2	7744580.3	4344.5	740199.3	7744583.1	4333.0	-2.1	-2.8	11.5
PUD217	740248.2	7744349.9	4345.3	740250.0	7744350.0	4335.4	-1.8	-0.1	9.9
PUD045	740094.7	7744434.1	4313.5	740094.3	7744435.7	4305.6	0.4	-1.6	7.9
11PUD226	740190.7	7744472.6	4331.8	740189.3	7744472.2	4318.9	1.5	0.4	12.9
11PUD249	740647.5	7744387.0	4294.3	740644.6	7744388.6	4282.8	2.9	-1.6	11.5
11PUD24	740701.4	7744397.	4294.	740699.6	7744396.	4283.1	1.8	0.2	11.7

7		1	8		9				
11PUD250	740794.4	7744452.0	4298.4	740794.8	7744452.8	4285.6	-0.4	-0.7	12.8
11PUD257	740901.8	7744320.2	4260.9	740900.6	7744321.7	4248.1	1.2	-1.5	12.8
11PUD260	740951.2	7744301.3	4250.1	740951.8	7744302.0	4239.0	-0.6	-0.7	11.1
11PUD261	740949.8	7744257.9	4245.5	740949.1	7744262.4	4234.5	0.8	-4.5	11.0

11.5.10 Mercator 2015 Check Sample Program

During the June 2015 site visit by Mercator, quarter core samples were obtained from archived Paca drill core for purposes of independent check sample analysis. In total, 14 quarter core samples were collected to provide sample coverage across the silver, lead and zinc grade ranges represented in the deposit. The quarter core samples were collected from drill holes PND031, PND056, PND062, PND070, PND072, PND092, and PND093 and were submitted for preparation and analysis to SGS Bolivia S.A. in El Alto, Bolivia. Two samples of certified reference material CDN-ME-4 and a non-mineralized blank sample were also submitted by Mercator for quality control purposes.

Sample intervals of archived drill core were selected and marked by Mercator and then photographed prior to being placed in labelled plastic bags for shipment to the laboratory. Core intervals taken for check sample purposes were clearly identified by explanatory tags secured in the core boxes for archival reference purposes. All core sampling work was carried out at the Pulacayo core logging facility, where Prophecy technical staff carried out sample cutting and bagging activities under Mercator supervision.

After standard crushing and pulverization, silver, lead, zinc, copper and gold levels were determined using SGS code ASS11B elemental analysis, which incorporates Aqua Regia digestion followed by AAS determination, and a Fire Assay – FAG313 finish for samples with silver values greater than 300 g/t. Analysis of zinc lead and copper was carried out using Atomic Absorption Spectrophotometry (SGS codes AAS). Mercator core check sample results for silver, zinc and lead are compared, respectively, to original Apogee results in Figure 11.46, Figure 11.47 and Figure 11.48 below. Quality control samples by Mercator returned acceptable results and data are considered valid. A correlation coefficient of 0.92 applies to silver data, zinc results have a correlation coefficient of 0.99 and lead results have a correlation coefficient of 0.88. However, it should be recognized that the populations are limited in number. For each metal, data pairs group along respective 1:1 correlation lines on scatterplots, with greater variation between pairs seen at higher grade levels for each metal. Based on the check sample comparison, Mercator is of the opinion that reasonable correlation exists between the original and check sample data sets, suggesting acceptable dataset integrity.

Figure 11.46: Mercator 2015 Core Check Sample Results - Silver

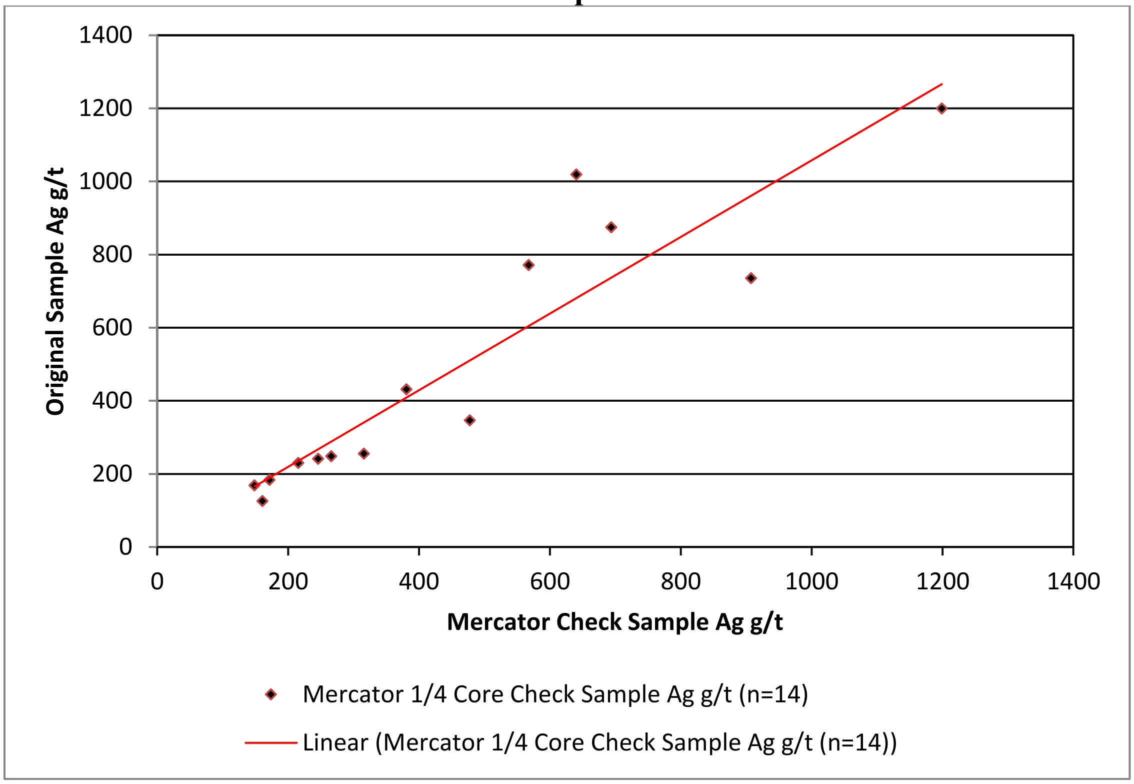


Figure 11.47: Mercator 2015 Core Check Sample Results - Zinc

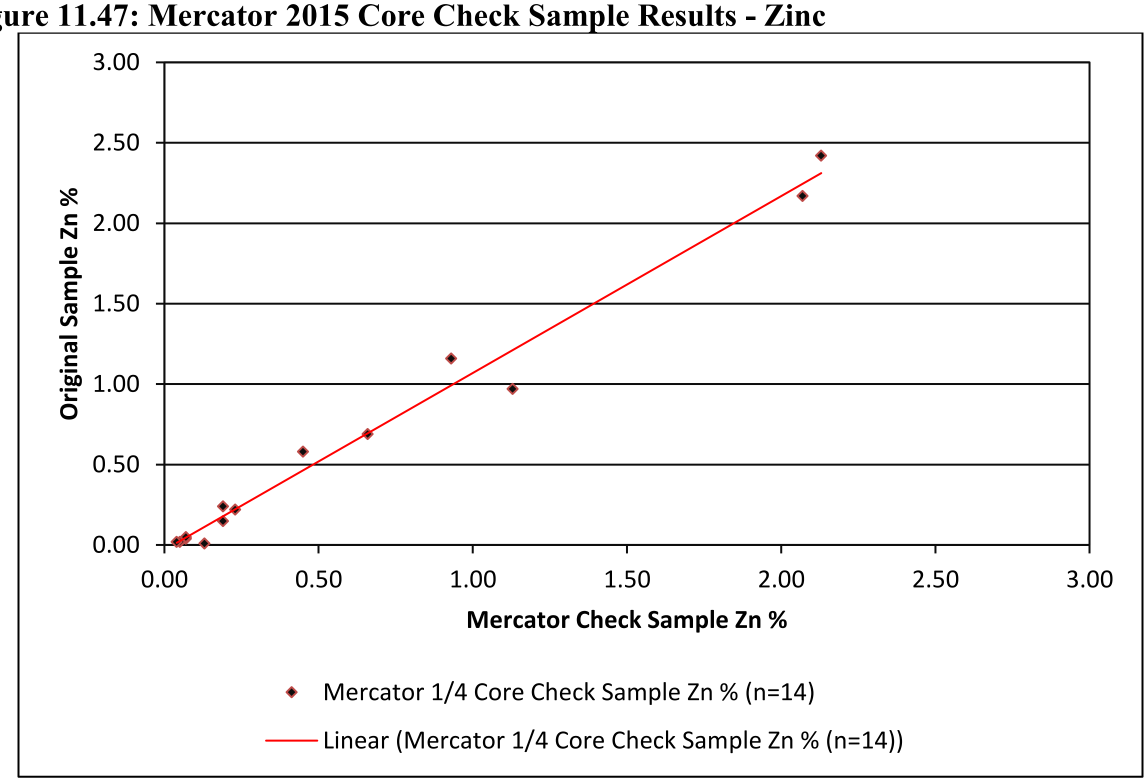
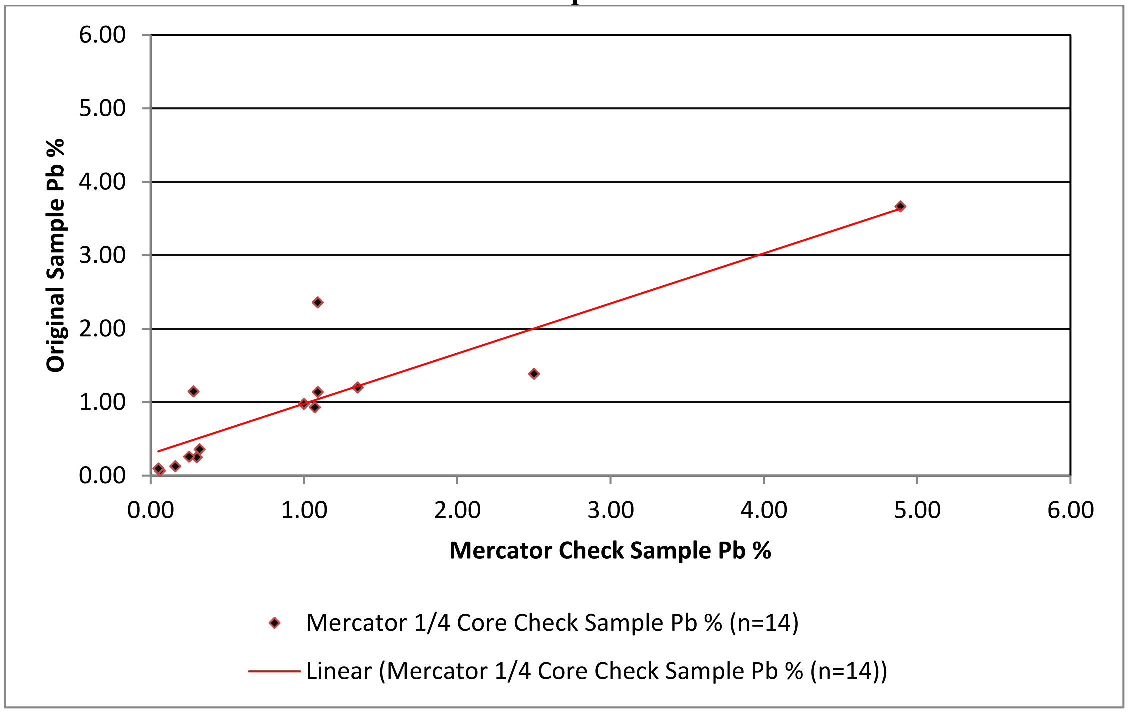


Figure 11.48: Mercator 2015 Core Check Sample Results - Lead



12.0 Mineral Processing and Metallurgical Testing

No mineral processing or metallurgical testing programs have been completed for the Pulacayo and Paca deposits by Prophecy since acquisition of the Pulacayo Project in January of 2015.

13.0 Mineral Resource Estimate

13.1 Introduction

The definition of mineral resource and associated mineral resource categories used in this report are those recognized under National Instrument 43-101 and set out in the Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves *Definitions and Guidelines* (the "CIM Standards"). Assumptions, metal threshold parameters and deposit modeling methodologies associated with the current Pulacayo and Paca deposits resource estimates are discussed below.

13.2 Geological Interpretation Used in Resource Estimation

13.2.1 Pulacayo Deposit

The Pulacayo deposit is a low-sulphidation epithermal deposit comprised primarily of vein and stockwork hosted silver and base metal mineralization that comprises the TVS mineralized system. TVS mineralization is located on the southern side of the Pulacayo volcanic dome complex, strikes east-west and has near vertical dip in most areas. TVS mineralization is hosted by both volcanic and sedimentary host rocks, with stockworks of narrow veins and veinlets plus disseminations that aggregate up to 120 m in width being typical of mineralized volcanic sections. Deeper sections hosted by sedimentary rocks are characterized by narrower high-grade veins that measure a few meters or less in width. These transition upward into stockwork systems and disseminated zones within the overlying volcanic section.

Mineralization occurs along a 2700 m strike length of the TVS and has been defined to a depth of approximately 1,000 m below surface. The latter dimension reflects the depth of historic mining. Approximately 450 m of mineralized section occur within the volcanic host section and 550 m occur within the underlying sedimentary sequence. The portion of the TVS defined by Apogee drilling and considered in the current mineral resource estimate has a strike length of approximately 1500 m and extends to an average depth of approximately 450 m below surface. Most of the mineral resource area is hosted by andesitic volcanic lithologies.

Minerals of economic significance in the TVS include galena, sphalerite, tetrahedrite and other silver sulfosalts and occur in association with minor occurrences of chalcopyrite and jamesonite. Vein sulphides are commonly accompanied by barite, quartz, pyrite, and calcite and local occurrence of Au has also been described. Veins generally show banded texture and contain semi-massive to massive sulphides. Several moderately west plunging zones of high silver concentration are present in the deposit, along with several smaller and less distinct east-plunging high grade trends.

13.2.2 Paca Deposit

The Paca deposit is also a low-sulphidation epithermal deposit that is differentiated by two styles of mineralization sitting within a broad envelope of argillic alteration. A “vein breccia” or “feeder system” occurs along the north contact of the porphyritic andesitic to dacitic Paca Dome complex. The feeder system is characterized by hydrothermal, tectonic, and volcanic breccias and demonstrates both horizontal and vertical grade zonation. Based on current drilling results the feeder system hosts the highest grade silver mineralization of the deposit and has no discernible root. Disseminated silver-lead-zinc mineralization is hosted in the adjacent clastic-volcaniclastic sediments north and west of the Paca Dome, demonstrating a flat lying to gently sloping planar grade distribution. Disseminated mineralized is currently thought to be “mantos-style”, supported by the occurrence of jasperoid, chalcedony, opaline and vuggy silica. Minerals of economic significance for both types of mineralization are sphalerite, galena, silver sulphosalts, pyrolusite, and native silver, which typically occur as thin veinlets, aggregations and/or very fine-grained disseminations. Discrete high-grade veins such as those present at the nearby Pulacayo deposit are not common at Paca.

13.3 Overview of Estimation Procedure for Pulacayo Deposit

The current Pulacayo deposit mineral resource estimate is based on a three-dimensional block model developed using Geovia Surpac ® Version 6.6.1 modeling software. It is supported by validated results of 69,739 m of diamond drilling from 226 surface drill holes and 42 underground drill holes completed by Apogee and ASC through various drill programs between 2002 and the end of 2011. A total of 28,807 drill core samples have been assayed from these programs with 1,731 samples occurring within the limits of the current resource model.

The previous resource estimates prepared by Mercator for this deposit assessed the combined value of silver, lead and zinc mineralization using a NSR cut-off value for reporting purposes. Defined resources were considered to have a reasonable expectation of economic viability using open-pit methods in the near surface and bulk mining underground methods at depth. For the current resource estimate, focus was shifted to definition of high grade (>400 g/t) silver equivalent mineral resources potentially amenable to selective underground mining. Associated lead and zinc mineralization was assessed in conjunction with high grade silver mineralization and a silver equivalency was developed to evaluate combined metal value. Silver equivalency is calculated as:

Ag Eg. (g/t) = *Ag (g/t)*89.2% + (Pb%*(US$0.94/ lb. Pb /14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000*91.9%) + (Zn%*(US$1.00/lb. Zn/14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000*82.9%)*.

Factors contributing to development of this equivalency are presented in report section 5 and are part of historic metallurgical test work completed in 2013 (Porter et al., 2013).

Prior to deposit modeling, a complete set of vertical cross sections through the deposit were produced from the project drilling database. These were used to develop north-south geological section interpretations at a nominal section spacing of 50 m. Raw analytical results posted on the interpreted sections were used to define TVS geometry and grade distribution trends. High grade correlations using a minimum grade threshold of 200 g/t silver were created and wireframed into 8 domain solid models that range from a few meters to tens of meters in thickness. These show variable continuity along the 1500 m strike length of the modelled deposit that trends at azimuth 280°, and shows a 600 m sub-vertical total dip extent. This reflects the orientation and geometry of the principal mineralized TVS structure plus associated secondary structures. Digital terrain models were created for both the oxide-sulphide zone boundary and the topographic surface, with individual high grade silver models being mostly contained within either oxide or sulphide zone material as defined by the oxide-sulphide zone digital terrain model. Partial percentage volume assignment was used to estimate block volume for the grade constraint solids.

Inverse distance squared (ID^2) grade interpolation was used to estimate silver, lead and zinc grades for 2mY x 10mX x 10mZ blocks and was constrained within the interpreted silver grade domain wireframes using multiple independent search ellipsoid passes and independent 1 meter down hole assay composites. Search ellipsoid orientations for the interpolation passes conformed to the general trend of azimuth 280° with a 20° major axis plunge and sub-vertical dip, but were modified to accommodate local variations in the distribution of mineralization. Contributing 1 m assay composites were capped at 1700 g/t silver, 15 % lead, and 15 % zinc. A 125 m ellipsoid major axis, 75 m ellipsoid semi-major axis and 25 m ellipsoid minor axis were applied for all interpolation passes and a 1Y x 2X x 2Z block discretization was used. Contributing 1.0 m down-hole composites were constrained to a minimum of 3 and a maximum of 9 with no more than 3 from a single drill hole. A specific gravity model was interpolated from 1.0 m down hole specific gravity composites using the same interpolation parameters used for metal grade assignment. Whereas the previous resource estimate included 21,367 specific gravity values within its "Peripheral" domain, the more restrictive high-grade silver domains used in the current estimate include 1,560 specific gravity values from the 29,344 total specific gravity data set.

The Pulacayo deposit has an extensive history of mining activity represented by shafts, winzes, level development, and stoping. A digital model of stopes and other underground workings was originally created by EPCM Consultores S.R.L (EPCM) for Apogee. However, compatibility issues were encountered between the original EPCM mine workings digital model and the GEOVIA-Surpac^{R} mining modeling software suite. This incompatibility was addressed in previous mineral resource estimates prepared by Mercator for Apogee through use of an interpolated workings solid model created from gridded perimeter level plan slices of the earlier EPCM model. For the current resource estimate, Mercator created a new digital solid model of all stopes and other underground workings that intersect the resource area. This new model was used to estimate block model volume (void space) occupied by the workings and stopes. The mine workings re-modelling process initially entailed re-digitizing and wireframing 137 stope solid models, 35 level solid models and 6 shaft solid models. An additional 26 stope solid models were created and merged with the primary model after further review of historic plan and longitudinal sections. Partial percentage volume assignment was used to estimate block volume for the revised and combined digital model of underground workings. Results of this method showed acceptable correlation with drill hole database entries.

Indicated resources are defined as all interpolated blocks having at least 7 contributing assay composites with a maximum average distance of 70 m from the block centroid, and having the nearest contributing composite at 60 m or less from the centroid. Inferred resources are defined as all other interpolated blocks within the high-grade silver domain constraints. Resource block model results were validated through comparison with separate deposit models based on grade interpolation using Ordinary Kriging (OK) and Nearest Neighbour (NN) methodologies. Statistical results of the ID^2 interpolation were determined to most appropriately represent contributing core sample assay populations and associated sectional deposit interpretations.

13.4 Overview of Estimation Procedure for Paca Deposit

The current Paca deposit mineral resource estimate is based on a three-dimensional block model developed using Geovia Surpac ® Version 6.7 modeling software. It is supported by validated results of 97 diamond drill holes and 1 reverse circulation drill hole totalling 18,160 total metres that were completed by Apogee and ASC through various drill programs between 2002 and 2007, plus 71 underground channel samples completed by Apogee in 2005. The database includes 14,228 drill core and drill chip samples with 4,977 total samples occurring within the limits of the current resource model. The current resource estimate focused on defining high grade (>300 g/t) silver equivalent mineral resources potentially amenable to selective underground mining. Associated lead and zinc mineralization was assessed in conjunction with high grade silver mineralization and a silver equivalency was developed to evaluate combined metal value. The silver equivalency factor used for this resource estimate does not include recovery factors and is presented below in section 13.8.

Prior to deposit modeling, a complete set of vertical cross sections through the deposit were produced from the project drilling database. These were used to develop north-south geological section interpretations at a nominal section spacing of 50 m. Raw analytical results posted on the interpreted sections were used to define feeder system and mantos-style grade distribution trends. Correlations using a subjectively defined minimum grade threshold of 100 g/t silver within breccia lithologies were created and wireframed into 3 silver-breccia domain solid models. The main silver-breccia domain is predominantly a sub-vertical zone that extends along a west-southwest trend (230° azimuth) for 450 m in strike length along the north contact of the andesite dome. A secondary sub-vertical trend is also present and extends for about 200 m along an azimuth of 270° from the middle of the first zone. The main silver-breccia domain ranges from a few metres to tens of metres in thickness and supports several sub-horizontal components in addition to the main sub-vertical grade trends. Two satellite mineralized breccia domains form sub-horizontal planar zones ranging from 100 to 250 m in length with widths and thicknesses ranging from several metres to tens of metres. The satellite mineralized breccia domains occur as localized zones of breccia lithologies within the host clastic-volcaniclastic sediments.

In addition to the above solids, section correlations using a minimum grade threshold of 50 g/t silver equivalent were created and wireframed into a peripheral silver-lead-zinc domain solid model that defines two zones of mantos-style mineralization. The primary zone extends 750 m in strike length at an azimuth of 260 to 270° and occurs along the north contact of the andesite and into the clastic-volcaniclastic sediments in the western area of the deposit. This contains thicknesses ranging from several metres to 200 m. The secondary zone forms a near-horizontal, planar feature extending 400 m from the andesite dome towards the north into the clastic-volcaniclastic sediments and is approximately 250 m in width (east-west) and several metres to tens of metres in thickness.

Digital terrain models were created for both the topographic surface and quaternary surface, with the domain solid models being constrained below both surfaces. Mercator also created a three-dimensional solid model for the Esmeralda adit for the purpose of removing volume from the resource estimate prior to reporting and also for registering the historic Apogee channel sampling.

Inverse distance squared (ID^2) grade interpolation was used to estimate silver, lead and zinc grades for 2.5mY x 5mX x 5mZ blocks and was constrained within the interpreted domain wireframes using multiple independent search ellipsoid passes and independent 1 m down hole assay composites. The nominal drill hole spacing and sectional interpretations of geology and grade distributions contributed to development of interpolation ellipsoids with a 75 m major axis, 75 metre semi-major axis, and a 25 m minor axis. Interpolation ellipsoid orientations were set along dips and strikes that fit local trends and geometries of the deposit, which generally conform to east-west sub-vertical trends for the feeder system zones and east-west sub-horizontal to gently north-dipping for the mantos-style zones.

Contributing raw assays for one metre assay composites were capped at 1050 g/t silver, 5 % lead, and 5 % zinc. A minimum of three and a maximum of nine composites, with no more than three from a single drill hole were used during block grade interpolation. An average density factor of 2.26 g/cm³ was assigned to block volumes and all interpolated blocks were assigned to the inferred resource category. ID^2 resource block model results were validated through comparison with separate deposit models based on grade interpolation using Nearest Neighbour (NN) methodologies. Statistical results of the ID^2 interpolation were determined to most appropriately represent contributing core sample assay populations and associated sectional deposit interpretations.

13.5 Data Validation Pulacayo Deposit

The September 2012 resource estimate was supported by a Mercator validated drill hole database that was originally received from Apogee in 2012 in digital spreadsheet format. No new additional drilling, trenching or core sampling has been carried out and therefore the 2012 drill hole database was retained from the previous resource estimate. The database includes results from 268 surface and underground drill holes completed by Apogee and ASC between 2002 and 2011, totaling 69,739 m of diamond drilling, and 6 trenches completed by Apogee in 2011, totalling 606.34 meters. A total of 28,180 core samples and 627 trench samples are included in the database with 1,731 samples occurring within the limits of the current resource model. The drill hole database was transferred from Gemcom Surpac ® Version 6.3 software to Gemcom Surpac ® Version 6.6.1 software.

Validation checks on overlapping intervals, inconsistent drill hole identifiers, improper lithological assignment, unreasonable assay value assignment, and missing interval data were performed on the original 2012 database. Checking of database analytical entries was also carried out against laboratory records supplied by Apogee. Validation checks and checking of analytical entries found no substantive errors and the data were determined to be acceptable for resource estimation purposes.

13.6 Data Validation Paca Deposit

The resource estimate was supported by a Mercator validated drill hole database that was originally received from Prophecy in digital spreadsheet format. The database includes results from 100 surface diamond drill holes, totalling 18,797 m, and 6 reverse circulation drill holes, totalling 921 m, completed by Apogee and ASC between 2002 and 2007. The database includes 14,094 core samples and 134 chip samples, with a total of 4,977 samples from 97 diamond drill holes and 1 reverse circulation drill hole within the limits of the resource estimate. In addition, Mercator compiled 71 underground channel samples taken from the Esmeralda adit from historic level plans and surface maps provided by Prophecy. These show grade trends similar to drill holes passing in proximity to the workings.

Validation checks on overlapping intervals, inconsistent drill hole identifiers, improper lithological assignment, unreasonable assay value assignment, and missing interval data were performed. Checking of database analytical entries was also carried out against laboratory records supplied by Prophecy. Validation checks and checking of analytical entries found no substantive errors but, as noted previously in Section 6.0, original lithologic logs were not available for ASC holes, although sample records and assay certificates were available. Additionally, and as noted in Section 6.0, Mercator found that some historic logs and lithocodes included occasional miss-logged lithologic intervals that could locally hinder sectional geology interpretations. Based on its sectional correlation work using existing lithocode entries, this issue is considered by Mercator to be of only local potential influence.

13.7 Silver Equivalency Calculation Pulacayo Deposit

A silver equivalency was considered more appropriate than an NSR value at this stage of Prophecy's operation to evaluate the combined value of silver, lead and zinc mineralization. Silver equivalency was based on metal grades, assumed metal recoveries and assumed market pricing and calculated as:

*Ag Eg. (g/t) = Ag (g/t)*89.2% + (Pb%*(US$0.94/ lb. Pb /14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000*91.9%) + (Zn%*(US$1.00/lb. Zn/14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000*82.9%*).

Metal prices used in the silver equivalent calculation are US$16.50/Troy oz. Ag, US$0.94/lb Pb and US$1.00/lb Zn. These reflect market pricing conditions present during June of 2015. These reflected market pricing conditions present during June of 2015 and were used for silver equivalence calculations for both the Pulacayo and Paca resource estimates prepared in 2015 by Mercator for Prophecy. At the current effective date, three year trailing average metal prices based on World Bank Commodity database values are US$16.74/Troy oz. Ag, US$0.88/lb Pb and US$0.99/lb Zn. Based on the close similarity of metal pricing, particularly of Ag, it was determined that 2015 values could remain unchanged for the current silver equivalence purposes. Metal recoveries of 89.2% Ag, 91.9% Pb, 82.9% Zn used in the silver equivalent equation reflect historic metallurgical results for high grade test sampling disclosed previously by Apogee Silver Ltd. in the 2013 feasibility study by TWP (Porter et al. 2013).

13.8 Silver Equivalency Calculation - Paca Deposit

A silver equivalency was considered appropriate at this stage of Prophecy's assessment of the Paca deposit to evaluate the combined value of silver, lead and zinc mineralization. Silver equivalency for Paca differs from Pulacayo due to lack of metal recovery information and was calculated as follows:

Ag Eq. (g/t) *= Ag (g/t) + (Pb%*(US$0.94/ lb. Pb /14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000) + (Zn%*(US$1.00/lb. Zn/14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000*).

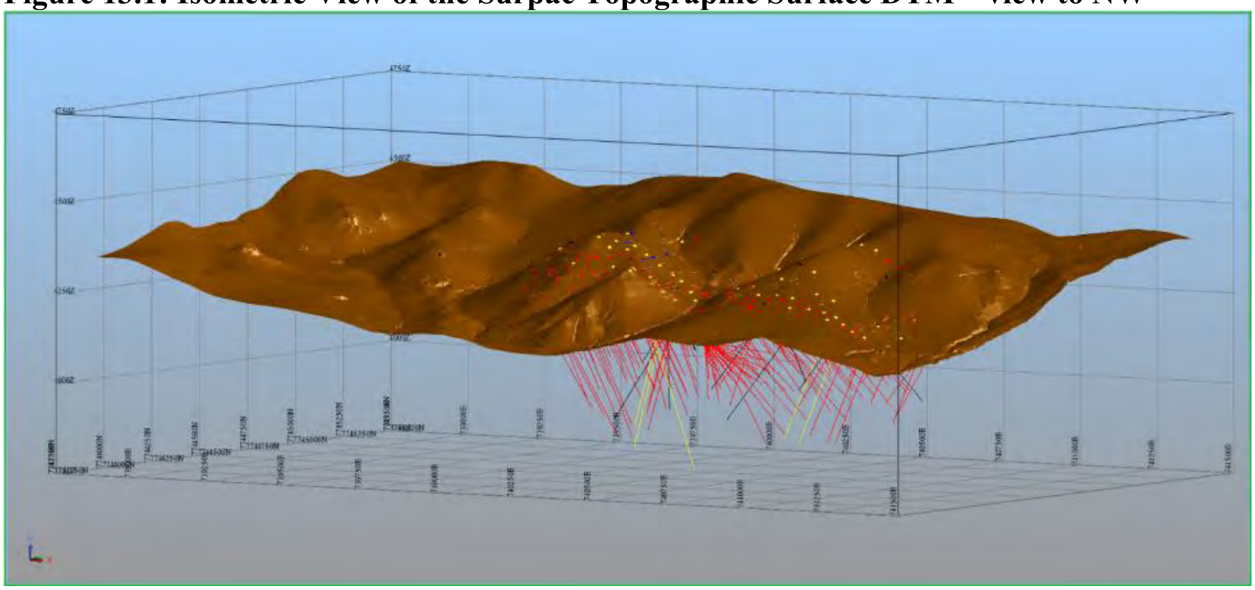
Metal prices used in the silver equivalent calculation are the same as those used for Pulacayo, these being US$16.50/Troy oz. Ag, US$0.94/lb Pb and US$1.00/lb Zn. Metal recoveries are not represented in the Paca equivalence due to a lack of such testing information for the deposit. Mercator notes that preliminary metallurgical studies are required for mineralization from the Paca deposit and acquisition of such is recommended.

13.9 Data Domains, Solid Modelling and Interpolation - Pulacayo Deposit

13.9.1 Topographic Surface

Apogee carried out a detailed topographic survey in 2008 that generated a high quality topographic map for an area that measures approximately 2,600 m east-west and 1,600 m north-south over the Pulacayo deposit. The survey used total station survey methods and a series of reflecting prisms to generate a 2 m elevation data set and to pick up additional important features such as roads and shafts. The topographic map is represented as a Surpac digital terrain model (DTM) and is applied as the topographic constraint for resource modelling (Figure 13.1).

Figure 13.1: Isometric View of the Surpac Topographic Surface DTM – view to NW

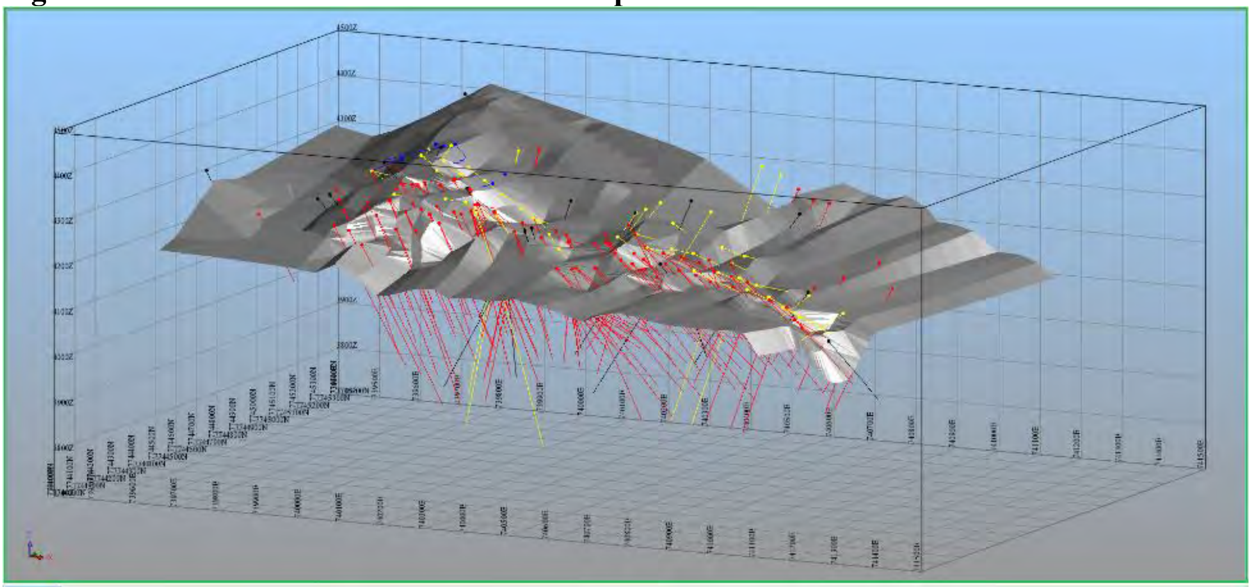


13.9.2 Oxide Surface

The Pulacayo deposit is capped by a layer of oxide material where the original volcanic host rocks plus sulphide mineralization have been altered by deep weathering effects. Economic mineralization of the TVS is observed to continue through the oxide-sulphide transition and was the focus of 45 drill holes from the 2011 Apogee drill program.

Sectional interpretations from drill hole data on nominal 50 m spaced sections were used to develop an oxide-sulphide surface DTM model in Surpac and subsequently used to code oxide blocks within the block model (Figure 13.2). The oxide zone ranges from less than 5 m to 50 m

Figure 13.2: Isometric View of the Oxide-Sulphide Transition Surface DTM – View To NW



or more in thickness across the Pulacayo deposit area, but averages 20 m thick above the mineralized zone evaluated in the current resource.

Sectional interpretation showed that although silver and lead grade continues across the oxide-sulphide boundary, the metals show depletion in the oxide zone. Zinc assay core results are low to anomalous within the oxide zone and are interpreted to be almost completely depleted. In the 2012 Apogee resource estimate the oxide-sulphide surface DTM model was used as a hard boundary in grade interpolation, with assay composites unable to contribute to the interpolation of blocks on opposite sides of the surface. For the current resource estimate, individual high grade silver domains mostly occur in either the oxide or sulphide domain and therefore using the oxide-sulphide DTM model as a hard surface was not necessary. A negligible amount of high grade mineralization as defined for the current estimate occurs within the oxide zone.

13.9.3 Domain Modeling

The spatial distribution of volcanic host rocks and sulphide-silver mineralization contributes directly to variability in grade distribution within the Pulacayo deposit, as defined by Apogee drilling. Stringer and disseminated styles of mineralization with locally massive to semi-massive zones are typical of the TVS within the intruding andesitic volcanics. Despite observed deposit scale zonation of all three metals throughout the history of mining, with higher grade silver occurring at middle elevations and increasing base metal values with depth, the TVS can locally be defined by all metals, with silver being the best indicator for economic purposes. The 2012 resource estimate by Mercator used individual metal domain methodology for silver, lead, and zinc to register correlation of veining and associated mineralization. For the current resource estimate, focus was narrowed to defining high grade silver mineralization. Associated lead and zinc mineralization was modelled within the high-grade silver domains and independent solid models for lead and zinc were not created. This approach reflects the preferred, high grade silver underground mining scenario currently being favored by Prophecy. As a consequence, the peripheral constraining wireframe used in the previous resource estimate was not applied for the current resource estimate. Cursory inspection showed that contained mineralization did not meet current minimum silver-equivalent grade threshold requirements.

Assay results for silver, lead and zinc were displayed on drill hole traces at nominal 50 m section spacing and sectional interpretations at a 200 g/t Ag cut-off over three down hole meters were used to develop high grade silver three-dimensional wireframe solid models. The solid model domains were limited up-dip by the topographic surface, or half the distance to a constraining drill hole, and by either a down-dip extension of 25 m from the last intercept, half the distance to a constraining drill hole, or to a depth that is continuous with the depth of the domain defined on adjacent sections. Along strike, the solid models were projected 25 m from the last defined section that showed continuity and definition based on the current drill hole database, or half the distance to a constraining drill hole. A total of 8 silver domain solid models defining zones of veining and higher-grade mineralization were created. The primary high-grade silver domain ranges from a few meters to tens of meters in thickness, extends a maximum of 600 m down dip, with an average down dip length of 370 m, and extends 1200 m in strike length along an azimuth of 280° (Figure 13.3). The primary high-grade silver domain commonly shows sequencing of a single narrow vein system at depth in the sedimentary rocks that transitions to a wide stockwork style zone of veins, veinlets and disseminations in the overlying volcanic hosted section. Mineralization becomes more discontinuous and irregular higher up in the volcanic section (Figure 13.4). The other 7 silver domains are approximately 3 m to 5 m in thickness, 30 m to 150 m in dip extent, and occur over strike lengths between 50 m and 450 m along the 280° azimuth trend (Figure 13.3). The secondary high-grade silver domains appear to represent secondary mineralized vein trends and structures of the TVS.

Figure 13.3: Isometric Views to NE (Left) and SW (Right) of the Silver Domain Solid Models

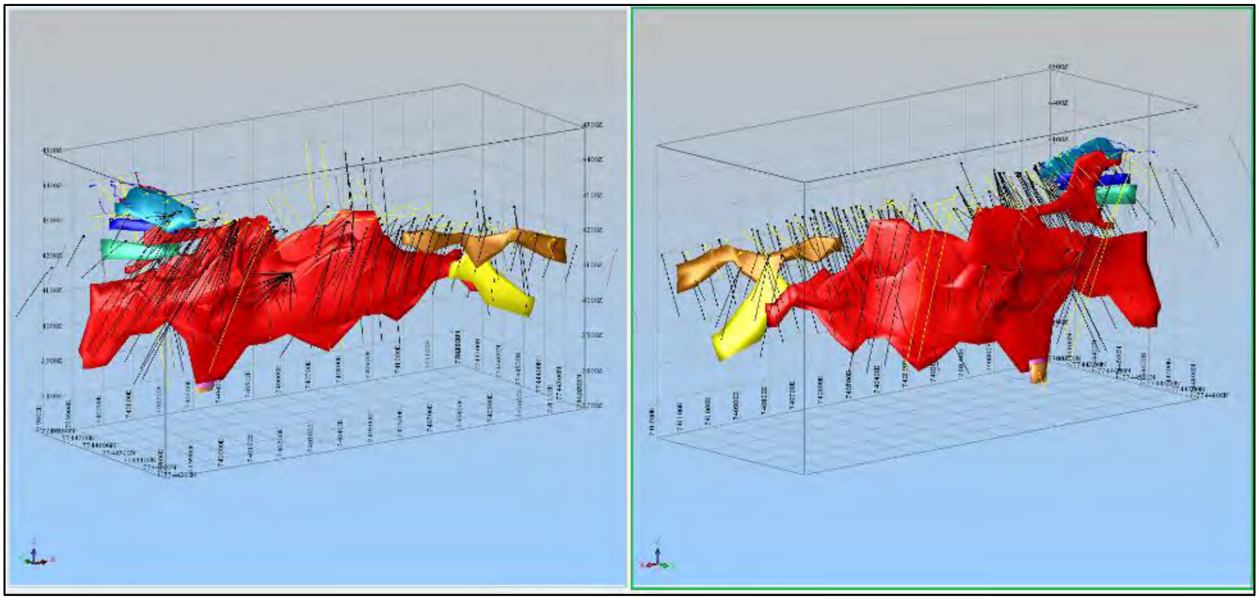


Figure 13.4: Section (740200X) Viewed to West of the Primary Silver Solid Domain Model.

Note: Drill hole intervals coded in blue denote volcanic host rock and those coded in green denote sedimentary host rock.

13.9.4 Underground Workings Model

The Pulacayo deposit has an extensive history of mining activity represented by shafts, winzes, level development and stoping. Digital modeling of stopes and underground development was originally created by EPCM Consultores S.R.L (EPCM) and was subsequently upgraded and validated by Mercator by digitally adding historic underground mining and stoping from archived mine engineering plans. Compatibility issues arose between the original workings model and the GEOVIA-Surpac® suite modelling software used by Mercator. To deal with this issue in the previous resource estimate prepared for Apogee, Mercator used an interpolated model from gridded perimeter level plan slices of the EPCM workings model to estimate block void volume. For the current block model, the parent block size was increased to 2mY x 10mX x 10mZ to better reflect a potential, underground stope unit. Previously applied sub-blocking methodology was also replaced by partial percentage volume assignment. As such, use of the interpolated block approach to estimate mine workings volume was no longer feasible. Mercator therefore created a new digital model of stopes and other underground workings in the resource area, so the associated volume could be estimated using partial percentage block assignments.

To create the new mine workings model, original digital files of stopes and underground workings within the resource area were converted to perimeter string files or fully re-digitized and then wireframed into three dimensional solid models. From the original underground workings model developed by EPCM, a total of 137 stope solid models, 35 level solid models, and 6 shaft solid models were assembled. An additional 26 new stope solid models were created from review of historic plan and longitudinal sections. The resulting individual solid models were merged into a single solid model through the SOLID TOOLS > UNION SOLIDS module in Surpac and the intersecting volume of the revised underground workings solid model with the silver domain solid models was converted to a separate solid model through the SOLID TOOLS > INTERSECT SOLIDS module (Figure 13.5 and 13.6). Partial percentage volume assignment was used to estimate block volume for the revised underground workings solid model and the underground workings - silver domain intersection solid model. Volumes for the underground workings solid model and underground workings - silver domain intersection solid model were reported through the SOLID TOOLS > REPORT VOLUME OF SOLIDS module and compared with the respective block model volume reports. Results showed that the block model was reporting approximately 1 % less volume than the solid models and therefore a 1 % correction factor was applied to the block partial percentage volume adjustment attribute for the underground workings and underground workings - silver domain intersection solid models. The volume assigned to stopes and underground development was removed from resource block model reports. The revised solid model of stopes and other underground workings was also reviewed using cross sections and was determined to show acceptable visual correlation with the drill hole database.

Figure 13.5: Isometric View to NE of the Stopes and Underground Workings Solid Model

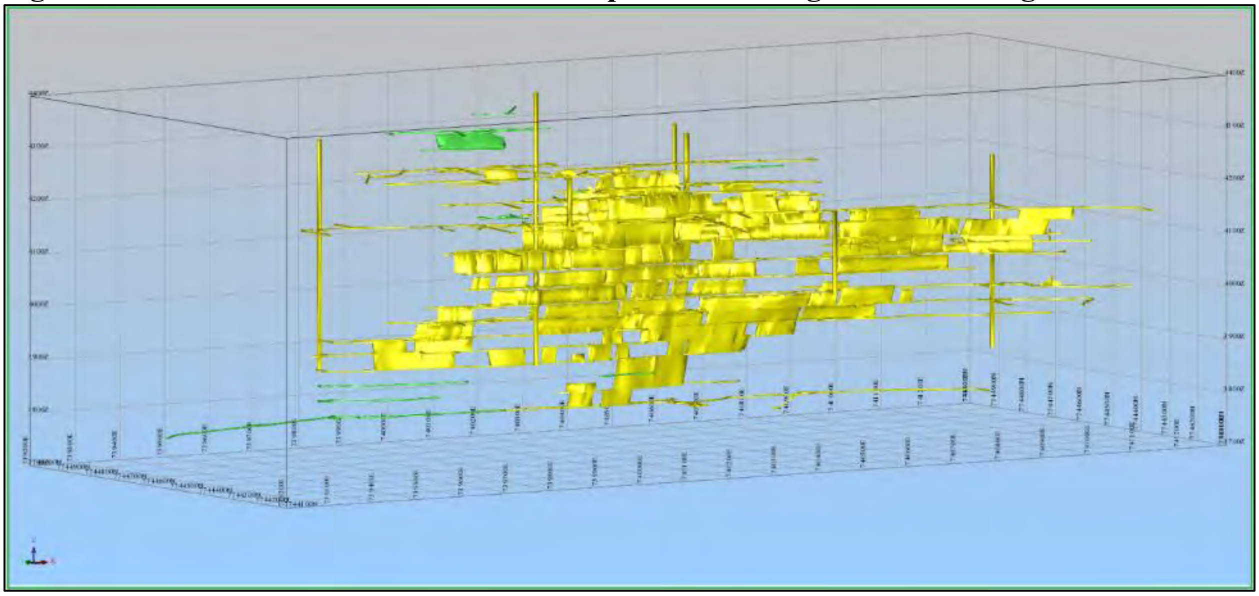
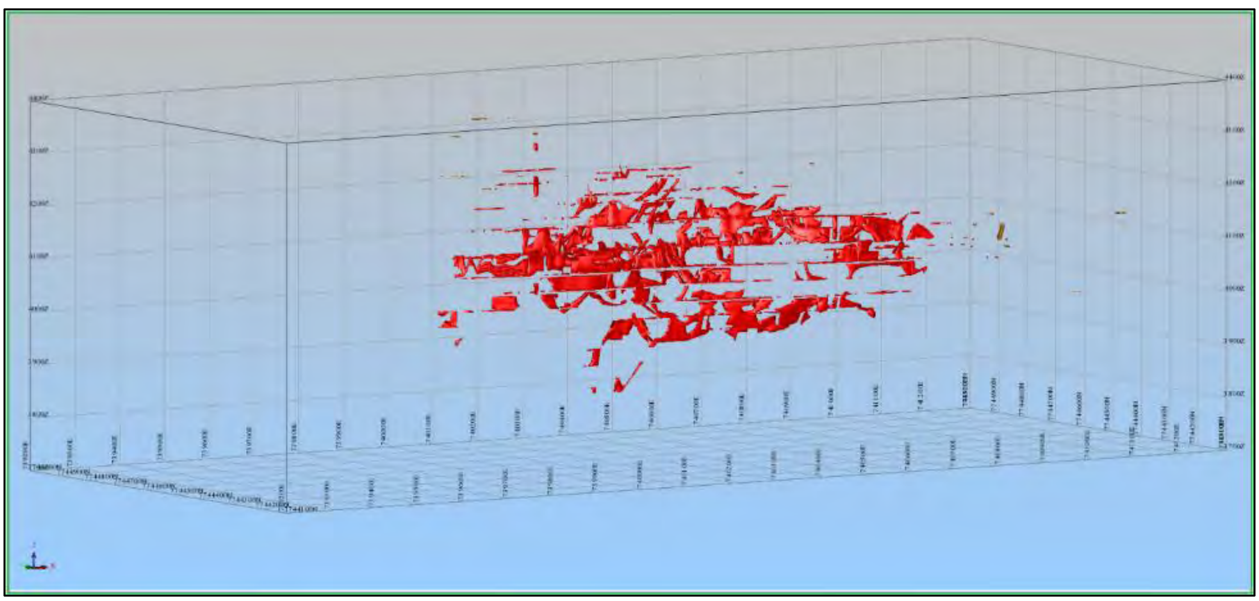


Figure 13.6: Isometric View to NE of Intersection Solid Between Workings and Silver Solids



13.9.5 Drill Core Assays and High-Grade Capping

The drill core assay data set used in the current Pulacayo resource estimate contains 28,807 core sample records exclusive of quality control and quality assurance samples. In addition, 627 trench samples completed in 2011 are included in the resource database. Trench samples were converted into horizontal drill holes and included in the core assay database. A total of 1731 assay samples occur within the silver domain solids. Descriptive statistics were calculated for each metal from the raw assay datasets constrained within the silver domain and results are presented in Table 13.1. Distribution histograms, cumulative frequency plots and probability plots for the 1.0 m composites are included in Cullen and Webster (2015a,b).

A grade cap for each metal was applied to the raw assay dataset to limit influence of high grade anomalous results having limited demonstrated continuity. Assays were capped at levels of 1700 g/t for silver and 15 % for both lead and zinc. These values correspond with the 98.5, 99.4, and 99.3 percentiles for these metals, respectively. A subjective check on applicability of capping factors was carried out on the basis of logged geology and mineralization styles and it was concluded that the presence of intervals of mineralization at the selected capping grades were geologically reasonable, with local potential for both strike and dip continuity at such levels. Descriptive statistics were also calculated for the capped assay dataset and are presented in Table 13.1. As expected, mean capped assay grades for each metal decrease relative to the mean raw assay grades. The coefficient of variation for capped datasets is also lower, indicating that they are more statistically acceptable for resource estimation purposes. Distribution histograms, cumulative frequency plots and probability plots for capped assays for all metals are included in Cullen and Webster (2015a,b).

Table 13.1: Silver, Lead and Zinc Raw and Capped Assay Statistics

	Raw Assay Values			Capped Assay Values		
Parameter	**Ag g/t**	**Pb %**	**Zn %**	**Ag g/t**	**Pb %**	**Zn %**
Mean Grade	299.76	1.44	2.18	266.65	1.41	2.15
Maximum Grade	10000.00	28.70	28.50	1700.00	15.00	15.00
Minimum Grade	0.50	0.00	0.00	0.50	0.00	0.00
Variance	384948.45	6.50	8.56	137640.58	5.52	7.43
Standard Deviation	620.44	2.55	2.93	371.00	2.35	2.73
Coefficient of Variation	2.07	1.77	1.34	1.39	1.66	1.27
Number of Samples	1731	1731	1731	1731	1731	1731

13.9.6 Drill Core Assay Composites and Statistics

Sample lengths range between 0.3 m and 3.0 m for the silver domain assay sample subpopulation, with over 80% of samples measuring 1.0 m in length. For frequency histograms and cumulative frequency distribution plots for the sample lengths the reader is directed to Cullen and Webster (2015a,b). Based on these results, down hole capped assay composites at a base 1.0 m support length were developed for silver, lead and zinc for drill hole intervals intersecting silver domain solid models.

The composites were created at the base 1.0 m support length but allowed to "best fit" domain intervals to accommodate spatial variations in the grade domain and interpolation constraints. This method produced composites of variable length within any specific drill hole zone but ensured that composite lengths were as close as possible to the nominated composite length. At least 30% of a downhole assay sample interval was required to be included in a composite. Intervals that were not sampled but logged as stopes or workings were not diluted to zero grade and therefore the missing values have no effect on grade. No lithological constraints were imposed on down hole assay compositing. Descriptive statistics were calculated for each metal from the composite datasets and results are presented in Table 13.2.

Table 13.2: Silver, Lead and Zinc Statistics for Assay Composites

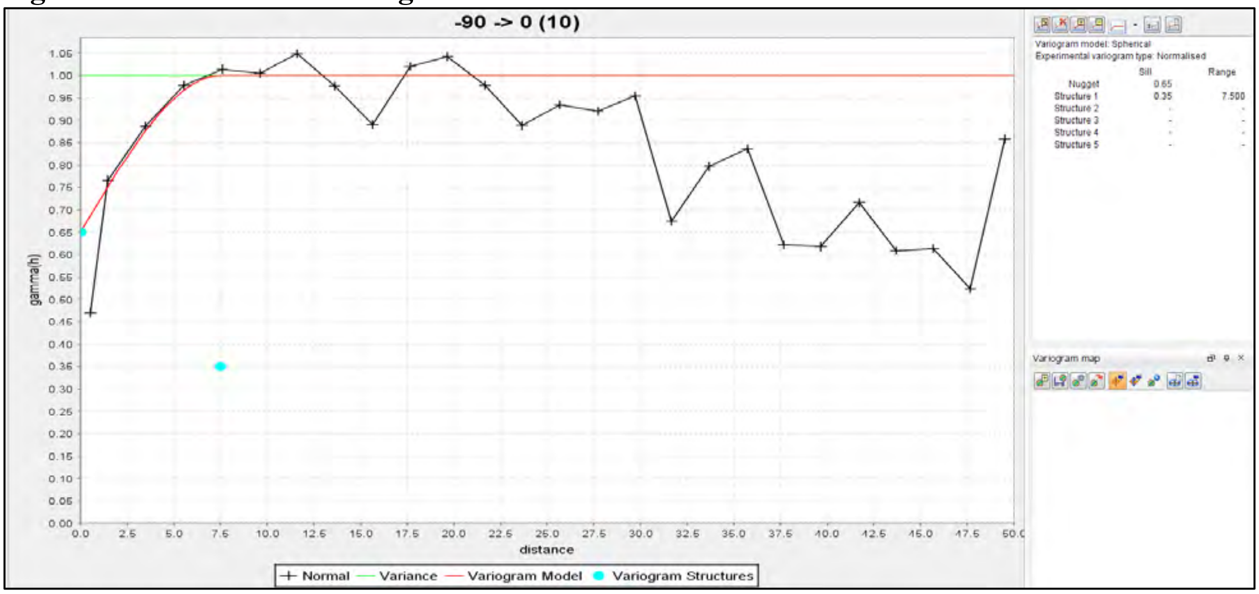
Parameter	Ag g/t	Pb %	Zn %
Mean Grade	283.20	1.43	2.19
Maximum Grade	1700.00	15.00	15.00
Minimum Grade	0.50	0.00	0.00
Variance	133561.63	5.14	7.19
Standard Deviation	365.46	2.27	2.68
Coefficient of Variation	1.29	1.58	1.22
Number of Samples	1798	1798	1798

13.9.7 Variography

Manually derived models of geology and grade distribution provided definition of the primary east-west and sub-vertical trend associated with the TVS. Mineralization is characterized by narrow vein style occurrences in tuffaceous sandstone host rocks at depth that bifurcate into stockwork vein arrays and disseminated mineralization in overlying andesitic volcanics. To assess spatial aspects of grade distribution within this recognized orientation corridor, experimental variograms based on the capped down hole composite dataset were assessed for silver, lead and zinc. Variography assessment was heavily weighted towards results from silver variograms as silver is the primary metal of interest and controlled geological interpretations and data domaining.

Experimental down hole variograms were developed to assess the global nugget value and potential ranges for the third axis (minor axis) of continuity. The silver downhole variogram (Figure 13.7) was fitted with a spherical model showing a nugget value of 0.65 with a range of 7.5 m.

Figure 13.7: Downhole Variogram for Silver



Experimental directional variograms were developed for both the silver domain composite dataset and a 1.0 m down hole composite dataset based on the global resource assay database. The silver domain composite dataset has a small sample population for variogram analysis that produces fewer sample pairs at various lags and “noisier” experimental variograms. The global down hole composite dataset provided a more viable sample population. Variogram analyses were first assessed against the global down hole composite dataset and subsequently reviewed against the silver domain composite dataset. Data were assessed within a vertical, east-west oriented plane defined in the modelling software by a 90° plunge towards 10° azimuth.

Experimental variogram results from the silver global down hole composite dataset were fitted with spherical model attributes that define a primary axis (major axis) of continuity of 125 m along an azimuth of 280° and a plunge of 30°, a secondary axis (semi-major) of continuity of 75 m along an azimuth of 100° and a plunge of 30°, and a third axis (minor axis) of continuity of 7.5 m along an azimuth of 10° and a plunge of 0° (Figure 13.8). Similar spherical models were then fitted for experimental variograms from the silver domain composite dataset, defining a primary axis (major axis) of continuity of 112.5 m along an azimuth of 280° and a plunge of 20° and a secondary axis (semi-major) of continuity of 75 m along an azimuth of 100° and a plunge of 20° (Figure 13.9).

The anisotropic variogram results for silver combined with sectional interpretations of geology and grade distributions contributed to development of interpolation ellipsoids that can generally be defined as plunging 20° along a strike of 280° azimuth and dipping 90°, with a 125 m major axis, 75 m semi-major axis, and a 25 m minor axis. Interpolation ellipsoid orientation was slightly modified along dip and strike to better fit local trends and geometries of the deposit. A total of 15 interpolation domains were utilized and these are summarized in Table 13.3. The primary silver domain was divided into 8 interpolation sub-domains with each functioning as an independent interpolation domain.

Table 13.3: Interpolation Domain Parameters

Interpolation Domain	Azimuth	Dip	Plunge
Primary Ag Domain 1	97.5	-90	20
Primary Ag Domain 2	97.5	-80	20
Primary Ag Domain 3	105	-90	20
Primary Ag Domain 4	97.5	-90	20
Primary Ag Domain 5	110	75	20
Primary Ag Domain 6	100	75	20
Primary Ag Domain 7	95	75	20
Primary Ag Domain 8	107.5	70	20
Secondary Ag East 1	112	-67	0
Secondary Ag East 2	115	-77	0
Secondary Ag East 3	120	-55	0
Secondary Ag Sat 1	275	-86	0
Secondary Ag Sat 2	275	-86	0
Secondary Ag West 1	293	-75	0
Secondary Ag West 2	285	-65	29

Figure 13.8: Anisotropic Variograms for Global Down Hole Composite Silver Values

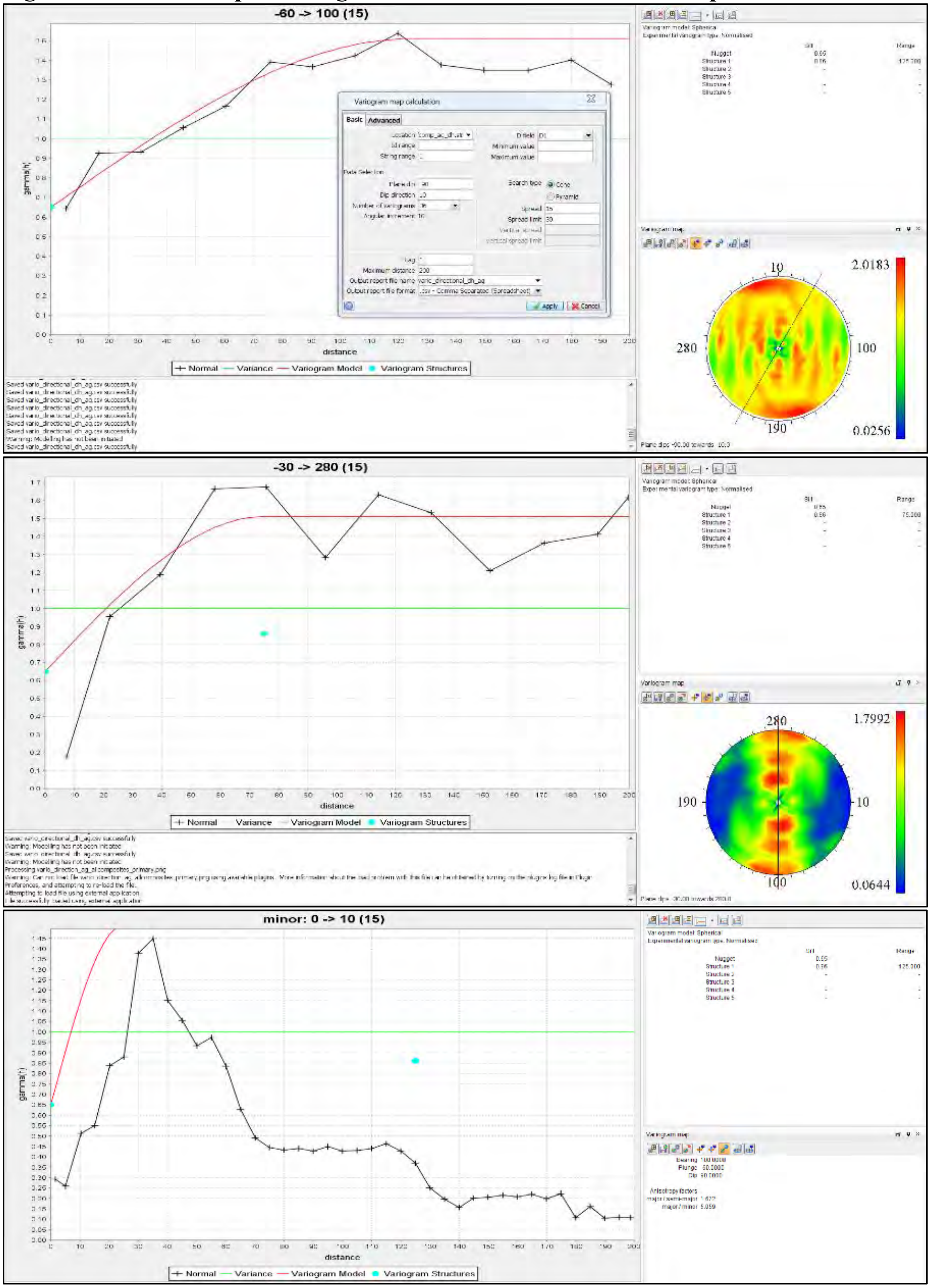
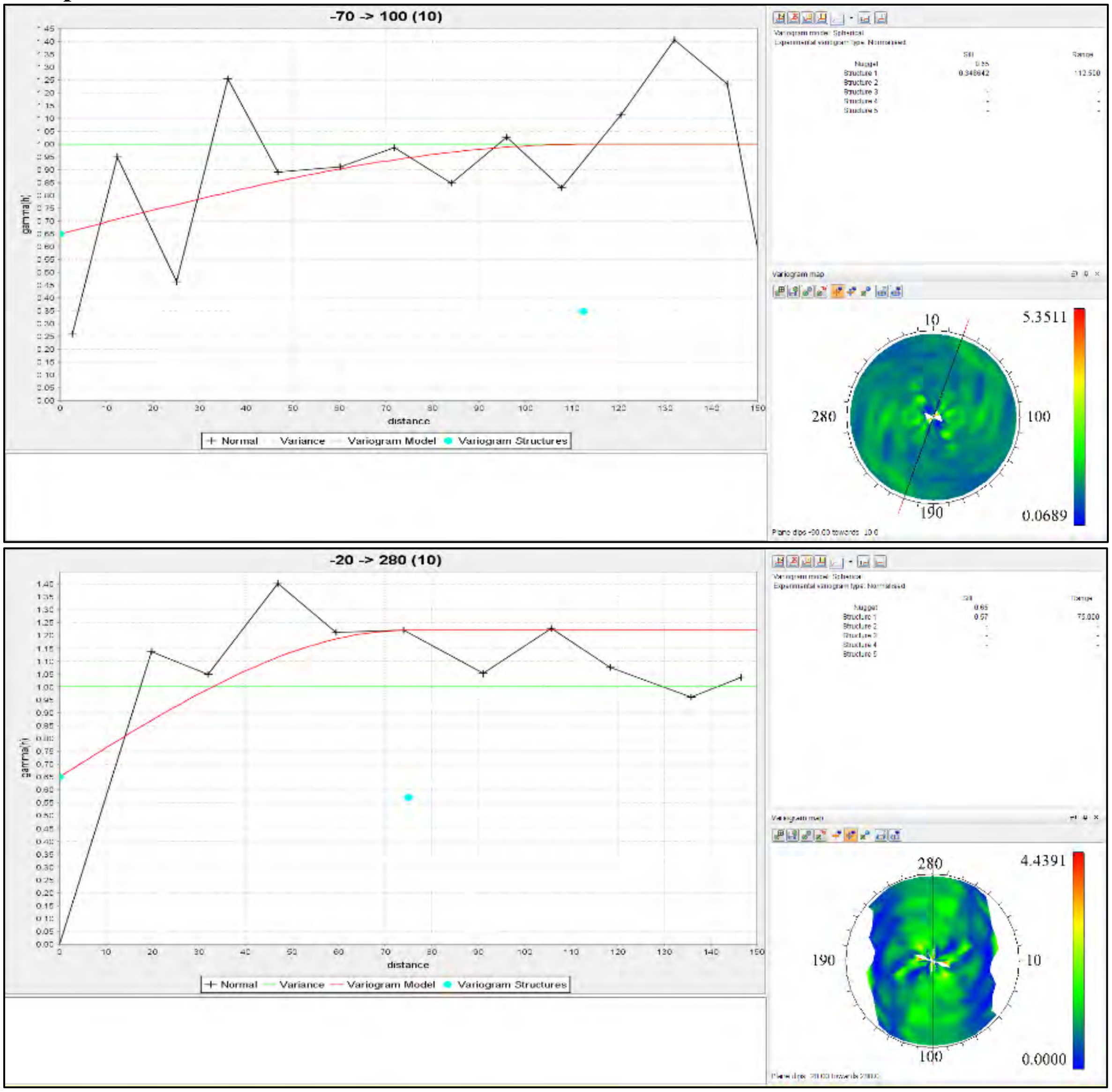


Figure 13.9: Primary and Secondary Anisotropic Variograms for Silver Domain Composites



13.9.8 Setup of Three-Dimensional Block Model

The Pulacayo block model was developed using WGS84 (Zone 19, South Datum) grid coordination and a sea level elevation datum. The block model is oriented along azimuth 100° with no dip rotation applied and model extents are further defined in Table 13.4. Standard block size for the model is 10 m x 2 m x 10 m (X, Y, Z), with no sub-blocking applied. As discussed above in Section 13.3.3, the nominal topographic surface as defined by a digital terrain model functions as the upper deposit constraint.

Table 13.4: Summary of Pulacayo Deposit Block Model Parameters

Type	Y (Northing m)	X (Easting m)	Z (Elevation m)
Minimum Coordinates	7744400	739350	3770
Maximum Coordinates	7745150	741350	4500
User Block Size	2	10	10
Min. Block Size	2	10	10
Rotation	10	0	0

**UTM WGS 84 – Zone 19 South and sea level datum*

13.9.9 Resource Estimation

Inverse distance squared (ID^2) grade interpolation was used to assign block grades within the Pulacayo block model. As reviewed earlier, interpolation ellipsoid orientation and range values used in the estimation reflect a combination of trends determined from the variography and sectional interpretations of geology and grade distribution for the deposit. The trends and ranges of the major, semi-major, and minor axes of grade interpolation ellipsoids used to estimate silver, lead and zinc grades were described previously in report section 13.3.7.

All three metals were evaluated during the same interpolation passes using the capped assay composite dataset. An interpolation pass was run for each interpolation sub-domain, which constrained the blocks considered for interpolation but functioned as a soft boundary for considering included composites. As previously discussed, the 8 individual domain solids were required to be sub-divided into 15 interpolation pass sub-domains to accommodate minor orientation adjustments to the azimuth and dip of ellipsoids. The minimum number of contributing assay composites used to estimate a valid block grade for all domains was set at 3 and the maximum number of contributing composites was set at 9, with no more than 3 contributing assay composites allowed from a single drill hole. Block discretization was set a 1Y x 2X x 2Z. Block volume identified as occurring within the underground workings solid model was removed from the resource estimate after grade interpolation was completed. Interpolated silver, lead, and zinc block grades were used to calculate silver equivalency block values by means of the silver equivalency calculator discussed in Sections 13.3.3 and 13.3.7.

13.9.10 Bulk Density

Density determinations were performed systematically by Apogee staff using the Archimedes method on selected core samples. Results were compiled with corresponding lithologies in a digital spreadsheet and a total of 29,344 mineralized and non-mineralized sample analyses were available for current use. Mercator imported these results into the Surpac resource database and normalized data by developing 1 meter down hole composites over the drill hole intervals that corresponded to the peripheral domain used in the previous resource prepared for Apogee. Descriptive statistics for the 21,331 specific gravity composites within the model constraint are presented in Table 13.5 (sulphide zone) and Table 13.6 (oxide zone).

Table 13.5: Density Statistics for 1 m Composites in Peripheral Domain Sulphide Zone

Parameter	Specific Gravity
Mean	2.35 g/cm^3
Maximum	6.20 g/cm^3
Minimum	1.02 g/cm^3
Variance	0.10
Standard Deviation	0.32
Coefficient of Variation	0.13
Number of Composites	18,200

Table 13.6: Density Statistics for 1 m Composites in Peripheral Domain Oxide Zone

Parameter	Specific Gravity
Mean	2.16 g/cm^3
Maximum	5.54 g/cm^3
Minimum	1.00 g/cm^3
Variance	0.07
Standard Deviation	0.27
Coefficient of Variation	0.13
Number of Composites	3131

Mercator considers variation in model bulk densities to be primarily dependent on variation of contained sulphide levels in core samples. Sulphide content is also closely related to overall metal grades. Assignment of the average densities of 2.35 g/cm^3 and 2.16 g/cm^3 for the sulphide and oxide zone, respectively, across the entire deposit was not considered appropriate, due to recognized density in-homogeneities. Density values were therefore interpolated into block model space using ID^2 methodology.

The density values constrained within the silver domain boundaries were composited and descriptive statistics for the 1,560 contained density composites are presented in Table 13.6. Extremely low density values in the database were flagged and plotted on the drill hole traces along with geology and drill hole assay grades to assess their validity. Values less than 1.50

g/cm^3 were found to most commonly occur in samples from drill hole PUD005. Core from this hole is characterised by competent lithologies that would be expected to have density values more closely approximating the dataset mean. This issue was further assessed by comparing PUD005 density values for core intervals for similar metal grades in similar rocks in adjacent drill holes. These intervals showed values close to or greater than the mean dataset value and it was concluded that results for PUD005 were erroneous where no logged physical core attribute could explain the low value present. These suspect results were excluded from the density interpolation process for the resource block model. Descriptive statistics for the remaining 1,532 specific gravity composites are presented in Table 13.7. Density value ID^2 interpolation was performed using the silver domain density composites with flagged erroneous results removed.

Table 13.7: Density Statistics for 1.0 m Composites in the Silver Domain

Parameter	All Composites	Erroneous Results Removed
Mean	2.61 g/cm3	2.61 g/cm3
Maximum	5.42 g/cm3	5.42 g/cm3
Minimum	1.02 g/cm3	1.18 g/cm3
Variance	0.21	0.2
Standard Deviation	0.46	0.44
Coefficient of Variation	0.18	0.17
Number of Composites	1,560	1,532

13.9.11 Resource Category Definitions

Definitions of mineral resource and associated mineral resource categories used in this report are those recognized under National Instrument 43-101 (NI 43-101) and set out in the Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves: *Definitions and Guidelines* (the “CIM Standards”).

13.9.12 Resource Category Parameters Used in Current Estimate

Mineral resources defined in the current estimate have been assigned to Inferred and Indicated resource categories that reflect increasing levels of confidence with respect to spatial configuration of resources and corresponding grade assignment within the deposit. Several factors were considered in defining resource category assignments, including drill hole spacing, geological interpretations and number and range of informing composites. Additional specific definition parameters for each resource category applied in the current estimate are set out below and Figures 13.10 through 13.12 illustrate spatial distribution of these categories.

<u>*Measured Resource:*</u> There are no interpolated resource blocks with the certainty of definition suitable for classification in this category present in the current estimate.

<u>Indicated Resources</u>: All interpolated blocks with at least 7 contributing assay composites with a maximum average distance of 70 m to a block centroid and the nearest contributing composite at 60 m or less from a block centroid are categorized as Indicated mineral resources.

<u>Inferred Resources:</u> All interpolated blocks occurring within the silver domain solid that that do not meet Indicated resource category requirements.

Figure 13.10: Isometric View to NW of All Mineral Resource Categories (Red Denotes Indicated Resources and Blue Denotes Inferred Resources)

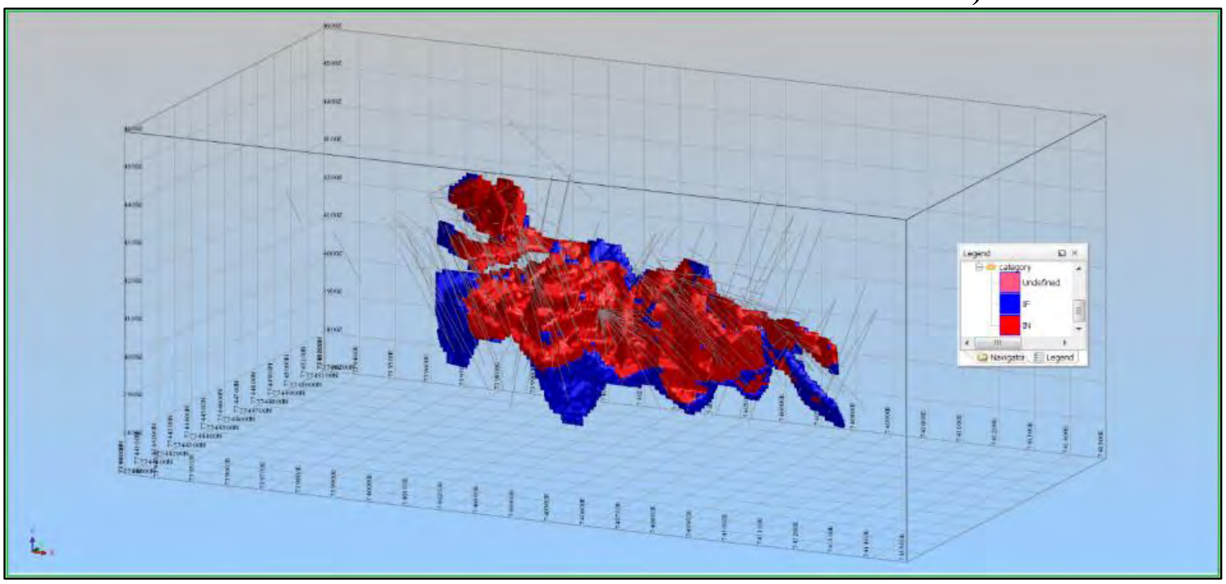


Figure 13.11: Isometric View to NW of the Indicated Mineral Resource

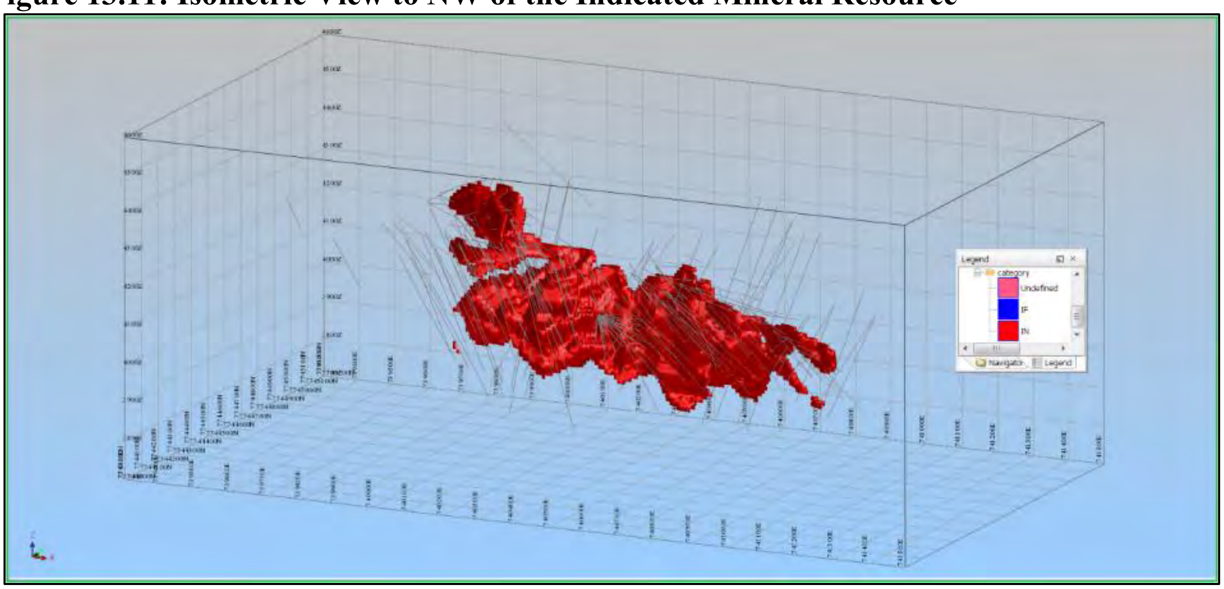
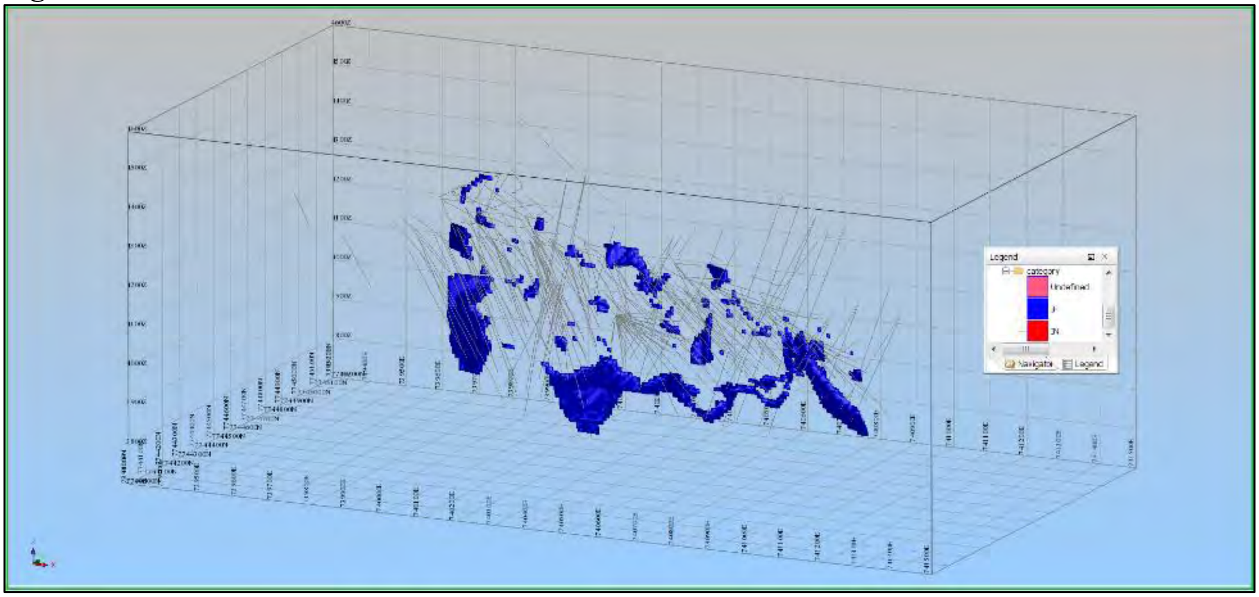


Figure 13.12: Isometric View to NW of the Inferred Mineral Resource



13.9.13 Statement of Mineral Resource Estimate

Block grade, block density and block volume parameters for the Pulacayo deposit were estimated using methods described in preceding sections of this report. Subsequent application of resource category parameters resulted in the mineral resource estimate statement presented below in Table 13.8. Results are in accordance with Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves: *Definitions and Guidelines* (the "CIM Standards") as well as disclosure requirements of National Instrument 43-101.

Updated current resources having a reasonable expectation of economic development by means of conventional underground extraction methods were estimated at a silver equivalent cut-off value of 400 g/t. This reflects a reduction in cutoff grade value from the 2015 Pulacayo estimate and results in more resource tonnage while still providing average Ag Eq. grades for all resource classes in excess of the 500 g/t Ag Eq. average targeted by Prophecy in its similarly updated current project planning. For comparative purposes, the relationship between deposit Ag Eq. grade and tonnage at various Ag Eq. cut off values is presented in Figure 13.13. Optimal tonnage and grade would result from a cut off value of approximately 275 g/t Ag Eq.

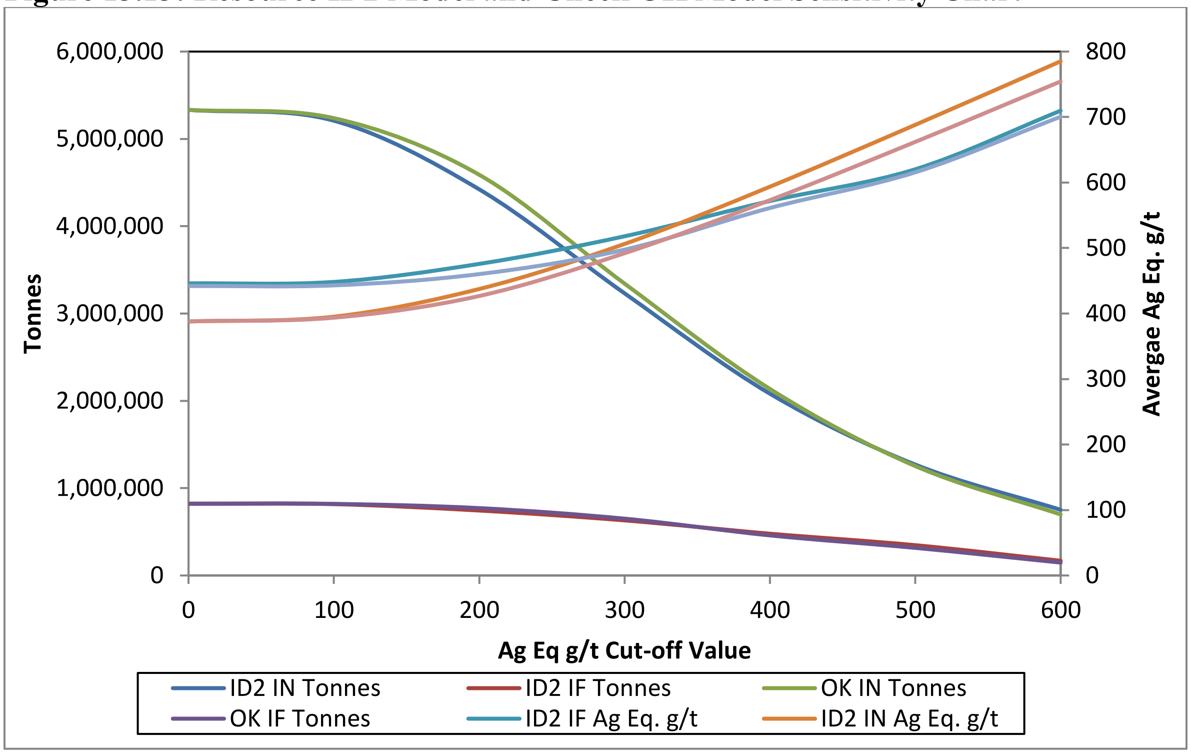
Table 13.8: Pulacayo Deposit Mineral Resource – Effective October 20th, 2017

Ag Eq. Cut-Off (g/t)	Category	Tonnes**	Ag (g/t)	Pb (%)	Zn (%)	Ag Eq. (g/t)
***400**	**Indicated**	**2,080,000**	**455**	**2.18**	**3.19**	**594**
	Inferred	**480,000**	**406**	**2.08**	**3.93**	**572**

Notes:

1) *Mineral resources are estimated in conformance the CIM Standards referenced in NI 43-101.*
2) *Raw silver assays were capped at 1,700 g/t, raw lead assays were capped at 15% and raw zinc assays were capped at 15%.*
3) *Silver equivalent Ag Eg. (g/t) = Ag (g/t)*89.2% + (Pb% *(US$0.94/lb. Pb /14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000*91.9%) + (Zn% *(US$1.00/lb. Zn/14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000*82.9%).Metal prices used in the silver equivalent calculation are US$16.50/Troy oz. Ag, US$0.94/lb Pb and US$1.00/lb Zn. Metal recoveries 89.2% Ag. 91.9% Pb. 82.9% Zn. used in the silver equivalent equation reflect historic metallurgical results disclosed previously by Apogee Silver Ltd. (Porter et al., 2013).*
4) *Metal grades were interpolated within wireframed, three-dimensional silver domain solids using Geovia-Surpac Ver. 6.6.1 software and inverse distance squared interpolation methods. Block size is 10m(X) by 10m(Z) by 2m(Y). Historic mine void space was removed from the model prior to reporting of resources.*
5) *Block density factors reflect three-dimensional modeling of drill core density determinations.*
6) *Mineral resources are considered to have reasonable expectation for economic development using underground mining methods based on the deposit history, resource amount and metal grades, current metal pricing and comparison to broadly comparable deposits elsewhere.*
7) *Rounding of figures may result in apparent differences between tonnes, grade and contained ounces.*
8) *Mineral resources that are not mineral reserves do not have demonstrated economic viability.*
9) **Mineral resource statement cut-off value; resource statement values are presented in bolded form*
10) ***Tonnes are rounded to nearest 10,000*

Figure 13.13: Resource ID2 Model and Check OK Model Sensitivity Chart



Explanatory Note

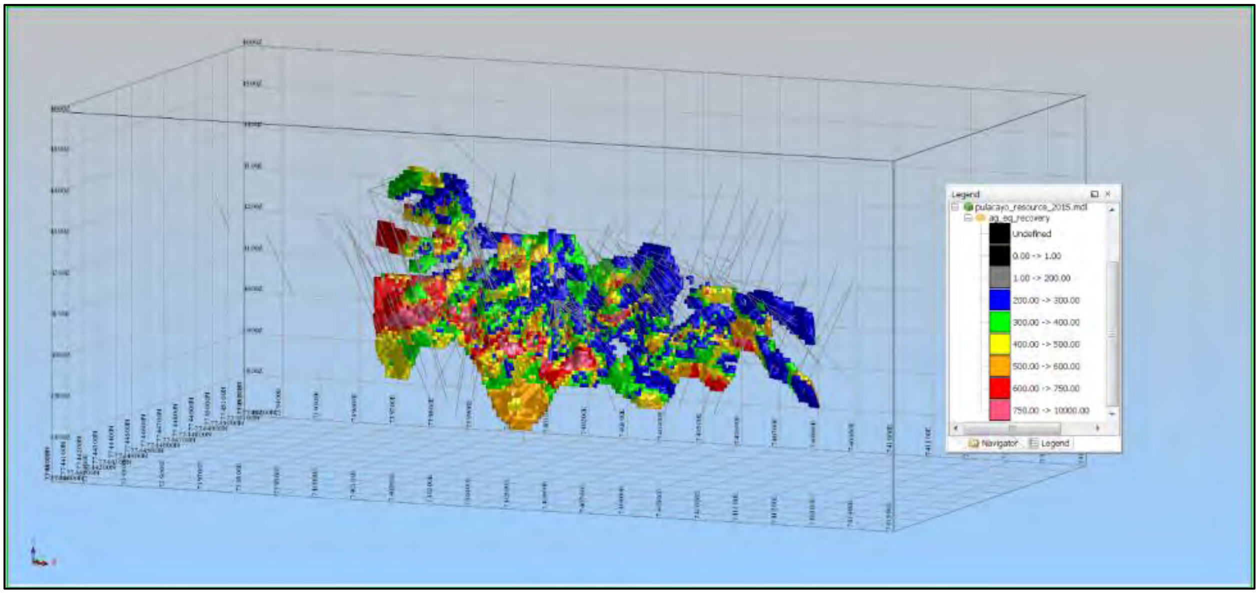
ID2 = inverse distance squared interpolation method; OK = ordinary kriging interpolation;
IF = inferred resource; IN = indicated resource; Ag Eq.= silver equivalent

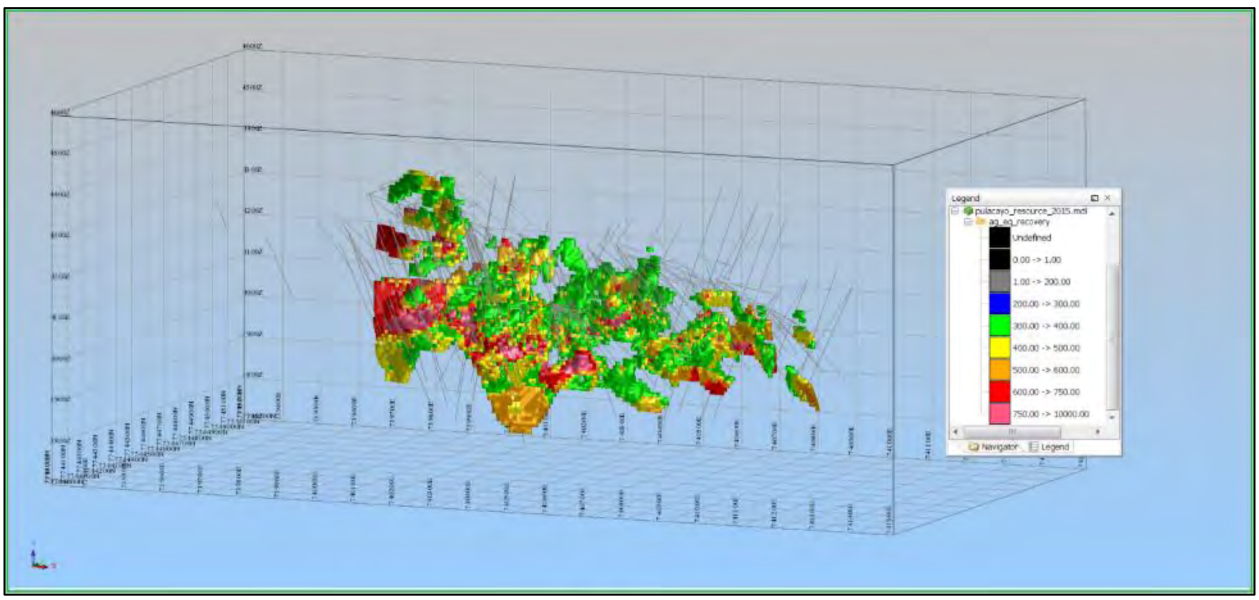
13.9.14 Model Validation

Results of block modeling were reviewed in three dimensions and compared on a section by section basis with corresponding manually interpreted sections prepared prior to model development. This showed block model grade patterns within the sulphide zone to generally conform to a near-vertical east-west striking deposit system with a moderate westerly grade plunge (Figure 13.14 and Figure 13.15). This is consistent with the recognized east-west normal fault controlled systems of the Pulacayo dome complex, locally represented as stockwork, narrow vein and associated disseminations in the overlying volcanic rocks and high-grade vein style mineralization of intruded sedimentary rocks. Overall, results of the visual inspection of both individual metals and silver equivalency show an acceptable degree of consistency between the block model and the independently derived interpretations of the deposit.

Descriptive statistics were calculated for the drill hole composite values used in block model grade interpolations and these were compared to values calculated for the individual blocks in the block model (Table 13.9). The mean drill hole composite grades were found to compare acceptably with corresponding grades of the block model, thereby providing a general check on the model with respect to the underlying assay composite population.

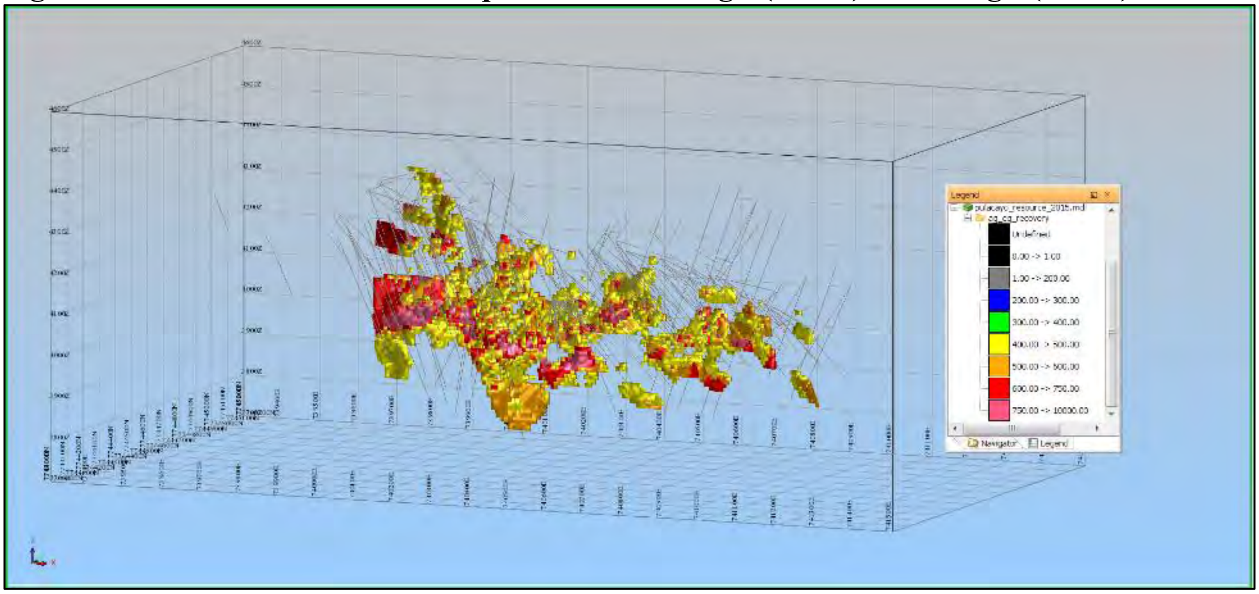
Figure 13.14: View to NW- Silver Equivalence at 200 G/T (Above) and 300 G/T (Below) Cut-Offs





.

Figure 13.15: View to NW- silver equivalence at 400 g/t (above) and 500 g/t (below) cut-offs



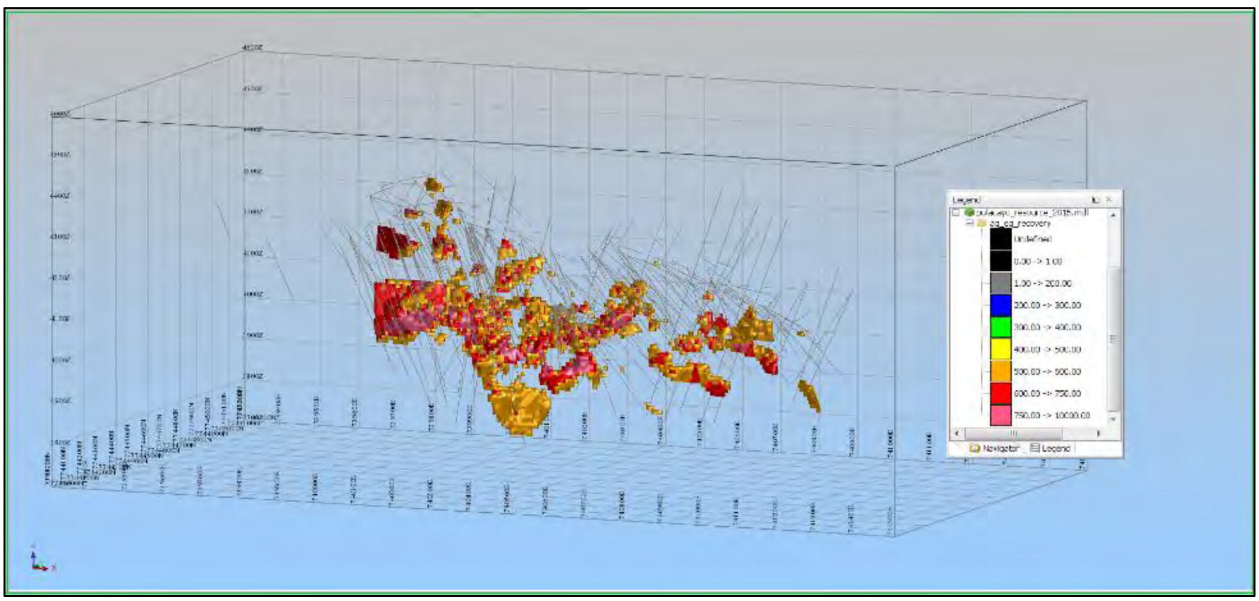


Table 13.9: Comparison of Drill Hole Composite Grades and Block Model Grades

	Domain Composites			Domain Blocks		
Parameter	Ag g/t	Pb %	Zn %	Ag g/t	Pb %	Zn %
Mean Grade	283.20	1.43	2.19	284.50	1.44	2.17
Minimum Grade	0.50	0.00	0.00	0.00	0.00	0.00
Maximum Grade	1700.00	15.00	15.00	1630.64	12.33	13.14
Variance	133561.63	5.14	7.19	27,167	1.99	3.63
Standard Deviation	365.46	2.27	2.68	164.82	1.41	1.91
Coefficient of Variation	1.29	1.58	1.22	0.58	0.98	0.87
Count	1798	1798	1798	31670	31670	31670

The ID^2 resource model for the Pulacayo deposit was checked using Ordinary Kriging (OK) interpolation methodology (see previous Figure 13.13). Search ellipse and other parameters were the same as those used in the ID^2 model where applicable. Results of the OK modeling showed that average grades and tonnage closely match those of the ID^2 model. Results of the two methods are considered sufficiently consistent to provide an acceptable check on the ID^2 methodology. Nugget and sill values were determined from the variogram analysis presented earlier and appear in Table 13.10.

Table 13.10: Additional Resource Parameters for Ordinary Kriging Check Model

Item	Ag	Pb	Zn
Nugget (C0)	0.65	0.65	0.65
Sill (C1)	0.86	0.86	0.86

A further check on the resource block model was carried out through construction of silver grade, resource tonnage and assay composite swath plots for continuous X axis and Z axis coordinated sections. Figure 13.16 presents the X swath plot results (100 m swaths) showing the distribution of tonnes and average silver grade along strike of the deposit. Figure 13.17 presents Z swath plot results (100 m swaths) showing the distribution of tonnes and average silver grade along dip of the deposit. Results show similar grade distribution trends between the average block grade and assay composite grade.

Figure 13.16: X Axis Swath Plot for Combined Resources

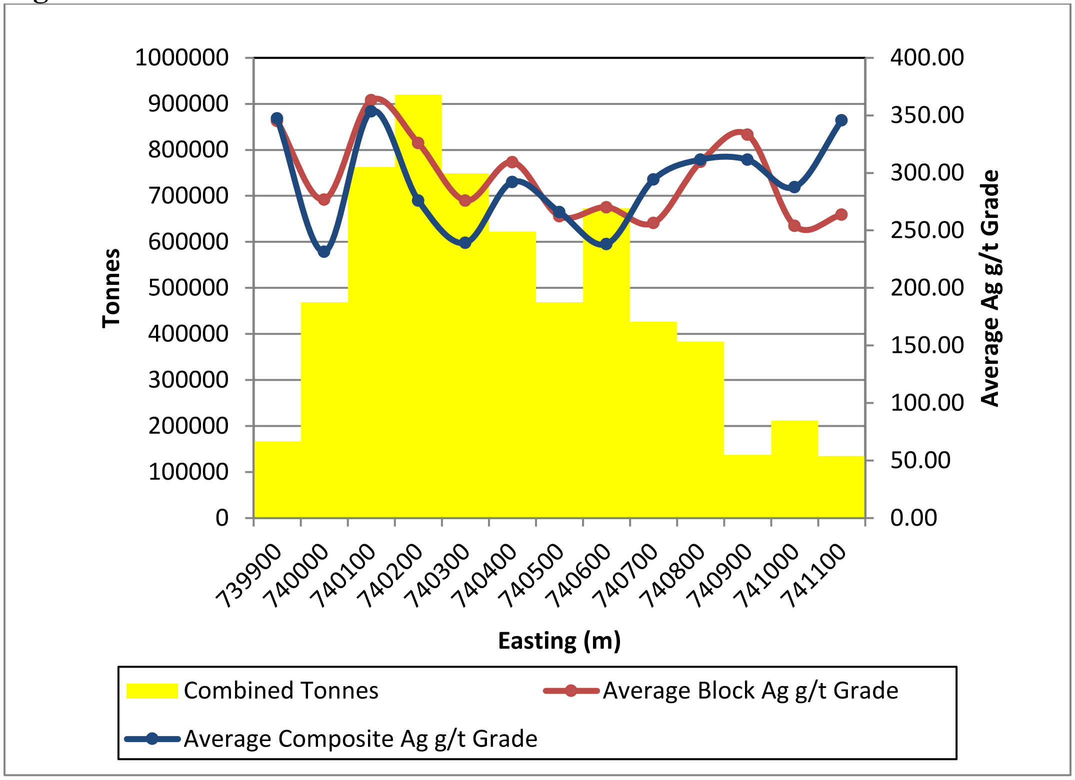
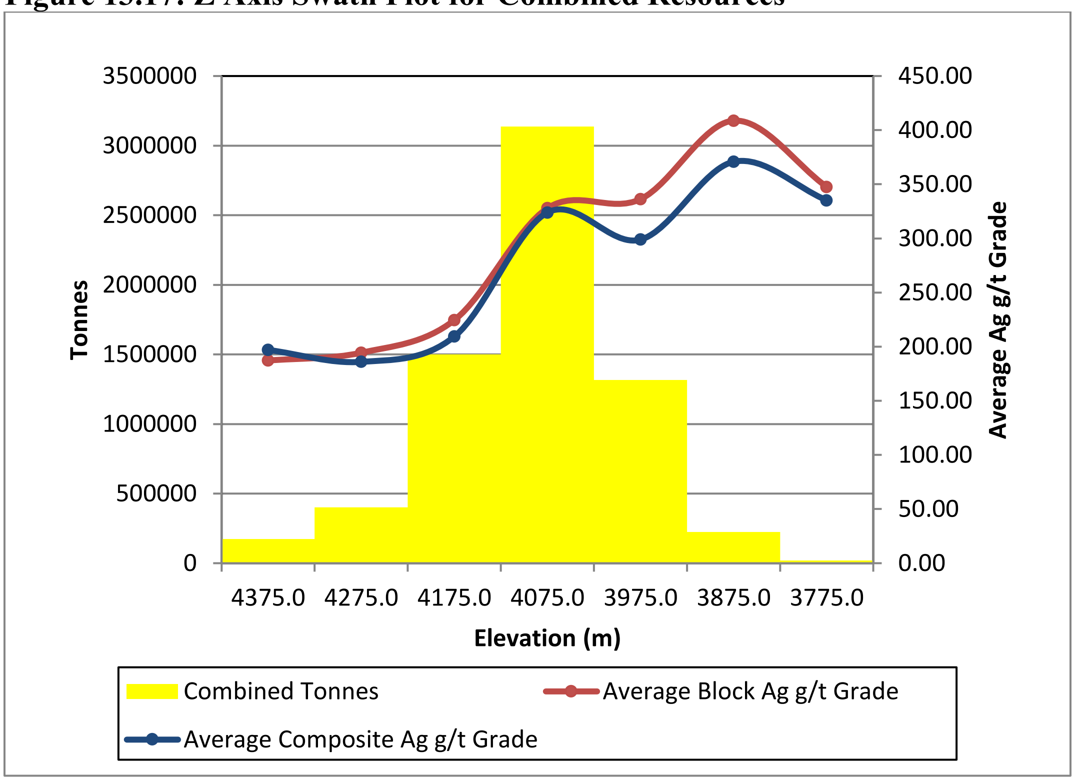


Figure 13.17: Z Axis Swath Plot for Combined Resources



13.9.15 Comment on Previous Resource Estimates Pulacayo Deposit

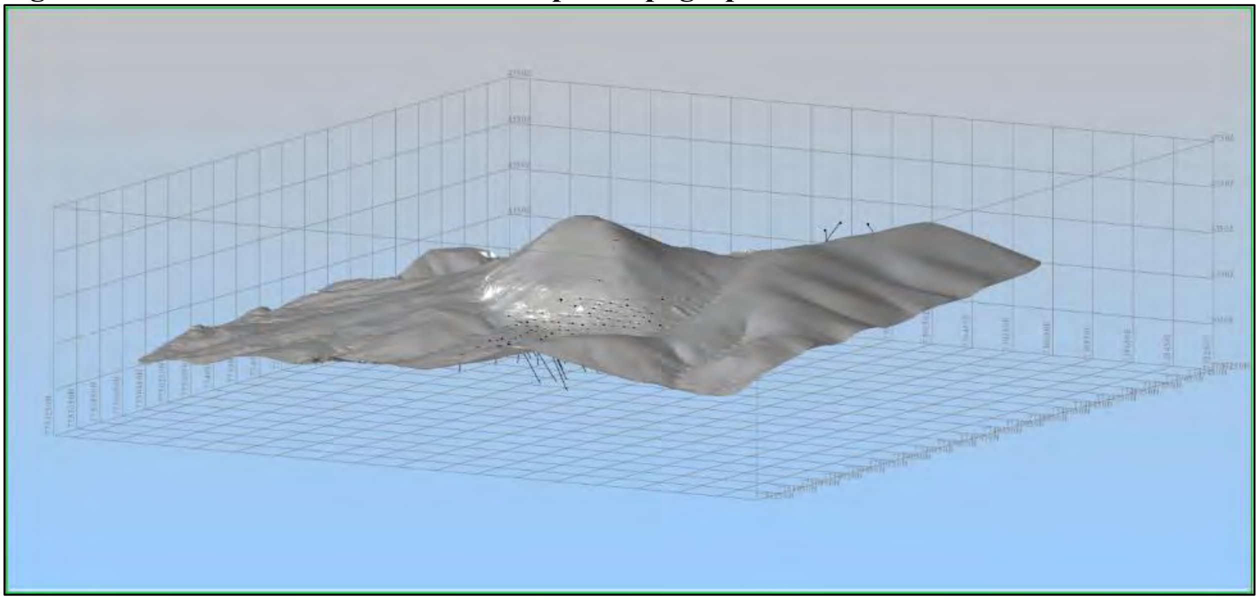
Mercator reviewed each of the previous resource estimates and has concluded that these provide valuable assessments of the Pulacayo deposit as defined by drilling results available at the time of reporting and the respective modelling approaches applied. The 2015 and current resource is based on geological and mineralization attributes of the silver distribution model solids rather than solids based on combined NSR domain modeling of contributing metals, as in the 2011 Apogee resource estimate, or individual interpolation solids as applied in the 2012 Apogee resource estimate. The previously applied methodologies provided an evolving assessment of grade distribution of the TVS and associated secondary structures and usefully assessed metal distribution at moderate to low cutoff values. In contrast, the current resource methodology is specifically aimed at defining high grade silver mineralization and minimizing potential dilution of metals with adjacent lower grade tonnes. For these reasons, results of the current resource estimate differ substantially from earlier estimates by having higher metal grades, thinner mineralized zone solids and significantly lower resource tonnages at common cutoff values. Additionally, the US$16.50/oz silver price used in the silver equivalence calculator for the current estimate is substantially lower than silver pricing used in the 2013 TWP feasibility study and in the 2011 and 2012 Apogee resource estimates. All models are considered valid assessments of the Pulacayo deposit at their respective effective dates, but each reflects different economic and modelling assumptions and modelling approaches. Notably, the current resource estimate also does not include significantly lower grade mineralized material that could have potential for economic development using open pit mining methods or bulk underground mining methods.

13.10 Data Domains, Solid Modelling and Interpolation - Paca Deposit

13.10.1 Topographic Surface

Prophecy provided Mercator with an Autocad (.dwg) digital geology plan map created by Apogee staff in 2009 that also contained contour information at 10 m intervals and registered digital layers for such elements as roads and water systems. Mercator imported the 10 m contours into Surpac and found that the coarse 10 m contour intervals showed poor correlation with numerous drill hole collar elevations. Mercator subsequently incorporated the elevation data from the registered road layer with the contour interval data to create a more accurate digital terrain model (DTM). The topographic DTM covers an area that measures 3000 m east-west and 2750 m north-south over the Paca deposit area and shows an acceptable correlation with the drill hole collar elevations (Figure 13.18). This surface also shows reasonable correlation to hand held GPS data obtained during the site visit and the broad landforms defined by the file correlate well with published contour plans for the area. The topographic DTM is applied as the topographic constraint for resource modelling.

Figure 13.18: Isometric View of The Surpac Topographic Surface DTM – View To SE

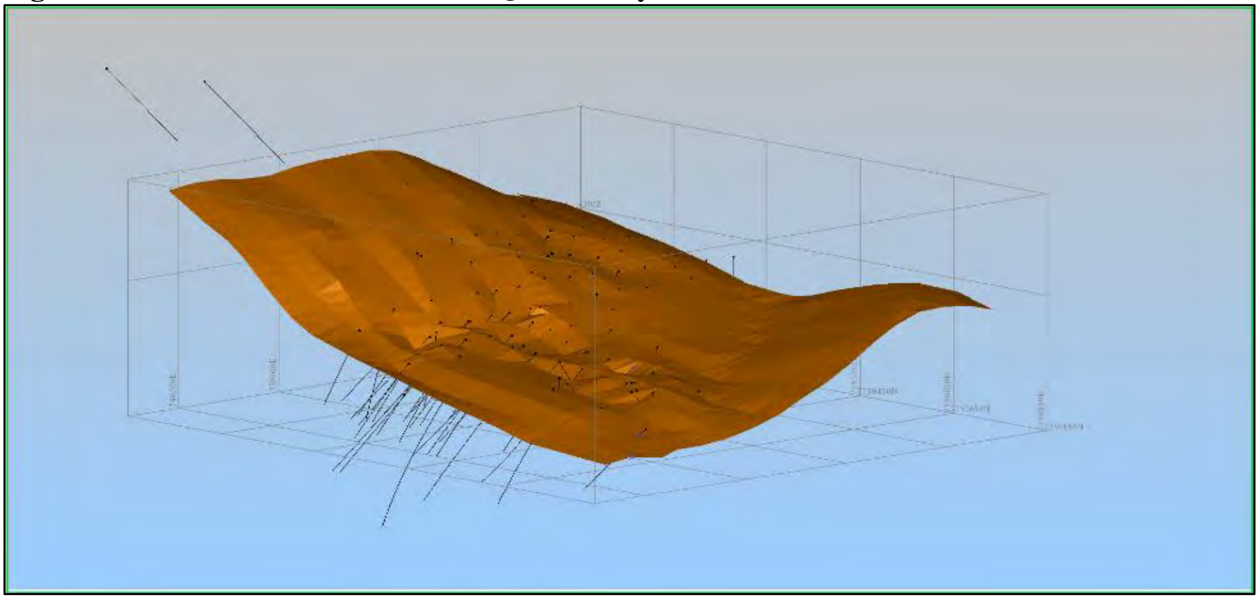


13.10.2 Quaternary Surface and Oxide Surface

The Paca deposit is capped by a layer of overburden material that appears to host silver, lead and zinc mineralization in some areas. Diamond drilling through the material has returned several high grade anomalous results over intervals with very poor core recoveries. This is exemplified by drill hole PND029, for which a single assay sample within the overburden interval returned a silver grade of 1029 g/t from material that was estimated to have 25% recovery over 16 m.

Although significant silver, lead, and zinc mineralization is demonstrated to be locally present in the overburden section, poor core recoveries make it difficult to assess the reliability of individual assay results and the relationship to the main Paca deposit is not entirely clear. As such, Mercator developed a DTM surface for the overburden-bedrock contact from drill hole interpretations on nominal 50 m sections to constrain the top of the main bedrock Paca deposit (Figure 13.19). The overburden zone ranges from 0 m to 20 m in thickness, with the thickest section generally occurring in the northeastern area of the deposit. Mercator did not estimate mineral resources for the overburden material and excluded associated assay composites from the Paca deposit resource estimate. Mercator recommends that further exploration work be completed on the overburden section to better assess grade, distribution, and continuity characteristics of this material.

Figure 13.19: Isometric View of the Quaternary-Bedrock Surface DTM – View To SW



Mercator observed oxide material in both drill core and outcrops during the June, 2015 Paca site visit, wherein original clastic and volcanic host rocks plus sulphide mineralization have been altered by deep weathering effects. The drill hole database for Paca provided by Prophecy did not include definition of oxide, transition, and sulphide zone material and Mercator was not able to develop an oxide-sulphide boundary DTM. At present, it is unknown what impact oxide and sulphide zonation has on grade distribution or what future impacts this may have on metallurgical recoveries. Mercator therefore recommends that the distribution of oxide and sulphide zone material be logged and compiled in the drill hole database to support an oxide-sulphide zone model.

13.10.3 Domain Modeling

The Paca deposit is defined by two types of mineralization; a breccia-dominated feeder system occurring along the north contact of the andesitic Paca Dome complex and an adjoining mantos-type system within adjacent clastic-volcanoclastic sediments that is characterised primarily by disseminated style mineralization. The feeder system encompasses lithologies logged as hydrothermal breccia, tectonic breccia, and volcanic breccia and shows both vertical and horizontal grade zonation. It is also characterized by high grade silver mineralization that doesn't always show direct continuity with grade trends in adjacent disseminated (mantos) mineralization hosted by the clastic-volcaniclastic sedimentary sequence. Feeder zone lead and zinc mineralization cannot be readily distinguished on a grade or metal ratio only basis from lead and zinc mantos mineralization hosted within the clastic-volcanoclastic sediments.

To best accommodate Prophecy's mandate of defining high grade silver resources potentially amenable to underground mining methods, Mercator first developed a domain model that reflects high grade silver distribution associated with the feeder zone and associated breccia lithologies.

A second three-dimensional domain solid model based on silver, lead and zinc disseminated mineralization was subsequently developed. Assay results for silver, lead, and zinc and calculated results for silver equivalency were displayed on drill hole traces at nominal 50 m section spacing to guide solid model wireframing. Sectional interpretations were developed for breccia lithologies that support a subjectively defined 100 g/t Ag cut-off over three down hole metres and these were used to create a mineralized breccia three-dimensional wireframe solid model. Sectional interpretations were then developed for the disseminated mineralization supporting a 50 g/t Ag Eq. cut-off over three down hole metres and were used to create a peripheral silver-lead-zinc three-dimensional wireframe solid model. The solid model domains were limited up-dip by the topographic and/or lower overburden (Quaternary) surface, or half the distance to a constraining drill hole, and by either a down-dip extension of 25 m from the last intercept or half the distance to a constraining drill hole. Along strike, the solid models were projected 25 m from the last defined section that showed continuity and definition based on the current drill hole database, or half the distance to a constraining drill hole.

A total of three mineralization domain solid models, one main and two satellite, defining zones of breccia lithology and higher grade silver mineralization were created. The main mineralized - breccia domain follows the north contact of the andesite for 450 m in strike length along an azimuth of 230°, with a secondary trend extending from the middle of the zone over a strike length of 200 m along azimuth 270° (Figure 13.20). The main mineralized breccia domain primarily shows a sub-vertical grade trend but also includes sub-horizontal grade trend indications in several areas. Mineralized widths or thicknesses range from several meters to 180 m. The two secondary or satellite zones reflect high grade silver mineralization in localized breccia lithologies that occur within the clastic-volcanoclastic host sequence. The satellite zones consist of horizontal to shallowly dipping trends ranging from 100 to 250 metres in length (east-west) that have widths from 40 to 100 m (north-south) and thicknesses from several metres to several tens of metres.

The peripheral domain solid model, which defines disseminated silver-lead-zinc mineralization hosted predominantly in the clastic-volcanoclastic sediments and which envelopes the silver-breccia domains, is comprised of two zones of mineralization (Figure 13.21). The primary zone of the peripheral domain extends 750 m in strike length along the north contact of the andesite in an azimuth range of 260 to 270° and continues into the sediments of the western area of the deposit. Widths and thicknesses range from several meters to 200 m due to both horizontal and vertical grade distribution components. The secondary zone of the peripheral domain measures approximately 400 m in length (north-south), has a 250 m width (east-west) and ranges from several metres to tens of metres in thickness. The zone forms a near-horizontal planar domain that is defined by the northern extent of core drilling as reflected in Figure 13.21.

Figure 13.20: Isometric Views to NW (Left) and NE (Right) of the Main (Yellow) and Satellite (Red) Mineralized Breccia Domain Solid Models

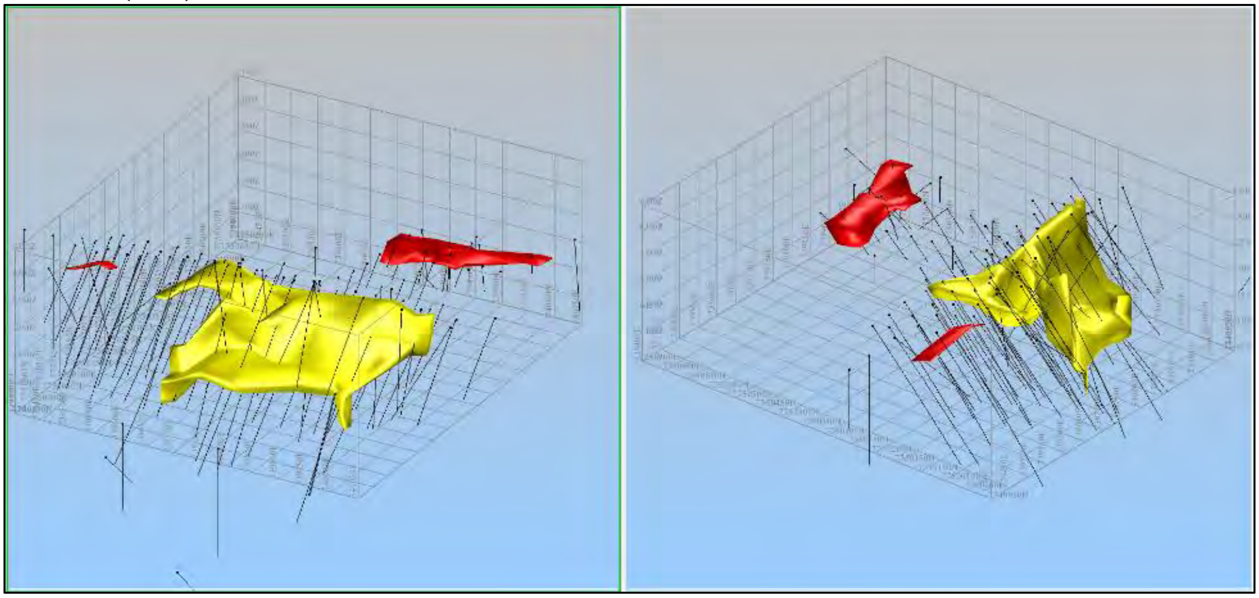
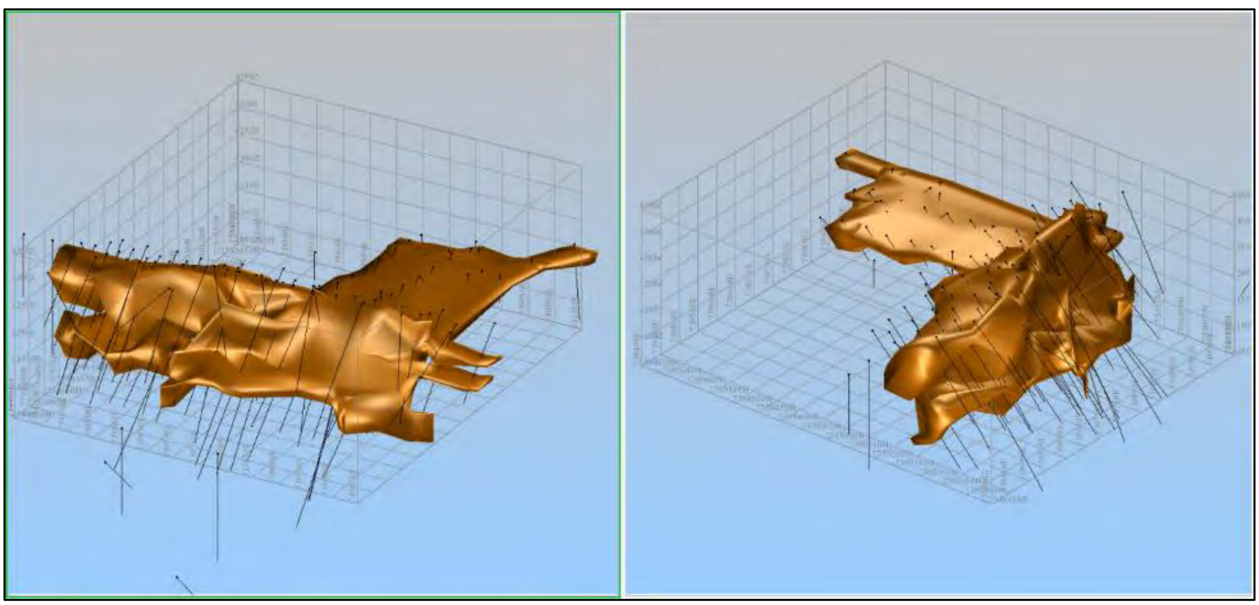


Figure 13.21: Isometric Views to NW (Left) and NE (Right) of the Peripheral Silver-Lead-Zinc Domain Solid Model



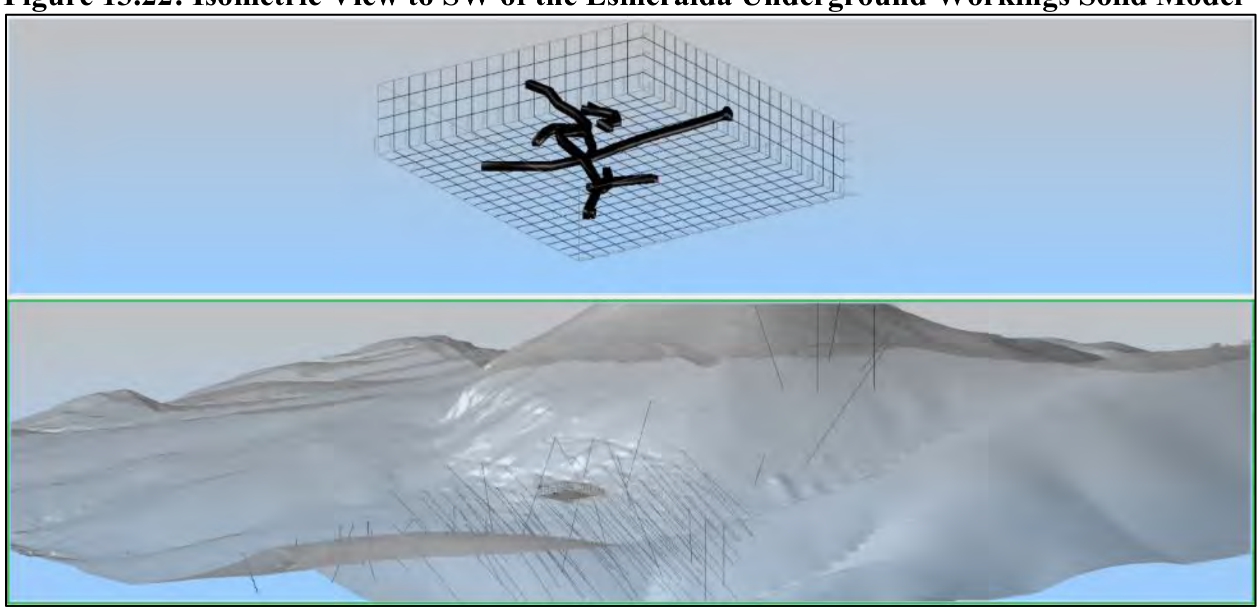
13.10.4 Underground Workings Model

Comibol excavated the Esmeralda adit in 1956 at the base of the north face of the Paca Dome. The Esmeralda adit is interpreted to intersect both the brecciated feeder zone and adjacent mantos-style mineralization and was re-sampled by Apogee in 2005. The resampling program provided 71 channel samples that represent sampling along 1 m long horizontal intervals with channel widths of approximately 10 to 15 cm.

Prophecy staff provided Mercator with an Autocad format (.dwg) mine plan for the Esmeralda adit that detailed the easting and northing coordinates of workings as well as metal grades and locations of the 2005 channel sampling by Apogee. For modeling purposes, Mercator assigned an elevation of 4264.25 m to the sill (floor) of main adit, including the east and west drifts off the main adit. This was based on elevation data presented in the previous resource estimate by Pressacco and Gowans (2007) plus field GPS coordinate data obtained by Mercator during the June, 2015 site visit. Mercator set the sill elevation of the east sub-level 7 m below the main adit level and the elevation of the sill of the west sub-level 7 m above the main adit. Elevation data for sub-levels were not available from historic documents and are based on conversations with Prophecy staff who were present during the 2005 re-sampling. A 2 m height was assigned to the Esmeralda adit for volume modeling purposes and channel sample data was transformed to reflect the new adit elevations. Mercator created a three-dimensional solid model for the Esmeralda adit for the purpose of removing volume from the resource estimate prior to reporting (Figure 13.22).

The Esmeralda adit model developed by Mercator differs in spatial detail from the three horizontal drill holes (ESM1, ESM2, and ESM3) created by Micon to incorporate the 2005 adit channel sampling in the previous resource estimate. Mercator noted that the Micon drill holes representing the east and west drifts and east and west sub-levels plotted above the current topography DTM and that orientation of the drill holes did not align properly against the orientation of the adit represented on the workings plan provided by Prophecy. Mercator therefore removed these drill holes from the Paca resource estimate drilling database. Channel samples from the Esmeralda workings were imported into drill hole assay composite files for use in the resource estimate, which is described further in Sections 13.7 and 13.8.

Figure 13.22: Isometric View to SW of the Esmeralda Underground Workings Solid Model



13.10.5 Drill Core Assays and High-Grade Capping

The drill core assay data set used in the current Paca resource estimate contains 14,097 core sample records and 134 chips sample records exclusive of quality control and quality assurance samples. A total of 13,460 assay samples occur below the overburden DTM surface and 4,977 assay samples occur within the peripheral domain solid model. Descriptive statistics for silver, lead and zinc were calculated from the raw dataset constrained within the mineralized breccia domains, within the peripheral domain exclusive of the breccia domains, and within the peripheral domain inclusive of the breccia domains. Descriptive statistics are presented in Table 13.11, Table 13.12, and Table 13.13 and distribution histograms, cumulative frequency plots and probability plots for the assay dataset are included in Cullen and Webster (2015a,b).

A grade cap for each metal was applied to the raw assay dataset to limit influence of high grade anomalous results having limited demonstrated continuity. Silver assay values were capped at 1050 g/t silver, which corresponds to the 99.3 percentile for silver assay values within the silver-breccia domains. Lead and zinc assay values were both capped at 5%, which is between the 99.8 and 99.9 percentile for lead and zinc assay values within the peripheral domain. The 71 channel samples taken from the Esmeralda adit were also capped at 1050 g/t silver and 5 % for both lead and zinc. A subjective check on applicability of capping factors was carried out on the basis of logged geology and mineralization styles and it was concluded that the presence of intervals of mineralization at the selected capping grades were geologically reasonable, with local potential for both strike and dip continuity at such levels. Descriptive statistics were calculated for the capped assay dataset and are presented in Table 13.11, Table 13.12, and Table 13.13. As expected, mean capped assay grades for each metal decrease relative to the mean raw assay

Table 13.11: Silver, Lead and Zinc Raw and Capped Assay Statistics for Breccia Domains

	Raw			Capped		
Parameter	**Ag g/t**	**Pb %**	**Zn %**	**Ag g/t**	**Pb %**	**Zn %**
Mean Grade	142.05	0.85	0.83	139.87	0.84	0.83
Maximum Grade	2273.7	10	5.41	1050	5	5
Minimum Grade	0.8	0.01	0.01	0.8	0.01	0.01
Variance	40060.5	0.72	0.83	34403.2	0.6	0.83
Standard Deviation	200.15	0.85	0.91	185.48	0.78	0.91
Coefficient of Variation	1.41	0.99	1.1	1.32	0.92	1.1
Number of Samples	1056	1056	1056	1056	1056	1056

Table 13.12: Silver, Lead and Zinc Raw and Capped Assay Statistics for the Peripheral Domain Inclusive of the Breccia Domains

	Raw			Capped		
Parameter	**Ag g/t**	**Pb %**	**Zn %**	**Ag g/t**	**Pb %**	**Zn %**
Mean Grade	43.6	0.65	0.98	43.14	0.64	0.98
Maximum Grade	2273.7	22.79	17.89	1050	5	5
Minimum Grade	0.02	0.01	0.01	0.02	0.01	0.01
Variance	11485.4	0.5	0.72	10194.8	0.6	0.82
Standard Deviation	107.17	0.71	0.85	100.97	0.6	0.82
Coefficient of Variation	2.46	1.1	0.87	2.34	0.94	0.84
Number of Samples	4977	4977	4977	4977	4977	4977

Table 13.13: Silver, Lead and Zinc Raw and Capped Assay Statistics for the Peripheral Domain Exclusive of the Breccia Domains

	Raw			Capped		
Parameter	**Ag g/t**	**Pb %**	**Zn %**	**Ag g/t**	**Pb %**	**Zn %**
Mean Grade	17.08	0.59	1.02	17.08	0.58	1.02
Maximum Grade	397	22.79	17.89	397	5	5
Minimum Grade	0.02	0.01	0.01	0.02	0.01	0.01
Variance	476.25	0.43	0.69	476.25	0.29	0.62
Standard Deviation	21.82	0.66	0.83	21.82	0.53	0.79
Coefficient of Variation	1.28	1.11	0.81	1.27	0.91	0.77
Number of Samples	3921	3921	3921	3921	3921	3921

grades. The coefficients of variation for all capped datasets are also slightly lower, indicating that they are more statistically acceptable for resource estimation purposes. Distribution histograms, cumulative frequency plots and probability plots for capped assays for all metals are included in Cullen and Webster (2015a,b). Capping does not impart a substantial effect on the calculated average metal grades.

13.10.6 Drill Core Assay Composites and Statistics

Core sample lengths range between 0.2 m and 9.0 m for the peripheral domain assay sample sub-population, with over 80% of samples measuring 1.0 m in length. Frequency histograms and cumulative frequency distribution plots for the sample lengths are included in Cullen and Webster (2015a,b). Based on these results, down hole capped assay composites at a 1.0 m support length were developed for silver, lead and zinc for drill hole intervals intersecting the domain solid models.

Four separate composite datasets were created at the base 1.0 m support length using the capped assay values. Two assay composite datasets for silver were created for the breccia domains, one constrained to the main area representing the feeder zone along the north contact of the andesite and one for the isolated satellite areas located within the clastic-volcaniclastic sediments. A third assay composite dataset for silver was created for the peripheral domain excluding the breccia domain intervals. Finally, an assay composite dataset for lead and zinc constrained by the peripheral domain inclusive of the breccia domain intervals was created. Capped channel sample point data were imported into each assay composite file based on spatial location and geological interpretation. Descriptive statistics were calculated for each metal from the composite datasets and results are presented in Table 13.14 and 13.15. Distribution histograms, cumulative frequency plots and probability plots for capped assays composites are included in Cullen and Webster (2015a,b).

Table 13.14: Descriptive Statistics for Silver Assay Composites

Domain	**Primary Ag-Breccia**	**Satellite Ag-Breccia**	**Peripheral***
Parameter	**Ag g/t**	**Ag g/t**	**Ag g/t**
Mean Grade	146.88	214.7	17.6
Maximum Grade	1050	725	436.8
Minimum Grade	1.00	18.30	0.20
Variance	36884.74	43112.71	499.73
Standard Deviation	192.05	207.66	22.35
Coefficient of Variation	1.31	0.97	1.27
Number of Samples	1303	149	4511

* *Peripheral domain exclusive of the silver-breccia domain*

Table 13.15: Descriptive Statistics for Lead and Zinc Assay Composites

Parameter	**Pb %**	**Zn %**
Mean Grade	0.66	0.94
Maximum Grade	5	5
Minimum Grade	0.01	0.01
Variance	0.38	0.67
Standard Deviation	0.61	0.82
Coefficient of Variation	0.93	0.87
Number of Samples	5959	5959

13.10.7 Variography

Mineralization at Paca can be characterized as feeder-system style, defined by the high grade breccia volcanic units, and as mantos-style, defined by disseminated silver-lead-zinc hosted in the adjacent clastic-volcanoclastic sediments. Manually derived models of geology and grade distribution provided definition for associated mineralization trends oriented east-west with a sub-vertical dip, east-west with a sub-horizontal dip, and north-south with a sub-horizontal dip. To assess spatial aspects of grade distribution within these recognized orientation trends, experimental variograms based on the capped down hole composite dataset were developed for silver, lead and zinc. Variogram models to assess mantos-style mineralization were set up with azimuths reflecting an east-west trend and 10° to 30° dips to the north and variogram models to assess feeder-system mineralization were setup with azimuths reflecting an east-west trend and either a sub-vertical or sub-horizontal dip.

Experimental directional variograms demonstrated generally “noisy” patterns and the primary direction of continuity was shown to be parallel to the dip of drill holes, which generally corresponds to a 45° to 50° dip towards the south. These results are not in agreement with the geological model for the deposit. The lack of continuity demonstrated through variogram analysis may be attributed to several factors including, but not limited to, drill hole spacing, geometric complexity of mineralized zones, and the co-occurrence of sub-vertical and sub-horizontal grade distributions within domains. Drill hole spacing is 50 m or greater and therefore the deposit lacks an area of high density systematic drilling that would support closer drill hole grade distribution analysis. The local geometry of mineralization within interpolation domains can be planar, tabular, or generally equidimensional and the distribution of mineralization can locally reflect primarily sub-horizontal or sub-vertical controls on continuity. The combination of widely spaced data plus potentially variable local grade and continuity trends may be responsible for the current lack of well-defined directional grade variography trends. Mercator recommends that further assessment of deposit variography be undertaken to better understand contributing factors.

The nominal drill hole spacing and sectional interpretations of geology and grade distributions were used to develop interpolation ellipsoids with a 75 m major axis, 75 m semi-major axis, and a 25 m minor axis. Interpolation ellipsoid orientations were set along dips and strikes that fit local trends and geometries of the deposit. A total of 13 interpolation domains were utilized and spatial aspects of these are summarized in Table 13.16.

Table 13.16: Interpolation Domain Parameters

Interpolation Domain	*Azimuth (Degrees)	*Dip (Degrees)	*Plunge (Degrees)
Primary Silver Breccia Domain 1	0	-20	-20
Primary Silver Breccia Domain 2	270	70	20
Primary Silver Breccia Domain 3	215	90	0
Primary Silver Breccia Domain 4	0	-10	-10
Primary Silver Breccia Domain 5	246	80	0
Primary Silver Breccia Domain 6	129	90	-20
Primary Silver Breccia Domain 7	233	90	-20
Satellite 1 Silver Breccia Domain	270	-10	0
Satellite 2 Silver Breccia Domain	299	-15	-30
Peripheral Silver Domain 1	270	-20	10
Peripheral Silver Domain 2	0	-7.5	-5
Peripheral Pb-Zn Domain 1	270	-20	10
Peripheral Pb-Zn Domain 2	0	-7.5	-5

** Surpac axis orientation convention*

As noted in Table 13.16, the primary silver-breccia domain was divided into 7 interpolation sub-domains, the satellite silver-breccia domain was divided into 2 interpolation sub-domains, the silver peripheral domain was divided into 2 sub-domains, and the lead-zinc peripheral domain was divided into 2 interpolation sub-domains.

13.10.8 Setup of Three-Dimensional Block Model

The Paca block model was developed using WGS84 (Zone 19, South Datum) grid coordination and a sea level elevation datum. The block model has no rotation in azimuth or dip and model extents are defined in Table 13.17. Standard block size for the model is 5 m x 2.5 m x 5 m (X, Y, Z), with no sub-blocking applied. As discussed above in Section 13.3.3, the nominal topographic surface defined by the digital terrain model functions as the upper deposit constraint.

Table 13.17: Summary of Paca Deposit Block Model Parameters

Type	Y (Northing m)	X (Easting m)	Z (Elevation m)
Minimum Coordinates	7749900	739350	4000
Maximum Coordinates	7750800	740150	4400
User Block Size	2.5	5	5
Min. Block Size	2.5	5	5
Rotation	0	0	0

**UTM WGS 84 – Zone 19 South and sea level datum*

13.10.9 Resource Estimation

Inverse distance squared (ID^2) grade interpolation was used to assign block grades within the Paca block model. As reviewed earlier, interpolation ellipsoid orientation and range values used in the estimation reflect drill hole spacing and sectional interpretations of geology and grade distribution for the deposit. The trends and ranges of the major, semi-major, and minor axes of grade interpolation ellipsoids used to estimate silver, lead and zinc grades were described previously in report Section 13.9.

Silver was interpolated independently of lead and zinc and lead and zinc were interpolated concurrently. An interpolation pass was run for each interpolation sub-domain using the respective capped assay composite datasets. Subdomains constrained blocks for interpolation purposes but were soft boundaries with respect to considering included composites within the parent domain solids. As previously discussed, the 4 individual domain solids which include 3 silver-breccia domain solids and 1 peripheral domain solid, were sub-divided into 13 interpolation pass sub-domains to accommodate minor orientation adjustments to the azimuth and dip of ellipsoids. The minimum number of contributing assay composites used to estimate a valid block grade for all domains was set at 3 and the maximum number of contributing composites was set at 9, with no more than 3 contributing assay composites allowed from a single drill hole. Block discretization was set a 1Y x 1X x 1Z. Block volume identified as occurring within the Esmeralda adit solid model was removed from the resource estimate after grade interpolation was completed. Interpolated silver, lead, and zinc block grades were used to calculate silver equivalency block values by means of the silver equivalency calculator discussed in Section 13.5.

13.10.10 Resource Category Definitions

Density determinations were performed systematically by Apogee staff during the 2006 drill program by measuring the weight of sample in air and in water. A total of 799 analyses were determined by Apogee and included all rock types. Descriptive statistics for the 799 specific gravity values are presented in Table 13.18 and the corresponding distribution histograms, cumulative frequency plots and probability plots are included in Cullen and Webster 2015a,b. The mean bulk density value of 2.26 g/cm³ was applied to all resource blocks.

Table 13.18: Paca Deposit Density Statistics

Parameter	Density
Mean	2.26 g/cm^3
Maximum	3.00 g/cm^3
Minimum	1.54 g/cm^3
Variance	0.04
Standard Deviation	0.21
Coefficient of Variation	0.09
Number of Composites	799

13.10.11 Resource Category Definitions

Definitions of mineral resource and associated mineral resource categories used in this report are those recognized under National Instrument 43-101 ("NI 43-101") and set out in the Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves *Definitions and Guidelines* (the "CIM Standards").

13.10.12 Resource Category Parameters Used in Current Estimate

Mineral resources defined in the current estimate have been assigned to the inferred resource category and reflects the level of confidence with respect to spatial configuration of resources and the corresponding grade assignment within the deposit. Several factors were considered in defining the resource category assignment, including drill hole spacing, geological interpretations and number and range of informing composites. Mercator believes that sectional infill drilling is required to define mineralization domains to the degree of confidence necessary to upgrade inferred mineral resources at Paca to the indicated category. The specific definition parameters for each resource category applied in the current estimate are set out below.

Measured Resource: There are no interpolated resource blocks with the certainty of definition suitable for classification in this category present in the current estimate.

Indicated Resources: There are no interpolated resource blocks with the certainty of definition suitable for classification in this category present in the current estimate.

Inferred Resources: All interpolated blocks occurring within the peripheral domain solid model using interpolation parameters detailed in this report.

13.10.13 Statement of Mineral Resource Estimate

Block grade, block density and block volume parameters for the Paca deposit were estimated using methods described in preceding sections of this report. Subsequent application of resource category parameters resulted in the inferred mineral resource estimate statement presented below in Table 13.19. Results are reported in accordance with Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves: *Definitions and Guidelines* (the "CIM Standards") as well as disclosure requirements of National Instrument 43-101.

Resources having a reasonable expectation of economic development by means of shallow, conventional underground extraction methods were estimated at a silver equivalent cut-off value of 200 g/t. The relationship between deposit silver equivalent grade and tonnage at various cut-off values is presented in Figure 13.23.

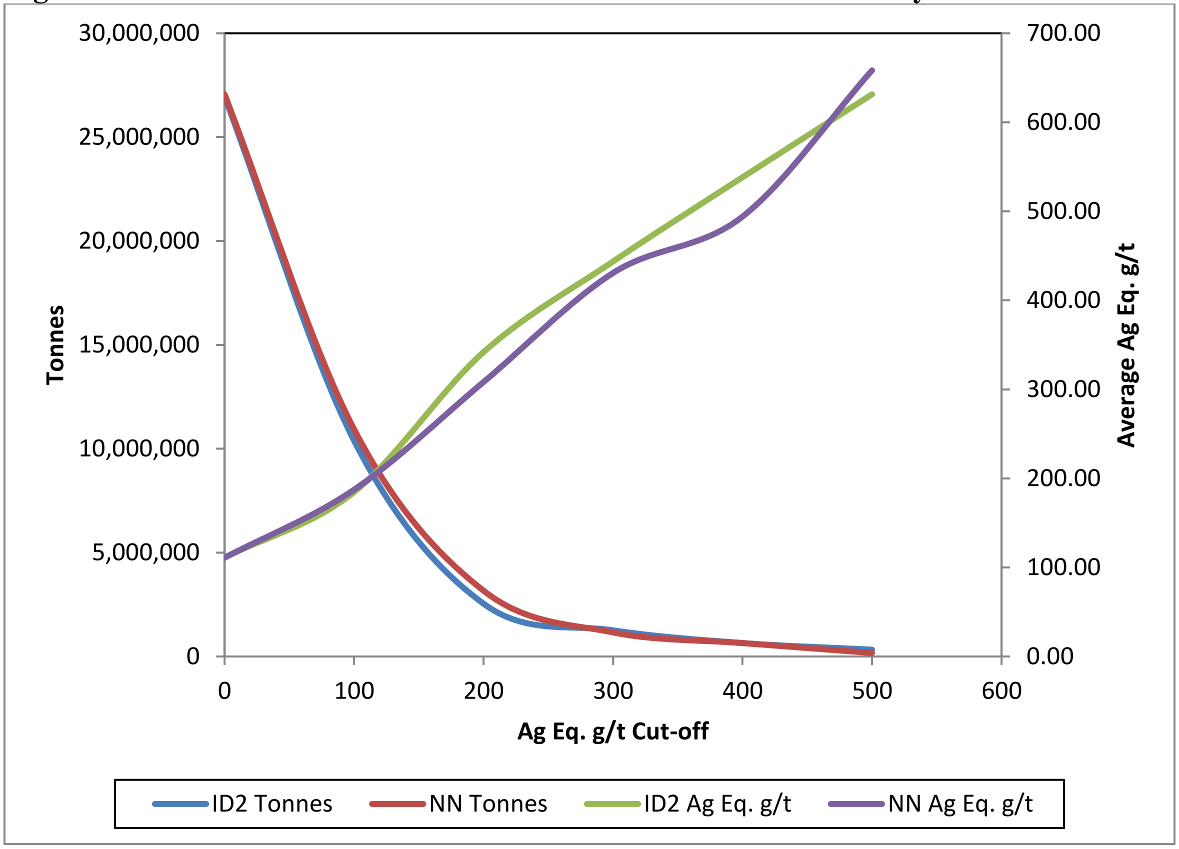
Table 13.19: Paca Mineral Resource Statement – Effective Date: October 20th, 2017

Ag Eq. Cut-Off (g/t)	Category	Tonnes*	Ag (g/t)	Pb (%)	Zn (%)
200	Inferred	2,540,000	256	1.03	1.10

Notes:

1) *Mineral resources are estimated in conformance with the CIM Standards referenced in NI 43-101.*
2) *Raw silver assays were capped at 1,050 g/t, raw lead assays were capped at 5% and raw zinc assays were capped at 5%.*
3) *Silver equivalent Ag Eq. (g/t) = Ag (g/t) + (Pb% *(US$0.94/ lb. Pb /14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000) + (Zn% *(US$1.00/lb. Zn/14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000). 100 % metal recoveries are assumed based on lack of comprehensive metallurgical results*
4) *Metal prices used in the silver equivalent calculation are US$16.50/Troy oz. Ag, US$0.94/lb Pb and US$1.00/lb Zn and reflect June 2015 metal pricing used for the recent Pulacayo deposit mineral resource estimate by Mercator for Prophecy.*
5) *Metal grades were interpolated within wireframed, three dimensional solids using Geovia-Surpac Ver. 6.7 software and inverse distance squared interpolation methods. Block size is 5m (X) by 5m (Z) by 2.5m (Y). Historic mine void space was removed from the model prior to reporting of resources.*
6) *Block density factors of 2.26g/cm³ reflects the average values of 799 density measurements*
7) *Mineral resources are considered to have reasonable expectation for economic development using underground mining methods based on the deposit history, resource amount and metal grades, current metal pricing and comparison to broadly comparable deposits elsewhere.*
8) *Mineral resources that are not mineral reserves do not have demonstrated economic viability.*
9) **Tonnes are rounded to nearest 10,000*

Figure 13.23: Resource ID2 Model and Check NN Model Sensitivity Chart



Explanatory Note

ID2 = inverse distance squared interpolation method; NN= nearest neighbor interpolation;
Ag Eq. = silver equivalent

13.10.14 Model Validation

Results of block modeling were reviewed in three dimensions and compared on a section by section basis with corresponding manually interpreted sections prepared prior to model development. This showed block model grade patterns conforming to both sub-vertical and sub-horizontal east-west trends (Figure 13.24, Figure 13.25, Figure 13.26, and Figure 13.27). This is consistent with the recognized east-west sub-vertical feeder system occurring along the north contact of the Paca Dome complex and the more sub-horizontal mantos-style disseminated mineralization of the adjacent clastic-volcanoclastic sequence. Overall, results of the visual inspection of both individual metals and silver equivalency show an acceptable degree of consistency between the block model and the independently derived interpretations of the deposit.

Descriptive statistics were calculated for the drill hole composite values used in block model grade interpolations and these were compared to values calculated for the individual blocks in the block model (Table 13.20). The mean drill hole composite grades were found to compare acceptably with corresponding grades of the block model, with silver results showing largest variation. Data trends provide a general check on the model with respect to the underlying assay composite population but do not reflect declustering of contributing composite data.

Table 13.20: Comparison of Drill Hole Composite Grades and Block Model Grades within in the Peripheral Domain (Inclusive of the Silver-Breccia Domains)

	Composites			Blocks		
Parameter	Ag g/t	Pb %	Zn %	Ag g/t	Pb %	Zn %
Mean Grade	50.78	0.66	0.94	47.19	0.63	0.95
Minimum Grade	0.20	0.01	0.01	0.00	0.01	0.01
Maximum Grade	1050.00	5.00	5.00	1014.14	4.58	4.24
Variance	13037.54	0.38	0.67	7467.98	0.16	0.36
Standard Deviation	114.18	0.61	0.82	86.42	0.40	0.60
Coefficient of Variation	2.25	0.93	0.87	1.83	0.64	0.64
Count	5963	5959	5959	190873	190873	190873

The ID^2 resource model for the Paca deposit was checked using Nearest Neighbor interpolation methodology (see previous Figure 13.23). Drill holes were composited over the full downhole length for each domain drill hole intersection and were positioned in the middle of that intersection. Interpolation parameters were the same as those used in the ID^2 model where applicable, with a notable exception being use of isotropic search ellipses with 150 m range to assign grade to facilitate Nearest Neighbour interpolation. Results of the Nearest Neighbor modeling showed that average grades and tonnage closely match those of the ID^2 model. Results of the two methods are considered sufficiently consistent to provide an acceptable check on the ID^2 methodology.

Figure 13.24: Silver Equivalence at 200 G/T Cut-Off – Looking NW

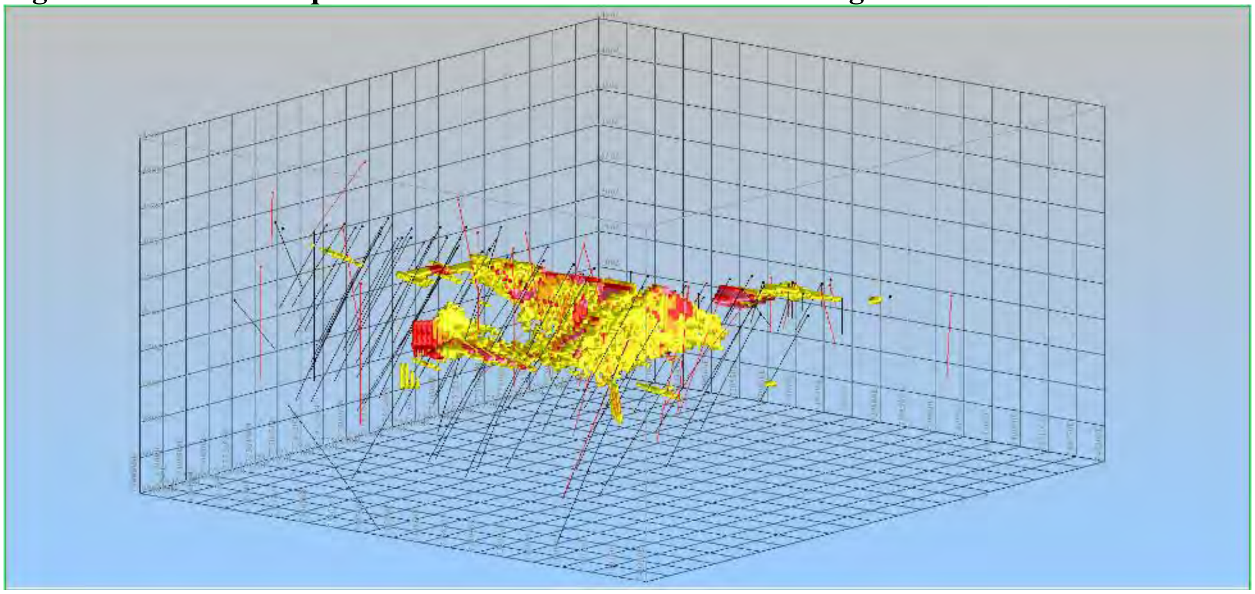


Figure 13.25: Silver Equivalence at 300 G/T Cut-Off – Looking NW

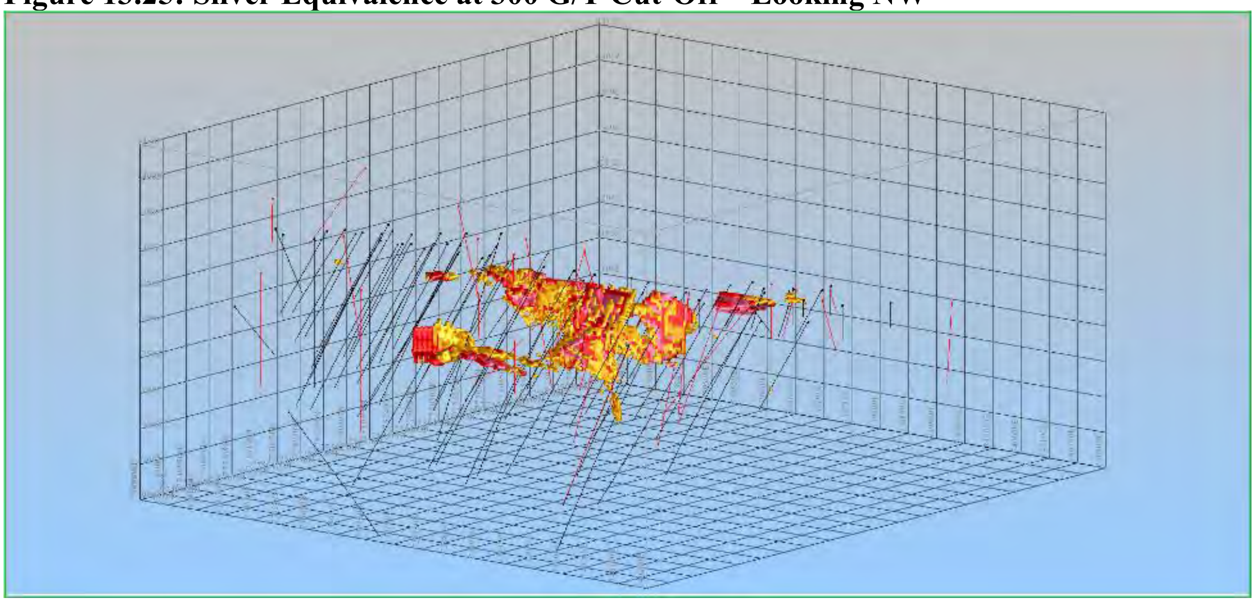


Figure 13.26: Silver Equivalence At 400 G/T Cut-Off – Looking NW (Left) and SW (Right)

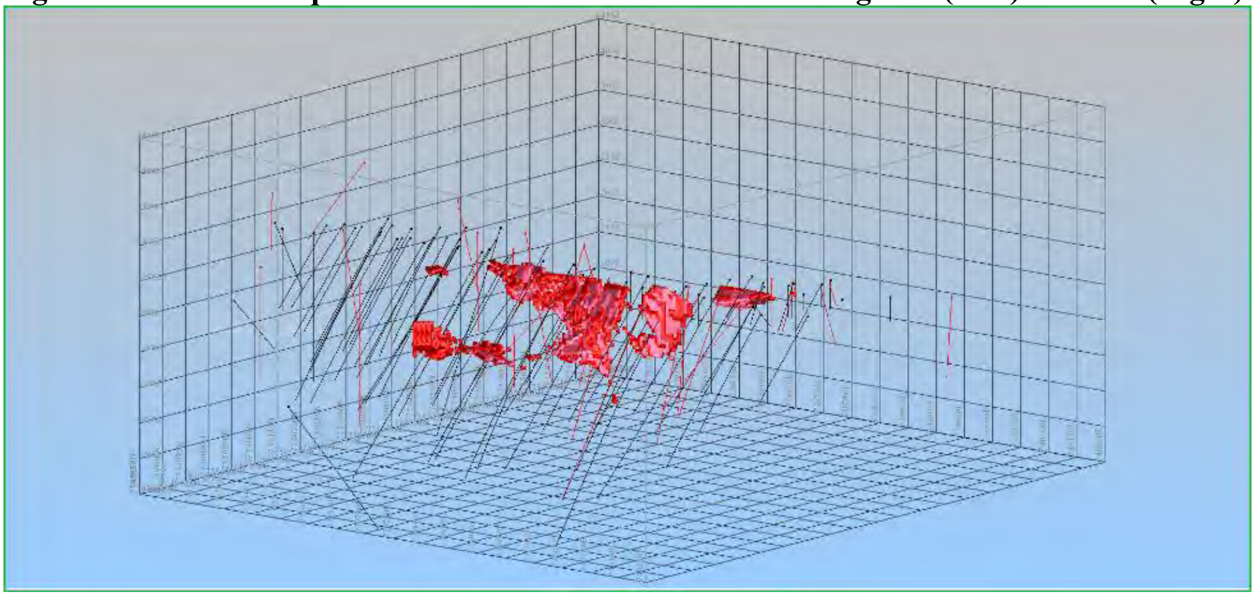
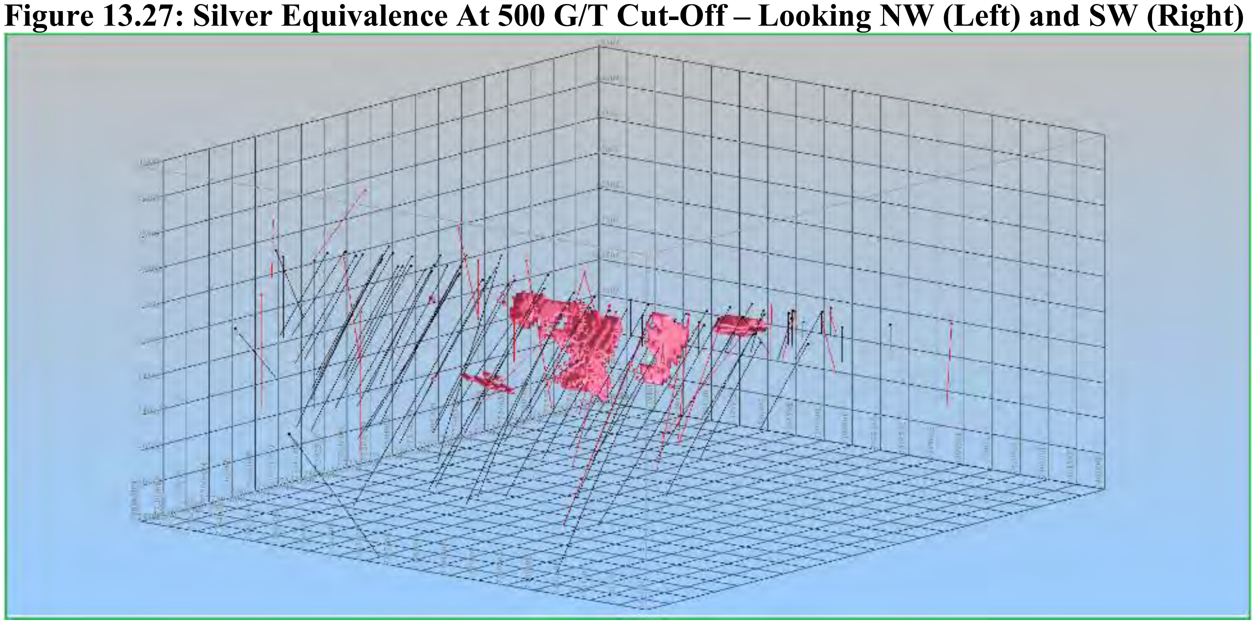
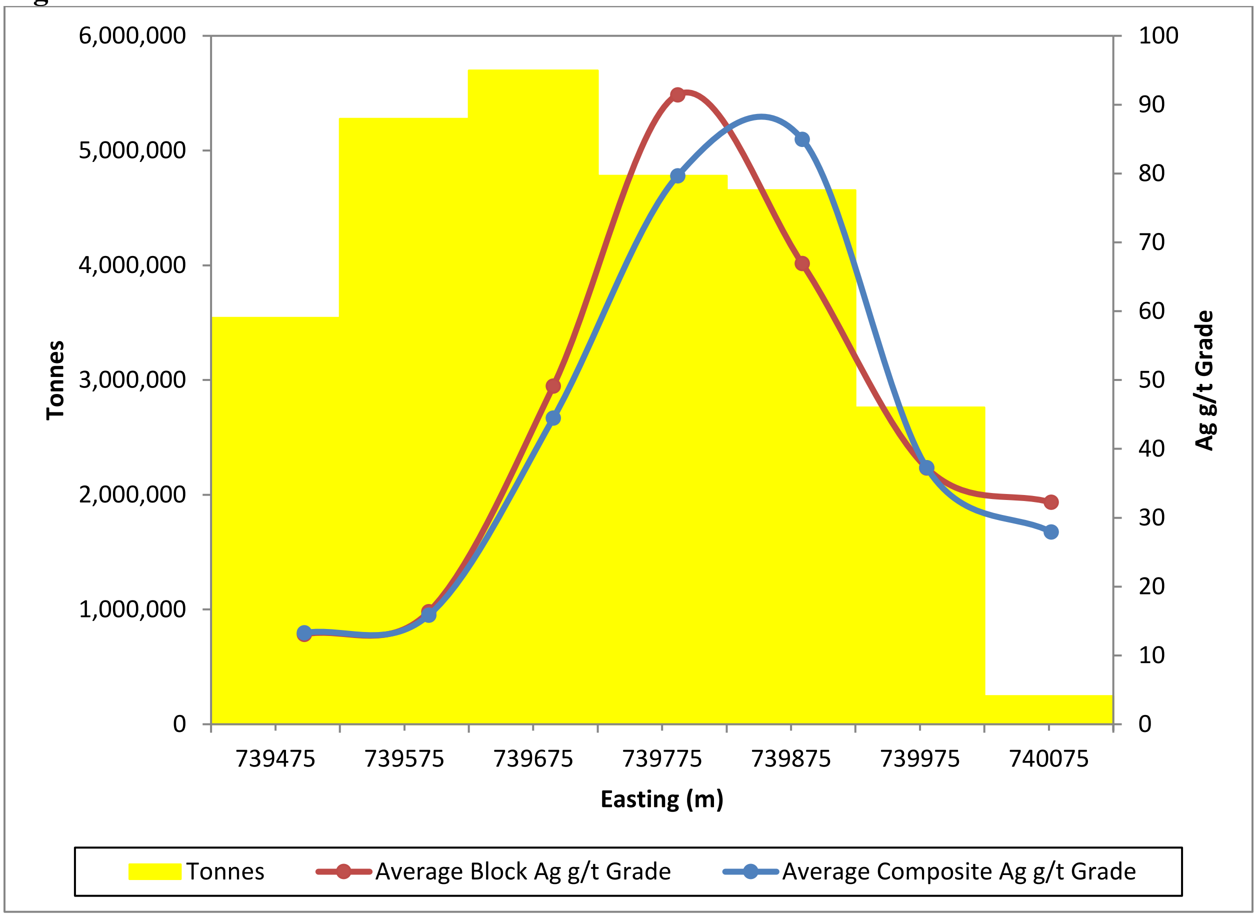


Figure 13.27: Silver Equivalence At 500 G/T Cut-Off – Looking NW (Left) and SW (Right)



A further check on the resource block model was carried out through construction of silver grade, resource tonnage and assay composite swath plots for continuous X axis coordinated sections. Figure 13.28 presents X swath plot results (100 m swaths) showing the distribution of tonnes and average silver grade along strike of the deposit. Results show similar grade distribution trends between the average block grade and assay composite grade and also broadly show that low grade tonnage is concentrated in the west of the deposit area.

Figure 13.28: X Axis Swath Plot for Combined Resources



14.0 Mineral Reserve Estimates

No mineral reserves have been defined to date by Prophecy for the Pulacayo and Paca Deposits.

15.0 Mining Methods

This report section does not apply to the current mineral resource estimate report.

16.0 Recovery Methods

This report section does not apply to the current mineral resource estimate report.

17.0 Project Infrastructure

This report section does not apply to the current mineral resource estimate report.

18.0 Market Studies and Contracts

This report section does not apply to the current mineral resource estimate report.

19.0 Environmental Studies, Permitting and Social or Community Impact

This report section does not apply to the current mineral resource estimate report.

20.0 Capital and Operating Costs

This report section does not apply to the current mineral resource estimate report.

21.0 Economic Analysis

This report section does not apply to the current mineral resource estimate report.

22.0 Adjacent Properties

There are no immediately adjacent properties as defined under NI 43-101 that are pertinent to the Pulacayo and Paca mineral resource estimates described in this report.

23.0 Other Relevant Data and Information

Mercator is not aware of any other relevant data or information that is necessary to support the mineral resource estimate and project discussions presented in this report.

24.0 Interpretation and Conclusions

24.1 Introduction

This report on updated mineral resource estimates for the Pulacayo and Paca silver-zinc-lead deposits was prepared by Mercator on behalf of Prophecy. It combines and updates previously separate technical reporting for 2015 resource estimates prepared by Mercator for Prophecy with respect to these deposits and establishes a new effective date of October 20th, 2017 for the estimates. The current technical report was prepared in accordance with NI 43-101 and the CIM Standards.

For current purposes, it was determined through discussions with Prophecy management that mineralization meeting or exceeding revised silver equivalent cutoff values of 200 g/t for Paca and 400 g/t for Pulacayo would be the focus of estimation reporting. These contrast with higher cutoff values of 300 g/t and 500 g/t for the respective deposits that were used for the 2015 estimates. Lower current cutoff values reflect evolution since 2015 of Prophecy's strategy for potential future property development. This now envisions combined production from the two sites totaling approximately 500 tonnes per day, with processing of mineralized material being carried out at a central mill located at the Pulacayo site. Lower cut-off values in current estimates reflect revision of project modeling financial factors by Prophecy.

24.2 Pulacayo Deposit

The Pulacayo deposit is interpreted as a low sulphidation to transitional epithermal deposit that hosts both precious and base metal mineralization within Silurian sediments of the Quenhua Formation and intruding Miocene andesitic volcanic rocks of the Rotchild and Megacrystal units. Mineralization comprising the deposit occurs primarily within a discrete corridor designated the Tajo Vein System or TVS that has been historically defined along a strike length of approximately 2.7 km and to a vertical depth from surface of about 1 km. The mineral resource estimate presented in this report covers only about 1.5 km of known TVS strike length and only about 660 m of depth extent below surface.

The most recent mineral resource estimate prepared for the Pulacayo deposit by Mercator is tabulated below in Table 24.1 and has an updated effective date of October 20th, 2017. It supersedes all previous resource estimates for the deposit and, as noted above, reflects focus on definition of high grade silver mineralization considered by Prophecy to have reasonable expectation for economic development using underground mining methods based on the deposit history, resource amount and metal grades, current metal pricing and comparison to broadly comparable deposits elsewhere.

Table 24.1: Pulacayo Deposit Mineral Resource Statement – October 20th, 2017

Ag Eq. Cut-Off (g/t)	Category	Tonnes*	Ag (g/t)	Pb (%)	Zn (%)	Ag Eq. (g/t)
400	Indicated	2,080,000	455	2.18	3.19	594
	Inferred	480,000	406	2.08	3.93	572

Notes:

11) *Mineral resources are estimated in conformance the CIM Standards referenced in NI 43-101.*
12) *Raw silver assays were capped at 1,700 g/t, raw lead assays were capped at 15% and raw zinc assays were capped at 15%.*
13) *Silver equivalent Ag Eg. (g/t) = Ag (g/t)*89.2% + (Pb% *(US$0.94/ lb. Pb /14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000*91.9%) + (Zn% *(US$1.00/lb. Zn/14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000*82.9%).*
14) *Metal prices used in the silver equivalent calculation are US$16.50/Troy oz. Ag, US$0.94/lb Pb and US$1.00/lb. Zn. Metal recoveries used in the silver equivalent reflect historic metallurgical results disclosed by Apogee Silver Ltd. (Porter et al., 2013).*
15) *Metal grades were interpolated within wireframed, three dimensional silver domain solids using Geovia-Surpac Ver. 6.6.1 software and inverse distance squared interpolation methods. Block size is 10m(X) by 10m(Z) by 2m(Y). Historic mine void space was removed from the model prior to reporting of resources.*
16) *Block density factors reflect three dimensional modeling of drill core density determinations.*
17) *Mineral resources are considered to have reasonable expectation for economic development using underground mining methods based on the deposit history, resource amount and metal grades, current metal pricing and comparison to broadly comparable deposits elsewhere.*
18) *Rounding of figures may result in apparent differences between tonnes, grade and contained ounces.*
19) *Mineral resources that are not mineral reserves do not have demonstrated economic viability.*
20) ** Tonnes are rounded to nearest 10,000.*

The Pulacayo deposit remains open at both the east and west strike limits of the current resource model and also down dip within the TVS trend. Historic mining occurred to a depth of at least 600 m below the current resource’s depth limit. Mercator has concluded that good opportunities exist to extend mineral resources both along strike and to depth within the deposit and that completion of such work is warranted. This would require design and execution of step out diamond drilling programs to test both strike and dip directions. Drill holes should be targeted to test plunge extensions of the west-plunging high-grade mineralization trends that characterize the updated Mercator resource block model. These plunging grade trends are also clearly recognized in historic Pulacayo technical records.

Prophecy intends to move assessment of the Pulacayo project forward in a systematic manner and Mercator understands that this potentially includes use of the new resource block model as a basis for definition of future mining reserves. With this in mind, Mercator has concluded that Prophecy should carry out sectional, closely spaced, underground core drilling assessments of several representative areas having potential for reserve definition. Completion of such programs will allow direct comparison between block model results and corresponding drilling definition of associated mineralized structures. Similar comparison of block model results to historic underground sampling results is also warranted and this will require addition of historic underground sampling data in areas of specific interest for block model comparisons.

The current digital mine model developed by Mercator is complete only to the bottom of the current resource model. Extensive historic workings are present below that level and Mercator is of the opinion that these deep workings should be digitized and amalgamated with the current digital workings model. Ideally, all historic underground sampling results should also be digitized and incorporated into the mine model. While this historic data would typically not be used in a new NI 43-101 resource estimate, analysis of grade trends for all metals of interest would be invaluable to designing future drilling programs that target plunging, high grade metal trends within the TVS. Expansion of the mine workings digital model will also be necessary to support any extension of resources in the dip direction, since workings void space must be removed when resources are reported.

24.3 Paca Deposit

The Paca deposit is interpreted to be a low to transitional sulphidation epithermal deposit that contains both precious and base metal mineralization. Mineralization of potential economic interest occurs in association with the Tertiary age Paca volcanic dome complex and takes the form of thin veinlets, fracture fillings, disseminations and breccia matrix replacements hosted by either altered volcaniclastic sedimentary lithologies, or altered, intermediate to felsic composition igneous and tectonic breccia lithologies. The intensity of argillic alteration is greatest in areas of highest concentrations of metallic mineral phases such as sphalerite, galena, argentite and tetrahedrite.

Stratabound, disseminated mineralization and breccia hosted mineralization predominate within the deposit but discrete polymetallic veins are also present locally. The deposit occurs at the contact of the andesitic intrusive Paca dome with volcaniclastic sedimentary host lithologies. Bedded and cross-cutting breccia deposits that are important host rocks to high grade mineralization commonly show close spatial association with the contact zone of the predominantly andesitic Paca dome intrusion.

The current updated mineral resource estimate prepared by Mercator for the Paca deposit is tabulated below in Table 24.2 and has an effective date of October 20th, 2017. It reflects a silver equivalent reporting cut-off value of 200 g/t Ag and is based on a fully constrained, three-dimensional block model developed by Mercator using Geovia-Surpac ® Version 6.7 modeling software.

Table 24.2: Paca Mineral Resource Statement – Effective Date: October 20th, 2017

Ag Eq. Cut-Off (g/t)	Category	Tonnes*	Ag (g/t)	Pb (%)	Zn (%)	Ag Eq. (g/t)
200	Inferred	2,540,000	256	1.03	1.10	342

Notes:

1) *Mineral resources are estimated in conformance with the CIM Standards referenced in NI 43-101.*
2) *Raw silver assays were capped at 1,050 g/t, raw lead assays were capped at 5% and raw zinc assays were capped at 5%.*

3) *Silver equivalent Ag Eq. (g/t) = Ag (g/t) + (Pb% *(US$0.94/ lb. Pb /14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000) + (Zn% *(US$1.00/lb. Zn/14.583 Troy oz./lb./US$16.50 per Troy oz. Ag)*10,000). 100 % metal recoveries are assumed based on lack of comprehensive metallurgical results*
4) *Metal prices used in the silver equivalent calculation are US$16.50/Troy oz. Ag, US$0.94/lb Pb and US$1.00/lb Zn and pricing used for the recent Pulacayo deposit mineral resource estimate by Mercator for Prophecy.*
5) *Metal grades were interpolated within wireframed, three dimensional solids using Geovia-Surpac Ver. 6.7 software and inverse distance squared interpolation methods. Block size is 5m (X) by 5m (Z) by 2.5m (Y). Historic mine void space was removed from the model prior to reporting of resources.*
6) *Block density factors of 2.26g/cm³ reflects the average values of 799 density measurements*
7) *Mineral resources are considered to have reasonable expectation for economic development using underground mining methods based on the deposit history, resource amount and metal grades, current metal pricing and comparison to broadly comparable deposits elsewhere.*
8) *Mineral resources that are not mineral reserves do not have demonstrated economic viability.*
9) **Tonnes are rounded to nearest 10,000*

Prophecy's current strategy in pursuing exploration and potential future development of the Paca deposit is that it has greatest potential to be operated as a satellite operation that would provide feed to a central milling complex located at the nearby Pulacayo site. Ore from Paca could be trucked to the mill for processing. Focus has been placed on higher grade mineralization in the current resource estimate model and it is assumed for present resource purposes that future development of the deposit would be carried out using trackless underground mining equipment and mechanized bulk mining extraction methods.

Mercator has concluded that further technical and economic assessment of the Paca deposit is warranted and that both resource upgrading and deposit extension drilling programs should be pursued. Specifically, continuity confirmation for higher grade mineralization in the central breccia zone, the adjacent mantos zones, and the outcropping mineralized conglomerate zone is necessary to upgrade currently defined Inferred mineral resources in the zones to Indicated mineral resource status. This will require infill core drilling at 25 m section spacing in most areas.

Potential exits at Paca to extend currently defined zones of high grade mineralization in both strike and dip extents. However, this is qualified by the observation that results of historic drilling generally show reduction in mineralized zone widths and associated metal grades in some areas peripheral to current mineral resource limits. Notwithstanding this qualification, step out drilling to test high grade trend extensions is required at east, west and down dip limits of the current resource area and can initially be accomplished by drilling at 50 m spaced sections.
Finally, and on the broader front of project assessment, Mercator believes that any future evaluation of Paca deposit mineral resources should include assessment of open pit development potential of near-surface mineralization combined with assessment of underground bulk mining potential of deeper mineralization. Any such assessment should also be based on the assumption that the Paca deposit could be developed as a satellite operation to a central milling complex at the Pulacayo site.

24.4 Waste Rock and Tailings Deposits

In addition to preparation of the updated Paca and Pulacayo mineral resource estimates, Mercator also reviewed in 2017 results of tailings/waste rock sampling carried out by Prophecy on the Pulacayo property late in 2014. The purpose of the sampling program was to determine whether the various deposits tested had potential for definition of mineral resources that would add to the project's total resource inventory. Mercator has determined that potential exists at several of these sites for future definition of mineral resources of economic interest. The largest deposits are of greatest interest and occur immediately surrounding the historic Pulacayo milling facility that operated until cessation of mining in 1959.

Sampling of the waste rock/tailings deposits by Prophecy has been restricted to date to surface sites and Mercator believes that current analytical information and sampling density are insufficient to support resource estimation programs. Systematic and comprehensive drilling and additional sampling programs would have to be completed on these deposits to support preparation of future mineral resource estimates in accordance with NI 43-101 and the CIM Standards.

24.5 2016 Prophecy Mapping and Sampling Programs

Results of Prophecy's recent surface mapping and sampling programs are generally encouraging and planned follow-up of the most promising field areas with induced polarization surveying leading to core drilling is consistent with earlier recommendations provided by Cullen and Webster (2015a,b). Mercator continues to support these earlier recommendations.

24.6 Risk

Mercator recognizes that a component of risk exists for all mining projects in Bolivia due to potential for on-going changes in government regulatory frameworks. With respect to the new Mining and Metallurgy Law, Mercator understands from Prophecy that the primary Pulacayo Project contract is a special case, being a Lease Agreement executed between COMIBOL and the Pulacayo Cooperative, and that the terms and conditions of this type of contract will be maintained as defined in the Mining and Metallurgy Law. The percentages for COMIBOL and the Pulacayo Cooperative (a 4% NSR in total) are defined and established on an amendment to the Lease Agreement, and this amendment is part of the primary contract. Furthermore, the current Joint Venture Agreement was executed between ACS Bolivia LDC and the Pulacayo Cooperative. COMIBOL, as administrator of the mine, is only entitled to receive a percentage of the NSR (2.5% NSR) and COMIBOL is not a party to the Joint Venture Agreement. As explained in Section 3, the rights of the Mining Cooperatives will be respected and maintained without changes under the Mining and Metallurgy Law. The Lease Agreement is a pre-established right of the Pulacayo Cooperative.

Other risk factors that can impact the Pulacayo Project include, but are not limited to, those associated with fluctuating metal markets, inability to carry out future mining operations as planned due to unforeseen mining conditions, uncertainty of mineral resource and future mineral reserve estimates and capital and operating cost estimates, and inability to obtain necessary project financing.

25.0 Recommendations

25.1 Introduction

Mercator reviewed and updated the 2015 Pulacayo and Paca project recommendations with respect to advancement of financial and technical assessments of the deposits. Updated recommendations presented below address expansion of existing mineral resources at both deposits, completion of metallurgical studies on high grade sulphide mineralization types that are reflected in the currently updated mineral resource estimates, updating of resource estimates after new drilling is completed, and completion of a Preliminary Economic Assessment (PEA) study for combined Pulacayo and Paca mineral resources. Results of these programs should inform Prophecy with respect to further requirements for Pre-feasibility or Feasibility level studies necessary to define mineral reserves in accordance with NI 43-101 and the CIM Standards.

25.2 2017 Recommendations for Pulacayo Deposit

Mercator is of the opinion that further technical and financial assessment of a high-grade development scenario for the Pulacayo deposit is warranted and that both resource extension and new resource definition opportunities defined to date on the property should be pursued. Recommendations arising from the current updated mineral resource estimation program and associated project review carried out by Mercator are as follows:

1. Mine planning, geological and engineering studies of sufficient detail to support a Preliminary Economic Assessment of future development possibilities for the deposit in combination with resources defined at Paca should be carried out.

2. Metallurgical studies focused on high grade sulphide mineralization within the current mineral resource model should be completed. Results of such studies would provide necessary inputs for future definition of mineral reserves. If underground bulk sampling is required to support metallurgical work, a program of closely spaced underground diamond drilling is recommended in any area selected for such sampling. A nominal 500 m drilling allocation for such purpose is recommended.

3. Historical mine workings are present to a substantial depth below the base of the current detailed digital workings model prepared by Mercator. These additional workings are defined in hard copy historical mine records and should be digitally compiled and merged with the current digital workings model to support future work on the deposit. Historic assay results for underground sampling of mine workings have also not been digitized to date and it is recommended that this be carried out as time permits, beginning within the current resource area and progressing systematically through deeper mine levels.

4. The Pulacayo deposit remains open along strike in both directions and also down dip. Further core drilling to define resource extensions is warranted and should be focused on extensions of high grade metal trends that are defined by the current block model. Target opportunities within approximately 200 vertical meters of surface should have highest priority. A drilling allocation of 2500 m is recommended for initial testing of highest priority resource extension areas.

5. Initial drilling assessments of the main tailings/waste rock deposits sampled by Prophecy in 2014 should be completed to support future definition of mineral resources in accordance with NI 43-101 and the CIM Standards.

6. A new mineral resource estimate for the Pulacayo deposit should be prepared in accordance NI 43-101 and the CIM standards after completion of deposit extension and infill drilling programs noted in item 4 above. This estimate should be used to guide future Pre-feasibility or Feasibility level studies.

7. A Preliminary Economic Assessment prepared in accordance with NI 43-101 and the CIM standards and based upon the high grade Pulacayo resource estimate of item 6 above, in combination with an updated Paca deposit resource estimate, is recommended. Results should provide guidance regarding subsequent initiation of Pre-Feasibility or Feasibility level studies required to define mineral reserves in accordance with NI 43-101 and the CIM Standards.

25.3 2017 Recommendations for Paca Deposit

Recommendations arising from the updated Paca mineral resource estimation program and Mercator's associated review of recent project exploration results are as follows:

1. Additional drilling is required to better define and confirm metal grade trends within the deposit. It is recommended that infill drilling of the currently defined deposit be carried out at 50 m spaced sections along the length of the deposit. This program should include initial testing of potential deposit extension areas both down dip and along strike to both east and west. A core drilling allocation of 5000 m is recommended for this phase of work.

2. The mineralized conglomerate unit that is exposed at surface immediately north of the main deposit should be investigated by core drilling to better define geometry and grade characteristics. This zone should also be mapped in detail at surface to provide additional data inputs for future deposit modeling. A core drilling allocation of 500 m is recommended for this phase of work.

3. Further metallurgical studies focused on the main styles of mineralization at Paca are required to allow future economic assessment of the deposit. It is recommended that such work be coordinated with studies being carried out for the Pulacayo deposit, since future milling of Paca material could take place at the milling facility established initially for Pulacayo mineralization.

4. After completion of the recommended core drilling, mapping and metallurgical programs, a new mineral resource estimate should be completed for the Paca deposit. This should be based on revised geological and grade distribution models that reflect all new drilling results. At that time, consideration should be given to reporting of near-surface resources within an optimized open pit shell and reporting of resources below this shell at a higher underground mining cut-off value.

5. A Preliminary Economic Assessment of the Paca deposit should be completed in combination with such assessment of the Pulacayo deposit after the new resource estimate noted in item 4 above is finalized.

25.4 Proposed Budget for Pulacayo Deposit

The US$ 1.70 million budget presented in Table 25.1 below is proposed to support the recommendations presented above. Two phases of work are proposed, with re-evaluation and possible revision of Phase II initiatives to be carried out after completion of Phase I.

Table 25.1: Proposed Pulacayo Deposit Budget - Phase I and II

Program Phase	Program Component	Estimated Cost (US$)
I	Mine planning, geological and engineering studies to support new Preliminary Economic Assessment and future definition of mineral reserves	200,000
I	Metallurgical studies to support new Preliminary Economic Assessment and future definition of mineral reserves - including core drilling and sample collection activities	200,000
I	Expansion of digital mine model and addition of historic assay data	50,000
I	Resource extension surface diamond drilling programs, analyses, support and reporting – 2,500 m	450,000
I	Completion of an updated Pulacayo deposit NI 43-101 resource estimate and technical report after completion of deposit extension drilling.	75,000
	Subtotal Phase I	975,000

II	Drilling assessment of tailings/waste rock areas and completion of a NI 43-101 compliant mineral resource estimate and technical report for tailings/waste rock deposits (2000 m of shallow drilling, analyses and support is included for deposit assessment)	500,000
II	Completion of a Preliminary Economic Assessment that includes the Paca deposit mineral resources based on the most up to date high grade resource estimates for the deposits to determine future Pre-feasibility or Feasibility study requirements; cost-shared at 50% with Paca budget	75,000
	Subtotal Phase II	575,000
	Total Phase I and II	1,550,000
	Contingency	**150,000**
	Grand Total	**1,700,000**

25.5 Proposed Budget for Paca Deposit

The US$ $1.70 million budget presented in Table 25.2 below is proposed to support the recommendations presented above. Two phases of work are proposed, with re-evaluation and possible revision of Phase II initiatives to be carried out after completion of Phase I.

Table 25.2: Proposed Paca Deposit Budget - Phase I and Phase II

Program Phase	Program Component	Estimated Cost (US$)
I	Infill drilling to upgrade Inferred mineral resources to Indicated status plus deposit extension drilling – 5,000 m	1,000,000
I	Drilling to assess near surface conglomerate zone – 500 m	100,000
I	Initial metallurgical studies to support a future Preliminary Economic Assessment	50,000
I	Continuation of non-resource property exploration programs, including initial drilling program of 1000 m	250,000
I	Completion of an updated Paca deposit NI 43-101 resource estimate and technical report after completion of infill and deposit extension drilling programs.	75,000
	Subtotal Phase I	1,475,000
II	Completion of a Preliminary Economic Assessment for the Paca deposit in conjunction with the Pulacayo deposit to determine future Pre-feasibility or Feasibility study requirements; cost-shared at 50% with Pulacayo budget	75,000
	Subtotal Phase II	75,000

	Total Phase I and II	1,550,000
	Contingency	150,000
	Grand Total	**1,700,000**

26.0 Statements of Qualifications

CERTIFICATE of AUTHOR

I, Peter C. Webster*, P. Geo.* do hereby certify that:

1. I currently reside in Dartmouth, Nova Scotia and I am currently employed as President and Senior Manager with Mercator Geological Services Limited.

2. I graduated with a Bachelor of Science Degree in Geology from Dalhousie University in 1981. In addition, I obtained a Certificate in Environmental Management (C.E.M.) from the Technical University of Nova Scotia in 1996.

3. I am a registered member in good standing of the Association of Professional Geoscientists of Nova Scotia, registration number 047. I am a member in good standing of the Association of Professional Engineers and Geoscientists of Newfoundland and Labrador, member number 03337.

4. I have worked as a geologist in Canada and internationally for over 30 years since my graduation from university in 1981. I have a wide variety of commodity experience including, gold, VMS, base metals, nickel, and industrial minerals. I have completed numerous National Instrument 43-101 ("NI 43-101") Technical Reports and Resource Estimates.

5. I have relevant work experience and authored reports on similar epithermal gold deposits. I have worked in Mexico and evaluated similar style gold and silver mineralization and alteration.

6. I am a co-author of previous resource estimate technical reports covering the Pulacayo Project by Mercator on behalf of Apogee Silver Inc. these having effective dates of October 19th, 2011, September 28th, 2012. I am also co-author of the Pulacayo deposit resource estimate technical report prepared for Prophecy having an effective date of June 16, 2015 and co-author of a Paca deposit technical report prepared for Prophecy having an effective date of September 9th, 2015.

7. I have read the definition of "qualified person" set out in and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.

8. I am one of the qualified persons responsible for preparation of the technical report titled "Prophecy Development Corp., Updated Mineral Resource Estimate and Technical Report, Pulacayo Project, Potosí District, Antonnio Quijarro Province, Bolivia, Effective Date: October 20th, 2017". I am responsible for report sections 3.0 to 8.0 and 14.0 to 23.0 and 26. I have reviewed all report sections and contributed to the report Summary and report sections 24.0 and 25.0.

9. I visited the Pulacayo property between August 2, 2011 to August 10, 2011 at which time I completed a review of Apogee drill program components, including protocols for drill core logging, storage, handling, sampling and security, viewed mineralization and alteration, and carried out a drill core check sampling program, all of which are relevant to this report.

10. To the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make those sections of the technical report not misleading.

11. I am independent of Prophecy Development Corp. applying all of the tests in Section 1.5 of NI 43-101.

12. I have read NI 43-101 and Form 43-101F1, and believe that this Technical Report has been prepared in compliance with that instrument and form.

Dated this 20th Day of October 2017

"Original signed and stamped by"

____

Peter C. Webster, P. Geo.
President
Mercator Geological Services Limited

CERTIFICATE of AUTHOR

I, Michael P. Cullen*, P. Geo.* do hereby certify that:

1. I currently reside in Halifax, Nova Scotia, Canada and am employed as Chief Geologist by Mercator Geological Services Limited.

2. I received a Master of Science (Geology) degree from Dalhousie University in 1984 and received a Bachelor of Science degree (Honours, Geology) in 1980 from Mount Allison University.

3. I am a registered member in good standing of the following professional associations: (1) Association of Professional Geoscientists of Nova Scotia, registration number 064, (2) Professional Engineers and Geologists of Newfoundland and Labrador, registration number 05058 and (3) Association of Professional Engineers and Geoscientists of New Brunswick, registration number L4333.

4. I have worked as a geologist in Canada and internationally since graduation from university.

5. I have relevant professional experience that includes exploration for similar style deposits and have co-authored numerous National Instrument 43-101 ("NI 43-101") Technical Reports and Resource Estimates. I have specific previous experience with respect to epithermal precious metal deposits in Canada, Bolivia, Mexico, Colombia and the United States.

6. I am a co-author of previous resource estimate technical reports covering the Pulacayo property by Mercator on behalf of Apogee Silver Inc., these having effective dates of October 19th, 2011 and September 28th, 2012, respectively. I am also co-author of a Pulacayo deposit resource estimate technical report prepared for Prophecy having an effective date of June 16, 2015, and a Paca deposit technical report having an effective date of September 9th, 2015.

7. I have read the definition of "qualified person" set out in NI 43-101 and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.

8. I am one of the qualified persons responsible for preparation of the technical report titled "Prophecy Development Corp., Updated Mineral Resource Estimate and Technical Report, Pulacayo Project, Potosí District, Antonnio Quijarro Province, Bolivia, Effective Date: October 20th, 2017". I am responsible for report sections 1.0 and 2.0 plus 9.0 through 13.0 and have contributed to the Summary and report sections 24 and 25. I have reviewed all report sections.

9. I visited the Pulacayo Property on April 26th through 28th, 2012 and completed a review of Apogee drill program components, including protocols for drill core logging, storage, handling, sampling and security, viewed mineralization and alteration, carried out discussions with Apogee staff and completed a drill core check sampling program for purposes of evaluation of oxide zone mineralization at Pulacayo. All of these activities were relevant to this report. I also visited the Pulacayo Property during the June 3rd to June 6th site visit period of 2015 at which time similar activities were completed with respect to the Paca deposit that occurs within that property.

10. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.

11. I am independent of Prophecy Development Corp. applying all of the tests in section 1.5 of NI 43-101.

12. I have read NI 43-101 and Form 43-101F1, and believe that this Technical Report has been prepared in compliance with that instrument and form.

Dated this 20th Day of October 2017

"Original signed and stamped by"

____

Michael P. Cullen, M. Sc., P. Geo.
Chief Geologist
Mercator Geological Services Limited

27.0 References Cited

Arce Burgoa, O. R., 2009: Metalliferous Ore Deposits of Bolivia, Second Edition, SPC Impresores, S.A., La Paz, Bolivia; 233p.

Corbett, G.J., 2002: Epithermal gold for explorations, AIG Journal – Applied geoscientific practice and research in Australia Paper 2002-01, February 2002 26p.

Corbett, G.J., and Leach, T.M., 1998: Southwest Pacific rim gold-copper systems: Structure, alteration and mineralization: Economic Geology, Special Publication 6, 238 p.

Cullen, M. P. and Webster, P.C., 2011: Mineral Resource Estimate Technical Report For The Pulacayo Ag-Pb-Zn Deposit, Pulacayo Township, Potosí District, Quijarro Province, Bolivia, Effective Date: October 19th, 2011; NI-43-101 Technical report prepared for Apogee Silver Limited by Mercator Geological Services Limited, dated December 9th, 2011; 166p.

Cullen, M. P. and Webster, P.C., 2012a: Revised Mineral Resource Estimate Technical Report for the Pulacayo Ag-Pb-Zn Deposit, Pulacayo Township, Potosí District, Quijarro Province, Bolivia, Effective Date: October 19th, 2011; NI-43-101 Revised Technical report prepared for Apogee Silver Limited by Mercator Geological Services Limited, report date May 23, 2012; 113p.

Cullen, M. P. and Webster, P.C., 2012b: Updated Mineral Resource Estimate Technical Report For The Pulacayo Ag-Pb-Zn Deposit, Pulacayo Township, Potosí District, Quijarro Province, Bolivia, Effective Date: September 28th, 2012; NI-43-101 Technical report prepared for Apogee Silver Limited by Mercator Geological Services Limited

Cullen, M. P. and Webster, P.C., 2015a: Prophecy Development Corp., Pulacayo Silver-Zinc-Lead Deposit Mineral Resource Estimate Technical Report, Pulacayo Township, Potosí District, Quijarro Province, Bolivia, Effective Date: June 16th, 2015; NI-43-101 Technical Report prepared for Prophecy Development Corp.by Mercator Geological Services Limited; 156p.

Cullen, M. P. and Webster, P.C., 2015b: Prophecy Development Corp., Paca Silver-Zinc-Lead Deposit Mineral Resource Estimate Technical Report, Pulacayo Township, Potosí District, Quijarro Province, Bolivia, Effective Date: September 9, 2015; NI-43-101 Technical Report prepared for Prophecy Development Corp.by Mercator Geological Services Limited; 207p.

Lindgren, W., 1922: A Suggestion for the Terminology of Certain Mineral Deposits: Economic Geology, v. 17, p. 292-294.

Iriondo, L., Quispe F., Camacho, J., Aruni J., 2009: Memoria Geologica Proyecto Pulacayo-Pacamayo-Paca. Unpublished Internal Apogee Silver Report June 2009.
Plurinational State of Bolivia, (1997) CODIGO DE MINERIA, Gaceta Official de Bolivia. La Paz, Bolivia, 17 March 1997.

Porter, J., Illingworth, J.,Farr, G., Smith, M., Webster, P., Puritch, E., and Cullen, M., 2013: NI 43-101 Technical Report, Pulacayo Project Feasibility Study, Pulacayo Pb-Ag-Zn Project Phase 1 1000tp, Pulacayo, Potosi, Bolivia, Effective Date: January 17, 2013; technical report prepared by TWP Sudamerica SA for Apogee Silver Ltd.; 310p.

Pressacco, R., Harris, G., Godard, M., Jacobs C., 2010: Technical Report on the Preliminary Assessment of the Pulacayo Project, Potosí District, Quijarro Province, Pulacayo Township, Bolivia: Unpublished. Document available at www.SEDAR.com, 238 p.

Pressacco, R., and Shoemaker, S., 2008: Technical Report for the Pulacayo Project, Potosí District, Quijarro Province, Pulacayo Township, Bolivia: Unpublished. Document available at www.SEDAR.com, 207 pp.

Pressacco, R., and Gowans, R., 2007: Technical Report on the Mineral Resource Estimate for the Paca Deposit, Potosí District, Quijarro Province, Thols, Pampa, Huanchaca and Pulacayo Townships, Bolivia: Unpublished Document available on the SEDAR web site at www.SEDAR.com, 226 p.

Sempere, T., 1995: Sediment accumulation on top of the Andean orogenic wedge: Oligocene to late Miocene basins of the Eastern Cordillera, southern Bolivia Discussion, Geological Society of America Bulletin, November 2000, v. 112, p. 1752

Starkey, J., 2011: NSR Calculator and Description of Methodology, Unpublished Apogee Internal document, Starkey & Associates Inc., Consulting Metallurgical Engineers 2010.

U S Geological Survey and Servicio Geologico de Bolivia, (1992) Geology and Mineral Resources of the Altiplano and Cordillera Occidental, Bolivia.US Geological Survey Bulletin 1975. Denver, CO, USA. 365 p.

White, N C and Hedenquist, J. W., 1994: Epithermal environments and styles of mineralization; variations and their causes, and guidelines for exploration, In: Epithermal gold mineralization of the Circum-Pacific; geology, geochemistry, origin and exploration; I. Siddeley, G (editor), Journal of Geochemical Exploration. 36; 1-3, Pages 445-474. 1990.

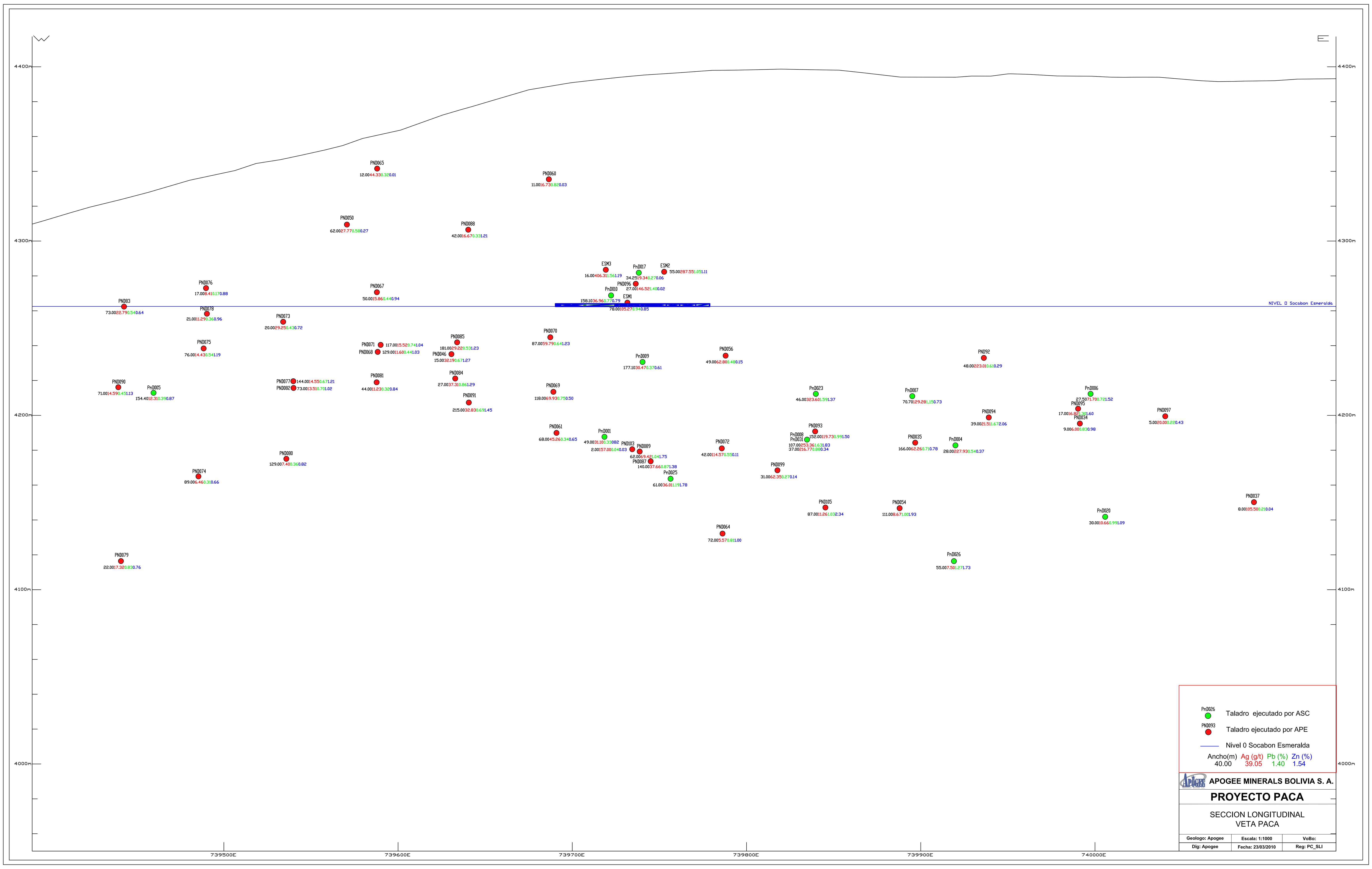
Websites Accessed:

Prophecy Development Corp. http://www.prophecydev.com
Apogee Silver Ltd. http://apogeesilver.com
Coeur d'Alene Mines Corporation http://www.coeur.com
Glencore International http://www.glencore.com/
Golden Minerals plc http://www.goldenminerals.com/
Pan American Silver http://www.panamericansilver.com/

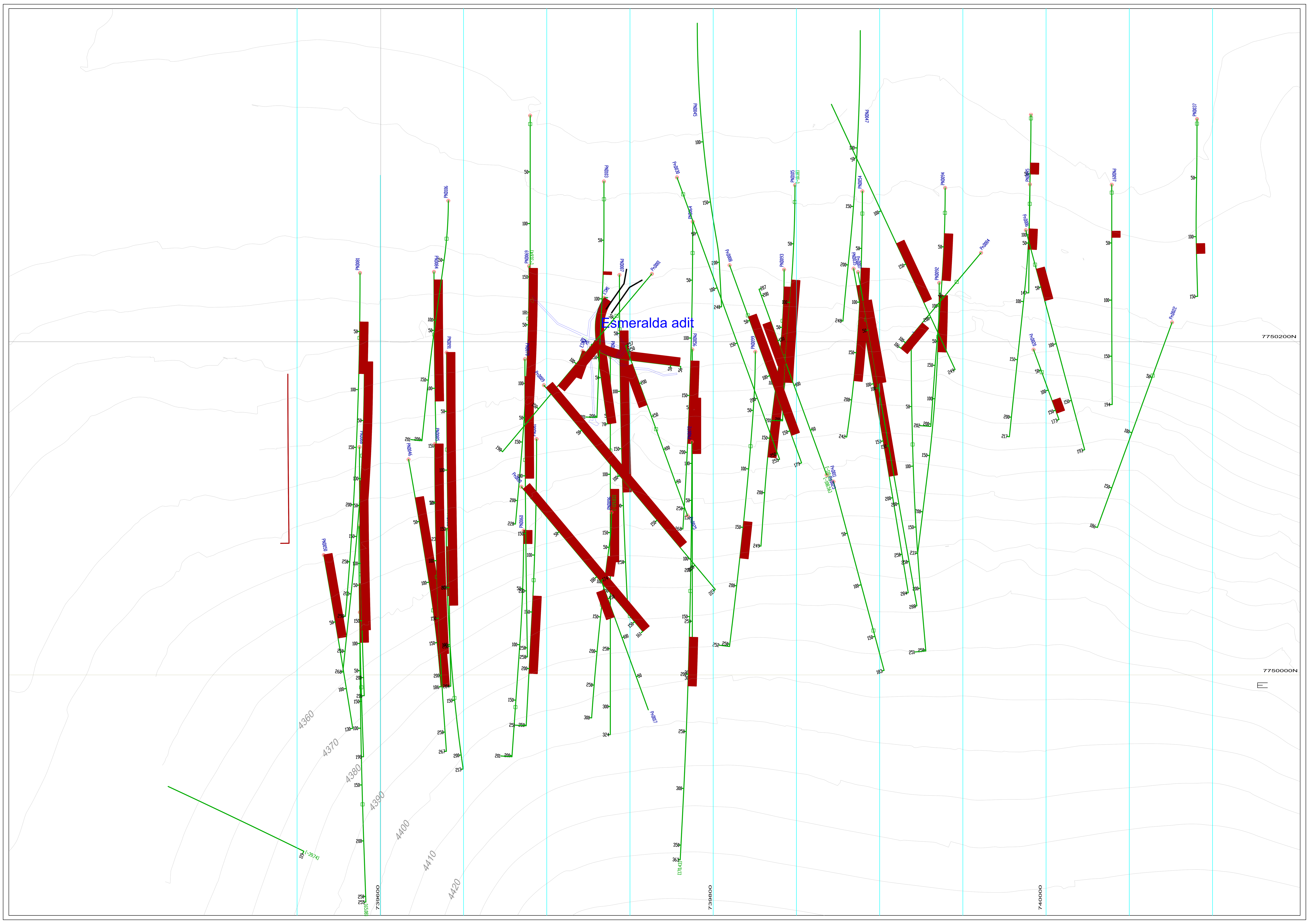
28.0 Appendix 1

Typical Long Sections and Cross Sections
Pulacayo and Paca Deposits

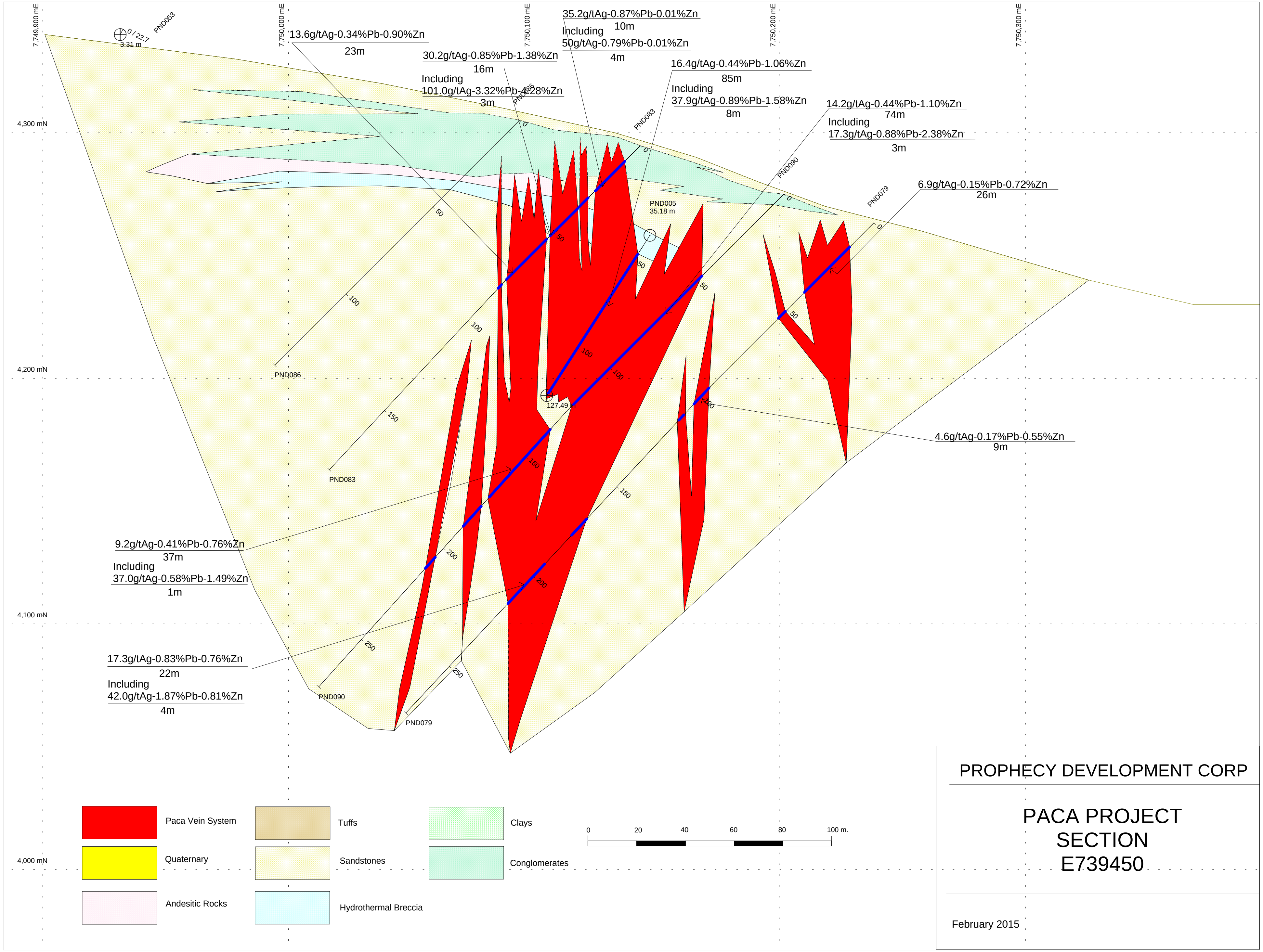
Paca Deposit



4400m
4300m
4200m
4100m
4000m
NIVEL 0 Socabon Esmeralda
739500E
739600E
739700E
739800E
739900E
740000E
PnD026 Taladro ejecutado por ASC
PND093 Taladro ejecutado por APE
Nivel 0 Socabon Esmeralda
Ancho(m) Ag (g/t) Pb (%) Zn (%)
40.00 39.05 1.40 1.54
APOGEE MINERALS BOLIVIA S. A.
PROYECTO PACA
SECCION LONGITUDINAL
VETA PACA
Geologo: Apogee
Escala: 1:1000
VoBo:
Dig: Apogee
Fecha: 23/03/2010
Reg: PC_SLI

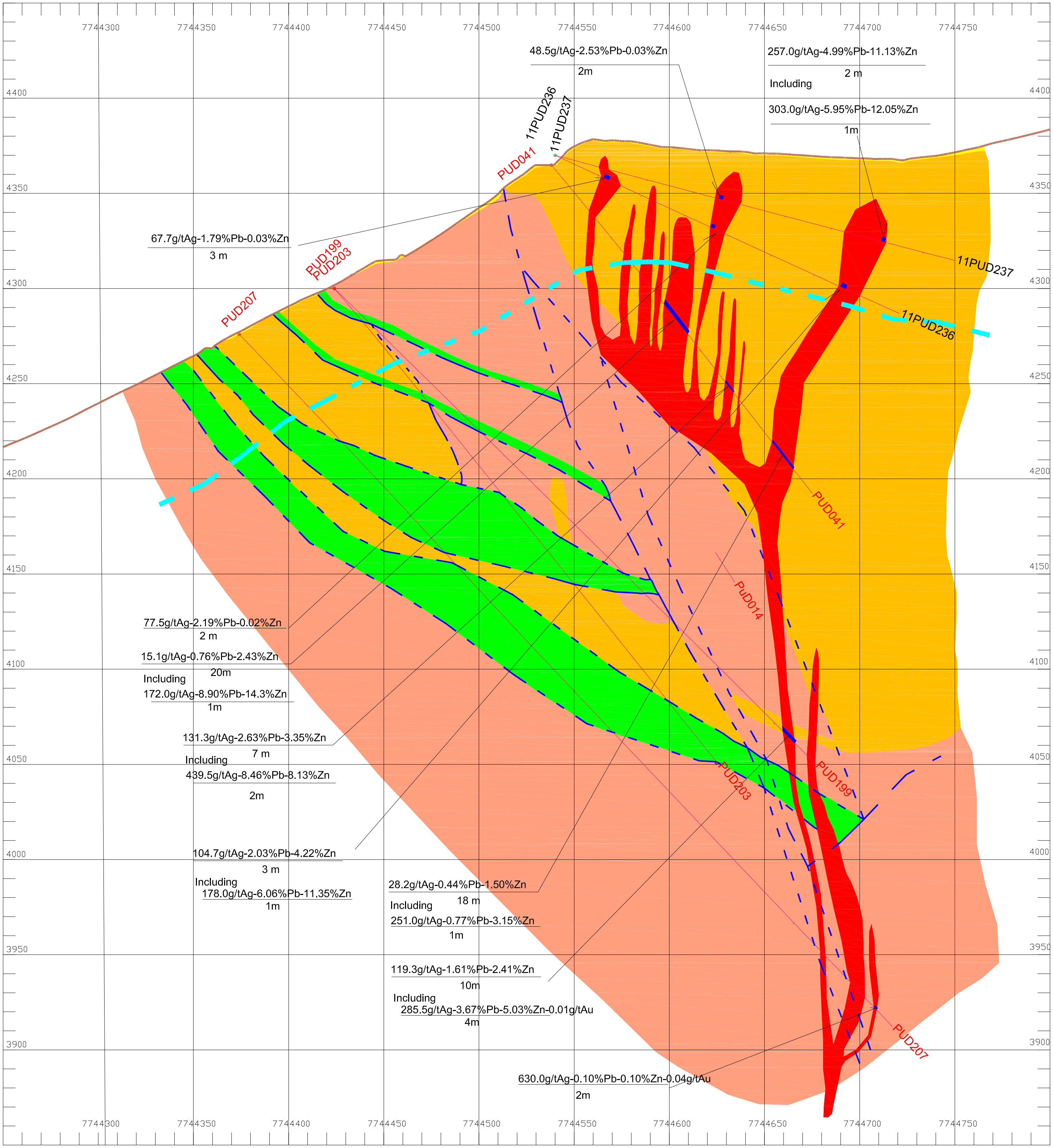


Esmeralda adit
7750200N
7750000N
4360
4370
4380
4390
4400
4410
4420
739600
739800
740000


7,749,900 mE
7,750,000 mE
7,750,100 mE
7,750,200 mE
7,750,300 mE
4,300 mN
4,200 mN
4,100 mN
4,000 mN
PND053
3.31 m
13.6g/tAg-0.34%Pb-0.90%Zn
23m
30.2g/tAg-0.85%Pb-1.38%Zn
16m
Including
101.0g/tAg-3.32%Pb-4.28%Zn
3m
35.2g/tAg-0.87%Pb-0.01%Zn
10m
Including
50g/tAg-0.79%Pb-0.01%Zn
4m
16.4g/tAg-0.44%Pb-1.06%Zn
85m
Including
37.9g/tAg-0.89%Pb-1.58%Zn
8m
14.2g/tAg-0.44%Pb-1.10%Zn
74m
Including
17.3g/tAg-0.88%Pb-2.38%Zn
3m
6.9g/tAg-0.15%Pb-0.72%Zn
26m
PND083
PND090
PND079
PND005
35.18 m
PND086
127.49 m
4.6g/tAg-0.17%Pb-0.55%Zn
9m
9.2g/tAg-0.41%Pb-0.76%Zn
37m
Including
37.0g/tAg-0.58%Pb-1.49%Zn
1m
17.3g/tAg-0.83%Pb-0.76%Zn
22m
Including
42.0g/tAg-1.87%Pb-0.81%Zn
4m
PND083
PND090
PND079
Paca Vein System
Quaternary
Andesitic Rocks
Tuffs
Sandstones
Hydrothermal Breccia
Clays
Conglomerates
0
20
40
60
80
100 m.
PROPHECY DEVELOPMENT CORP
PACA PROJECT
SECTION
E739450
February 2015

Pulacayo Deposit

Nivel 0 San León
Cuadro Candelaria
Underground Drilling
DRILL PROGRAM
DDH Intercepts
DDH Intercepts
Width(m) Ag (g/t) Pb (%) Zn (%) Au (g/t)
40.00 39.05 1.40 1.54 0.50
Porvenir
Central
Candelaria
Rothschild
San León
Napoleon Peró
NIVEL "0" SAN LEON
Taladros Ejecutados
Taladros Propuestos (2011)
Secciones
Ancho(m) Ag (g/t) Pb (%) Zn (%) Au (ppm)
40.00 39.05 1.40 1.54 1.85
PROPHECY DEVELOPMENT CORP.
PROYECTO PULACAYO
SECCION LONGITUDINAL
PULACAYO
Geologo:
Escala: 1:2000
VoBo:
Dig:
Fecha: 16/11/2011
Reg: PY_SLI_190508



REFERENCES

- Tectonic Breccia
- Andesite
- Volcanic Breccia
- Sandstones and Conglomerates (Fm. San Vicente)
- Oxidation limit
- Fault
- Tajo Vein Structure
- Hole ID, Collar and drill trace

Scale 1:3000

(Metres)

PROPHECY DEVELOPMENT CORP.

PULACAYO PROJECT

SECTION 739900 E

Geologo:	Sistema de Proyeccion: (WGS 84)	VoBo:
Dibujo:	Fecha: February 2015	Reg: