

## Prophecy Sells 10,000 Tonnes of Coal from Ulaan Ovoo to Erdenet Mining Corporation

**Date :** December 28, 2016

**Vancouver, British Columbia, December 28, 2016 – Prophecy Development Corp. (“Prophecy” or the “Company”) (TSX:PCY, OTC:PRPCF, Frankfurt:1P2N)** is pleased to announce that it has signed two coal sales and purchase agreements (the “SPAs”) to sell a total of 16,000 tonnes of coal sourced from its 100%-owned Ulaan Ovoo mine (“**Ulaan Ovoo**”) in Mongolia.

The two purchasers were Erdenet Mining Corporation (“**GOK**”) (for 10,000 tonnes) and Selenge Energo Heat Plant (“**Selenge Energo**”) (for 6,000 tonnes). Coal deliveries sourced from the Company’s existing Ulaan Ovoo coal stockpiles began in December 2016. Delivery of the 16,000 tonnes is expected to complete by February 2017.

GOK has been a major Prophecy customer and (excluding the current 10,000 tonnes) has purchased a total of 77,334 tonnes of coal since 2013. The Company expects to generate positive cash flow from the two SPAs.

In recent months, Prophecy has received multiple, unsolicited written expressions of interest from parties in Russia, China, and India, relating to possible transactions involving sales from, or joint venture of, Ulaan Ovoo.

While Prophecy considers Ulaan Ovoo to be one of its core company assets, the Company is responding to those expressions of interest and intends to evaluate any potential proposals received with a view to maximizing shareholder value.

To date in 2016, the benchmark thermal coal price (i.e. Australian thermal coal, 12,000 Btu/lb, FOB Newcastle) has nearly doubled to over US\$100/tonne from US\$53/tonne in January. Prophecy is surveying existing and prospective customers with a view to possibly restarting Ulaan Ovoo in 2017.

### About Ulaan Ovoo:

Ulaan Ovoo is located in northern Mongolia, 17km from the Zelter border to Russia by dirt road, and 120km by road from Mongolia’s Sukhbaatar railway station (which connects to the Trans-Siberian railway network). The mine has been on standby since 2014.

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

Prophecy received a mining permit for Ulaan Ovoo in 2011, and has invested approximately \$60 million into the project since then. The coal is marketed specifically to power plants, heat/boiler plants, cement factories, metallurgical plants, direct reduced iron plants, and railway companies. Ulaan Ovoo coal (5,000 kcal/kg GCV,

### **Qualified Persons**

The technical content of this news release was reviewed and approved by Christopher M. Kravits, CPG, LPG, who is a Qualified Person within the meaning of NI 43-101. Mr. Kravits is a consultant to the

Company and serves as its Qualified Person and General Mining Manager.

## **About Prophecy**

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

PROPHECY DEVELOPMENT CORP.

ON BEHALF OF THE BOARD

“JOHN LEE”

Executive Chairman

For more information about Prophecy, please contact Investor Relations:

+1.888.513.6286

[ir@prophecydev.com](mailto:ir@prophecydev.com)

[www.prophecydev.com](http://www.prophecydev.com)

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Certain statements contained in this news release, including statements which may contain words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or similar expressions, and statements related to matters which are not historical facts, are forward-looking information within the meaning of applicable securities laws. Such forward-looking statements, which reflect management’s expectations regarding Prophecy’s future growth, results of operations, performance, business prospects and opportunities, are based on certain factors and assumptions and involve known and unknown risks and uncertainties which may cause the actual results, performance, or achievements to be materially different from future results, performance, or achievements expressed or implied by such forward-looking statements.

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