



Prophecy Provides Pulacayo Project Update

Vancouver, British Columbia, May 18, 2017 – Prophecy Development Corp. (“Prophecy” or the “Company”) (TSX:PCY, OTCQX:PRPCF, Frankfurt:1P2N) is pleased to announce that it has finalized detailed internal mine plans for the Paca project, initially targeting nearsurface mineralization with a low mining strip ratio. In addition, the Company has executed agreements regarding the sourcing of skilled workers through the local Pulacayo cooperatives for future mining operations at the Pulacayo and Paca projects.

Further to the Company’s news release dated December 2, 2016, Prophecy has renewed the letter of intent (LOI) to lease mining equipment from Oroscons S.R.L. Under the updated LOI which expires June 30, 2017, Oroscons agrees to provide Prophecy through lease, a mining and transportation fleet that would enable open-pit mining of the Paca deposit at a minimum rate of 200 tonnes of ore per day.

Further to the Company’s news release dated December 14, 2016, Prophecy is negotiating with a number of vendors that provide dedicated toll milling services at their ore processing facilities located in Potosi, which is a 2.5 hour drive by car, on paved road from Pulacayo. The toll milling services would entail the processing of mined materials to be supplied by the Company, utilizing conventional crushing, grinding and flotation technology to produce zinc-silver and lead-silver concentrates. Given the low rates of capacity utilization of a great number of ore processing facilities (>50) in Potosi, the Company is confident it can finalize a new toll milling agreement at lower cost than the one signed last December.

Prophecy continues discussions with a number of large trading and smelting companies that are interested in purchasing future zinc-silver and lead-silver concentrates processed from Pulacayo and Paca mined materials and providing Prophecy with advance payment against future concentrate delivery to finance Paca to production. The most recent trial test runs at two concentrate-buyer designated processing facilities demonstrated high rates of silver recoveries (>85%) from Paca bulk sampling. Prophecy is further encouraged by an improved concentrate purchase term-sheet received from a major trader in May with significantly lower processing charges, consistent with industry trends.

Please refer to the Company’s June 18, 2015 and September 21, 2015 news releases for details regarding the amount and grade of resources for the Pulacayo and Paca deposits.

Lastly, the Company’s Bolivian subsidiary, ASC Bolivia LDC Sucursal Bolivia, has invested approximately US\$28 million at Pulacayo and already acquired necessary environmental and social licenses to mine at Pulacayo. The Company is working with the Bolivian mining ministry and Corporacion Minera De Bolivia (COMIBOL) (which is under internal restructuring with a newly-appointed COMIBOL President) to obtain authorization for mining. The Company is confident that all key pre-requisites (community and ministerial support, mining equipment, mine plan, toll milling, concentrate off take and project financing

through advance concentrate sales payments) are or will be in place for rapid mobilization to bring Paca and Pulacayo to production as soon as authorization is obtained.

In March, Prophecy partially sponsored a Bolivian delegation headed by the Bolivian Minister of Mining and Metallurgy to attend the Prospectors & Developers Association of Canada (PDAC) mining conference in Toronto, Canada. The event successfully brought new Canadian investors to Bolivia.

The Company will provide further update on project progress in due course.

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

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. Mr. Kravits is not independent of the Company since most of his income is derived from the Company.

About Prophecy

Prophecy Development Corp. is a Canadian public company listed on the Toronto Stock Exchange that is engaged in worldwide mineral and energy exploration and development. Further information on Prophecy can be found at www.prophecydev.com.

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ON BEHALF OF THE BOARD

“JOHN LEE”
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Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this news release, including statements which may contain words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or similar expressions, and statements related to matters which are not historical facts, are forward-looking information within the meaning of applicable securities laws. Such forward-looking

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

Numerous factors could cause Prophecy's actual results to differ materially from those expressed or implied in the forward-looking statements, including the following risks and uncertainties, which are discussed in greater detail under the heading "Risk Factors" in Prophecy's most recent Management Discussion and Analysis and Annual Information Form as filed on SEDAR and posted on Prophecy's website: Prophecy's history of net losses and lack of foreseeable positive cash flow; exploration, development and production risks, including risks related to the development of Prophecy's mineral properties; Prophecy not having a history of profitable mineral production; commencing mine development without a feasibility study; the uncertainty of mineral resource and mineral reserve estimates; the capital and operating costs required to bring Prophecy's projects into production and the resulting economic returns from its projects; foreign operations and political conditions, including the legal and political risks of operating in Mongolia and Bolivia, which are developing countries and being subject to their local laws; the availability and timeliness of various government approvals, permits and licenses; the feasibility, funding and development of Prophecy's projects; protecting title to Prophecy's mineral properties; environmental risks; the competitive nature of the mining business; lack of infrastructure; Prophecy's reliance on key personnel; uninsured risks; commodity price fluctuations; reliance on contractors; Prophecy's need for substantial additional funding and the risk of not securing such funding on reasonable terms or at all; foreign exchange risk; anti-corruption legislation; recent global financial conditions; the payment of dividends; the inability of insurance to cover all potential risks associated with mining operations; and conflicts of interest.

These factors should be considered carefully, and readers should not place undue reliance on Prophecy's forward-looking statements. Prophecy believes that the expectations reflected in the forward-looking statements contained in this news release and the documents incorporated by reference herein are reasonable, but no assurance can be

given that these expectations will prove to be correct. In addition, although Prophecy has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Prophecy undertakes no obligation to release publicly any future revisions to forward-looking statements to reflect events or circumstances after the date of this news or to reflect the occurrence of unanticipated events, except as expressly required by law.