SECOND AMENDMENT TO CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the 24th day of February, 2016

BETWEEN:

PROPHECY DEVELOPMENT CORP., a British Columbia corporation, having a registered and records office at 2nd Floor, 342 Water Street, Vancouver, British Columbia, V6B 1B6

(the "**Borrower**")

AND:

LINX PARTNERS LTD., a British Columbia corporation, having an office at 1301 Bank of America Tower, 12 Harcourt Road, Central, Hong Kong

(the "**Creditor**")

WHEREAS:

A. the parties entered into a credit facility agreement dated March 12, 2015 (as the same may be amended, extended, renewed, replaced, restated and in effect from time to time, the "**Credit Facility**");

B. the parties entered into an amendment to the Credit Facility dated May 5, 2015 (the "**First Amendment**");

C. the original Maximum Principal Amount of credit available to be borrowed by the Borrower from the Creditor, under the Credit Facility was CAD$1,500,000;

D. the parties now wish to further amend the Credit Facility to among other things, increase the Maximum Principal Amount of credit available to be borrowed by the Borrower from the Creditor, under the Credit Facility to CAD$2,500,000;

E. the Credit Facility provides for the payment of any expenses of the Creditor in connection with advancing portions of the Maximum Principal Amount to the Borrower, and all costs in connection with the Credit Facility and any other transactions contemplated therein;

F. the parties now wish to further amend the Credit Facility to among other things, replace the payment of any expenses of the Creditor in connection with advancing portions of the Maximum Principal Amount to the Borrower, and all costs (other than legal costs) in connection with the Credit Facility and any other transactions contemplated therein, with the payment of a 5% Drawdown Fee (as defined below) by the Borrower to the Creditor; and

G. the parties now wish to further amend the Credit Facility to among other things, remove the 20% penalty in the event the Borrower fails to repay the Outstanding Balance to the Creditor when due.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises, mutual covenants herein and other good and valuable consideration (the receipt and sufficiency of which, is hereby mutually acknowledged by each party), the parties covenant and agree as follows:

1. The reference to the principal amount of "CAD$1,500,000" contained in the second recital of the Credit Facility and defined as the "Maximum Principal Amount" is deleted in its entirety and replaced with the new principal amount of "CAD$2,500,000".

2. Subsection 1(b) of the Credit Facility under the heading "**Definitions.**" is deleted in its entirety and replaced with the following:

   (b) "'**Loan**' means at any point in time, that portion of the Maximum Principal Amount advanced to the Borrower by the Creditor, the interest accrued thereon and any Drawdown Fee (as defined below) applicable, less any amounts thereof repaid by the Borrower."

3. The Section 4 heading "**Repayment, Penalty and Pre-Payment.**" is deleted in its entirety and replaced with the heading "**Repayment and Pre-Payment.**"

4. Subsection 4(b) of the Credit Facility under the former heading "**Repayment, Penalty and Pre-Payment.**" is deleted in its entirety, and former Subsections 4(c) and 4(d) are renumbered as 4(b) and 4(c) respectively.

5. Section 5 of the Credit Facility under the heading "**Interest and Expenses.**" is deleted in its entirety and replaced with the following:

   "To compensate the Creditor for various costs and expenses incurred by the Creditor in connection with making available and advancing portions of the Maximum Principal Amount to the Borrower from time to time, the Creditor will be entitled to receive from the Borrower immediately upon the date of each Loan advance, an additional sum equal to 5% of the amount of any Loan advance (the "**Drawdown Fee**"), as part of the Outstanding Balance owing to the Creditor under this Agreement, the Note and GSA.

   Interest will begin to accrue on the Outstanding Balance immediately after the date drawn down, at the rate of 1.5% per month.

The Borrower will pay all legal costs of the Creditor, including reasonable legal costs of independent counsel to the Creditor, in connection with this Credit Facility Agreement and any other transactions contemplated herein."

6. The words "except as disclosed to the Creditor in writing," shall be added to the beginning of Subsection 7(d) of the Credit Facility under the heading "**Representations and Warranties of the Borrower.**"

7. Subsection 10(c) of the Credit Facility under the heading "**Events of Default.**" is deleted in its entirety and replaced with the following:

   (c) "if the Borrower is in default of prescribed filings with applicable securities regulatory authorities, the stock exchange or market on which its shares trade (collectively, the "**Authorities**"), or is subject to any suspension or cease trade order issued by any such Authority, or if the Borrower's Common shares are suspended, de-listed from trading, or otherwise not listed for trading, on either the Toronto Stock Exchange or the TSX Venture Exchange;"

8. Except as specifically modified herein, all other terms and provisions of the Credit Facility (including those contained in the First Amendment) shall remain unchanged and in full force and effect.

9. Capitalized terms used herein without express definition shall, unless something in the subject matter or context is inconsistent therewith, have the same meanings as are ascribed to such terms in the Credit Facility.

10. This agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

11. This agreement may be executed in counterparts and delivered electronically or by fax, each of which shall be deemed to be an original and both of which shall constitute the same document.

[signature page follows]

TO EVIDENCE THEIR AGREEMENT each of the parties has executed this agreement as of the date first above written.

PROPHECY DEVELOPMENT CORP.)
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Per: ______________________________)
Irina Plavutska)
Chief Financial Officer)
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c/s

LINX PARTNERS LTD.)
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John Lee)
Per: 635F19F634D7488...)
John Lee)
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c/s