



Prophecy Secures Long Term Water Supply for Construction and Operation of Gibellini Vanadium Project

Vancouver, British Columbia, August 20, 2018 – Prophecy Development Corp. (“Prophecy” or the “Company”) (TSX:PCY, OTCQX:PRPCF, Frankfurt:1P2N) is pleased to announce that it has secured water supply for the Gibellini vanadium project’s (the “**Project**”) construction and operation. The Company has signed a 10-year Water Lease Agreement (the “**Agreement**”) with the owner of a private ranch, located approximately 14.5 km from the Project. The Agreement can be extended for any number of additional 7-year terms, not to exceed (with the primary term) a total of 99 years.

Per the terms of the Agreement, the lessor has granted to Prophecy the rights to 805 acre-feet (approximately 262.4 million gallons) of water per year for the Project, at a minimum flow rate of 500 gallons per minute (“**gpm**”) from its year-round springs surface water stream.

The water flow rate was measured at the ranch springs in 1965, in 1981, from December 2011 to September 2013, and most recently, in 2017. The water flow rate ranges from 1,000 to 3,900 gpm with an average flow rate of 2,690 gpm, which exceeds the Project’s maximum water operational requirement of 420 gpm based on the process engineering design prepared by Scotia International of Nevada, Inc. as a part of engineering, procurement, construction and management work done in 2014.

The Gibellini Project has completed water-related baseline studies including the drilling of water-test wells, water source data collection, characterization, flow rate testing and modeling. Due to the fact that the Agreement provides a source of water from surface springs located on a private ranch and baseline studies related to it have been completed, Prophecy expects to significantly expedite the permitting process by eliminating the need to appropriate water rights from the Nevada Division of Water Resources (“**DWR**”).

Michael Drozd, Prophecy’s VP, Operations, comments: “The Gibellini project is the only primary vanadium project in the United States with secured, long term water supply for its construction and operation. The water at the ranch has been approved for irrigation use by the DWR, which will require a change to the use by the project’s mine and processing facilities. We expect to file a water usage change application with the DWR by the end of 2018.

Having already filed Gibellini’s plan of operation and baseline studies in May 2018, we continue to work towards filing the Environmental Impact Statement in 2019 and obtaining full permits in 2020.”

Qualified Person

The technical contents of this news release have been prepared under the supervision of Danniël Oosterman, VP, Exploration. Mr. Oosterman is not independent of the Company in that he is employed as a consultant to the Company and most of his income is derived from the Company. Mr. Oosterman is a Qualified Person as defined in NI 43-101.

About Prophecy

Prophecy Development Corp. is a Canadian public company listed on the Toronto Stock Exchange. Prophecy's main objective is to develop the Gibellini primary vanadium mining project in the Battle Mountain region in northeastern Nevada to production. Further information on Prophecy can be found at www.prophecydev.com.

PROPHECY DEVELOPMENT CORP.
ON BEHALF OF THE BOARD

“JOHN LEE”
Executive Chairman

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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.