This Supplemental News Report is published as required, is part of the annual MERGENT INDUSTRIAL and INTERNATIONAL Manuals and will be included in the bound April 2016 Monthly News Reports and is published on our Website.

PROPHECY DEVELOPMENT CORP

Company Website: www.prophecydev.com

Bekzod Kasimov, Vice President - Operations
Tony S.K. Wong, General Counsel; Corporate Secretary

Directors
John Lee, Executive Chairman; Director
Harald Batista, Director
Greg Hall, Director
Masa Igata, Director

Auditors: Davidson & Company LLP

Annual Meeting: In June

Shareholder Relations: Bekzod Kasimov
Tel: 888-513-6286

No. of Stockholders: Apr. 6, 2016, 1,000, approx.

No. of Employees: Mar. 30, 2016, 22

Address: 2nd Floor 342 Water Street, Vancouver, British Columbia V6B 1B6, Canada
Tel: 604 569-3661
Fax: 604 569-3617

Web: www.prophecydev.com
Email: info@prophecydev.com


Advertising & promotion ........................................ (151,301) (73,552) (132,779)
Consulting & management fees ......................... (299,804) (197,940) (198,156)
Depreciation .................................................... (161,466) (130,098) (121,617)
Depreciation & amortization ......................... (128,448) (87,434) (118,126)
Director fees ............................................... (94,002) (151,823) (247,655)
Insurance ..................................................... (81,620) (98,324) (186,126)
Office & administration .................................... (137,834) (151,532) (141,949)
Professional fees ............................................ (225,977) (319,509) (974,010)
Salaries & benefits ........................................... (366,786) (373,994) (531,355)
Share-based payments ..................................... (596,260) (617,362) (1,304,486)
Stock exchange & shareholder services ............... (161,466) (130,098) (121,617)
Travel & accommodation ................................. (150,112) (262,017) (118,778)
Total general & administrative expenses ............ (2,393,610) (2,463,585) (2,654,882)
Deemed disposal loss of investment in associate .... (1,264,472)
Equipment rental revenue ............................... (1,338,003)
Finance & transaction costs .............................. (765,000)
Costs in excess of recovered coal ................. (1,600,978) (2,314,438)
Foreign exchange gain (loss) ......................... (1,463,185) 663,523 251,254
Gain (loss) on sale of available-for-sale investments .......... ... 2,654,882 237,137
Interest expense ........................................... (192,349) (2,314,438)
Interest income .......................................... 16,480 28,890
Impairment of inventory ............................... (920,694) (484,288) ...
Impairment of mineral property ....................... (2,252,610) ...
Impairment of property & equipment .......... (11,151,346) (3,694,446)
Impairment of receivables & prepaids .............. (1,152,217) (1,679,097) ...
Loss on debt settlement ................................... (174,959) ...
Gain (loss) on sale equipment ......................... (99,498) ...
Gain (loss) on disposal of investment in associate ... (12,399,523) ...
Share of net loss of associate ......................... (1,397,252) ...
Income (loss) before deferred tax recovery ........... (7,822,531) (14,696,041) (24,296,254)
Deferred tax income recovery (expense) .......... (953,100) ...
Net income (loss) for year ......................... (7,822,531) (14,696,041) (24,296,254)
Net income (loss) for year attributable to: owners of the company ..... (23,296,154)

Weighted average common shares outstanding - basic .... 316,152,825 231,399,255 236,480,098
Weighted average common shares outstanding - diluted ........................................... 316,152,825 231,399,255 236,480,098
Year end shares outstanding ........................ 342,746,784 251,878,634 248,373,819
Earnings (loss) per common share - basic .......... Can$(0.06) Can$(0.08) Can$(0.10)
Earnings (loss) per common share - diluted ........ Can$(0.06) Can$(0.08) Can$(0.10)
Number of full time employees ......................... ...
Number of part time employees ........................ ...


Business Summary: Prophecy Development is engaged in the acquisition, exploration and development of energy, nickel and platinum group metals projects in Mongolia, Bolivia and Canada. In Bolivia, Co. is developing the advanced-stage Silver-Zinc-Lead Pulacayo underground mining project, Silver-Zinc-Lead Paca open-pit project and other exploration projects with a focus on such metals as silver, zinc, lead, copper and antimony. In Mongolia, Co. is advancing the Chandgana Coal mine, Chandgana 600MW Coal-Fired Mine Mouth Power Plant and Ulan Ovoo coal mine projects. In Canada, Co. is developing several exploration projects.

Property: Co. maintains its head office in Vancouver, British Columbia. Co. through Red Hill Mongolia LLC, owns 0% interest in the Ulaan Ovoo coal property located in Selenge province, Mongolia.

Co. through Chandgana Coal LLC, owns 100% interest in the Chandgana Tal coal property and Khavtgai Uul coal property located in Khorchin province, Mongolia.

Co. through Prophecy Power Generation LLC, holds the land use right and construction licence for the Chandgana 600MW Coal-Fired Mine Mouth Power Plant project planned in Khorchin province, Mongolia.

Co. through 912601 B.C. Ltd., owns 80% interest in the Titavanadium-titanium-iron property located in Ontan province, Canada and 60% interest in the Okeover copper-molybdenum property located in British Columbia province, Canada.

Co. through ASC Bolivia LDC Sacursal Bolivia, holds the mining joint venture interest in the Pulacayo Paca silver-lead-zinc property located in Quijarro province, Bolivia.

Subsidiaries

(wholly owned unless otherwise noted)

0912601 B.C. Ltd.
Red Hill Mongolia LLC
Chandgana Coal LLC
Prophecy Power Generation LLC
UGL Enterprises LLC
1240 PSR PTE Ltd.
ASC Holdings Limited
ASC Bolivia LDC (99%)
ASC Bolivia LDC Sacursal Bolivia (99%)
Apogee Minerals Bolivia S.A. (98%)

Officers

John Lee, Executive Chairman; Interim Chief Executive Officer
Irina Plavatska, Chief Financial Officer

April 19, 2016
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<thead>
<tr>
<th>Item</th>
<th>2015</th>
<th>2014</th>
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<tbody>
<tr>
<td>Accrued liabilities</td>
<td>104,000</td>
<td>430,480</td>
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<tr>
<td>Accounts payable &amp; accrued liabilities</td>
<td>2,637,557</td>
<td>2,778,368</td>
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<tr>
<td>Credit facilities</td>
<td>1,889,462</td>
<td>1,288,218</td>
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<tr>
<td>Total current liabilities</td>
<td>4,527,019</td>
<td>4,066,586</td>
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<tr>
<td>Provision for closure &amp; reclamations</td>
<td>208,993</td>
<td>173,363</td>
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<tr>
<td>Tax provision</td>
<td>7,287,855</td>
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<tr>
<td>Total liabilities</td>
<td>12,023,867</td>
<td>4,239,949</td>
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<td>Share capital</td>
<td>153,281,631</td>
<td>147,947,292</td>
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<tr>
<td>Reserves</td>
<td>21,205,698</td>
<td>20,302,885</td>
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<tr>
<td>Total equity &amp; liabilities</td>
<td>27,302,836</td>
<td>21,304,297</td>
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**Auditor’s Report:**

The following is an excerpt from the Report of the Independent Auditors, Davidson & Company LLP, as it appeared in Co.’s 2015 Annual Report:

**Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Prophecy Development Corp. as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Prophecy Development Corp.’s ability to continue as a going concern.

**Line of Credit:** In Oct. 2013, Co.’s wholly-owned Mongolian subsidiary, Red Hill Mongolia LLC arranged a line of credit for US$1,500,000 with the Trade and Development Bank. As of Dec. 31, 2015, Co. had an outstanding secured line of credit of C$198,787, with interest at a rate of 17.4% per annum, due Mar. 25, 2016.

On Mar. 12, 2015, Co. arranged a revolving credit facility with Lux Partners Ltd. with a maximum principal amount available for advance of C$1,500,000, with interest at a rate of 18% per annum. As of Dec. 31, 2015, Co. had an outstanding secured revolving credit facility of C$1,500,000.

**Capital Stock:**

1. Prophecy Development Corp common; no par.

OUTSTANDING—Dec. 31, 2015, 342,746,784 shs; no par.

WARRANTS—43,650,384 shs.


TRANSFER AGENT & REGISTRAR—Computershare Trust Company of Canada, Vancouver, British Columbia, Canada.

PRIMARY EXCHANGE—Toronto (TSX): PCY.


PRIVATE PLACEMENTS—(11,120,000 units) at C$0.05 per unit privately placed on Sept. 30, 2015 for gross proceeds of C$556,000. Each unit consists of one share in the capital of Co. and one share purchase warrant.

(6,250,000 units) at C$0.04 per unit privately placed on Nov. 12, 2015 for gross proceeds of C$250,000. Each unit consists of one share in the capital of Co. and one share purchase warrant.