

A Resolution of the Haines Borough Assembly authorizing the Borough Manager to enter into a Memorandum of Agreement with Prophecy Platinum Corp. to establish a framework of mutual cooperation and the exchange of information among the parties regarding the potential development of the Wellgreen Ni, Cu, Au, PGE deposit near Burwash Landing, Yukon Territory.

WHEREAS, the Haines Borough is actively engaged in a Port plan to market and develop the industrial area in the vicinity of Lutak Dock; and

WHEREAS, the major efforts are underway in the Yukon Territory to develop and extract mineral resources; and

WHEREAS, some of the mineral production requires transshipment of concentrate via deep water ports; and

WHEREAS, Haines has been identified as a potential future port for transshipment of mineral concentrate;

WHEREAS, Prophecy Platinum Corp. is developing a large mineral deposit located near Burwash Landing, Yukon Territory; and

WHEREAS, if the property proves to be feasible and mining commences at some point in the future, the Haines Port could serve as a mineral concentrate transshipment point; and

WHEREAS, representatives of Prophecy Platinum and the Borough met to discuss the possibility of entering into a non-binding, non-exclusive Memorandum of Agreement (MOU) to establish a framework of mutual cooperation and the exchange of information among the parties regarding the potential development of the Wellgreen property; and

WHEREAS, the MOU is necessary to reasonably treat to the fullest extent allowed by law confidential and proprietary information shared by Prophecy Platinum with the Borough,

NOW, THEREFORE, BE IT RESOLVED by the Haines Borough Assembly that the Borough Manager is hereby authorized to enter into a Memorandum of Agreement with Prophecy Platinum Corp. to establish a framework of mutual cooperation and the exchange of information among the parties regarding the potential development of the Wellgreen Ni, Cu, Au, PGE deposit near Burwash Landing, Yukon Territory.

Adopted by a duly-constituted quorum of the Haines Borough Assembly on this ___ day of _____, 2012.

Attest:

Jerry Lapp, Deputy Mayor

Julie Cozzi, MMC, Borough Clerk



Haines Borough Administration
Mark Earnest, Borough Manager
(907)766-2231 • Fax(907)766-2716
mearnest@haines.ak.us

September 25, 2012

Prophecy Platinum Memorandum of Understanding

Included for Assembly consideration is a non-binding, Memorandum of Understanding between the Borough and Prophecy Platinum to provide the framework for discussions regarding the possibility of mineral concentrate transshipments through the Haines port. Prophecy Platinum owns 100 percent of the Wellgreen property, located near Burwash Landing, Yukon Territory. The deposit is rich in gold and platinum group metals, including platinum, palladium, and rhodium, nickel, and copper. The company website notes that the Wellgreen property is located "402 km from Alaska's Haines deep sea port."

Prophecy Platinum is currently engaged in project advancement and is proceeding with a 20,000-meter underground drill program. This represents the first phase of an extensive infill drilling program expected to upgrade a significant portion of Wellgreen's inferred resource into the measured and indicated category. A surface program, designed to supplement this underground phase is also underway.

Darsie Culbeck and I recently visited the Wellgreen property and met with Mr. Joseph Li, Prophecy Platinum General Manager. This MOU is a direct result of that trip and is part of a continuum of Port development efforts currently underway and is a direct function of the Port Development Master Plan funded by the Alaska Legislature in FY 2012. The MOU is an important step in the Borough's efforts to promote the industrial waterfront zone in and around Lutak Dock. The effort is not exclusive to the Borough's facilities.

MEMORANDUM OF UNDERSTANDING

*September *, 2012*

This Memorandum of Understanding (“MOU”) is between Prophecy Platinum Corp (“Prophecy”) and Haines Borough (“Haines”) (collectively the “Parties” or each a “Party”).

PURPOSE

The Purpose of this MOU is to establish a framework of mutual co-operation and the exchange of information between the Parties.

NON-BINDING PROVISIONS

The following numbered paragraphs of this MOU (collectively, the “**Nonbinding Provisions**”) reflect our mutual understanding of the matters described in them, but each Party acknowledges that the Nonbinding Provisions are not intended to create or constitute any legally binding obligation between the Parties, and no Party shall have any liability to the other with respect to the Nonbinding Provisions unless and to the extent that they are embodied in a fully integrated definitive agreement (a “**Definitive Agreement**”), and other related documents, which are prepared, authorized, executed and delivered by and between all parties. If a Definitive Agreement is not prepared, authorized, executed or delivered for any reason, no party to this MOU shall have any liability to any other party to this MOU based upon, arising from, or relating to the Nonbinding Provisions.

1. BACKGROUND

Prophecy is listed on the TSX Venture Exchange and primarily engaged in the identification, acquisition and exploration for mineral resource properties throughout Canada.

In the Yukon Territory, Prophecy holds a 100% interest in a certain mineral exploration property (the “Wellgreen Property”), located approximately fifteen (15) kilometres from the Alaska Highway and three hundred and seventeen (317) kilometres north of the city of Whitehorse in southwestern Yukon.

The Wellgreen Property is rich in platinum group metals (platinum, palladium, rhodium, nickel and copper) with a National Instrument 43-101 compliant inferred resources estimate of 289,000,000 tonnes and an indicated resource estimate of 14,000,000 tonnes.

Haines, is a home rule borough, located at the hub of road and sea routes to the rest of Alaska, Yukon, and overseas and four hundred and two (402) kilometres from the Wellgreen Property.

Haines owns and operates Lutak Dock, an industrial deep sea port facility. Lutak Dock handles freight shipments in and out of the community, as well as the rest of Alaska and overseas. Also included in Haines are the privately-owned Chilkoot Lumber Dock Facility and the US Government-owned Haines POL Terminal Dock, with associated uplands, that may be available for development in the future.

The Lutak and other dock facilities are located approximately four (4) miles from Haines. The Lutak Dock is currently configured for use as a containerized, conventional, roll on, and roll off cargo operation, as well as storage.

It is Prophecy's intention is to fully develop the Wellgreen Property as viable commercial resource ready for commercial production commencing in 2018 and 2019. To achieve this goal, Prophecy:

- commissioned an Independent Preliminary Economic Assessment ("PEA") that investigated the Wellgreen Property as a commercial viable resource. The PEA recommends that the Wellgreen Property will support a 32,000 ton per day open pit mine operation that is expected to produce 1.959 billion pounds of nickel; 2.058 billion pounds of copper; and 7.119 million ounces of platinum, palladium, and gold over a 37 year mine life; and
- commissioned a transportation study with a mandate to evaluate the movement of concentrate from the Wellgreen Property to three shipping destinations, Haines, Port of Skagway, and the Port of Stewart. This transportation study is expected to be completed by December 14, 2012.

It is Haines' intention is to position itself to capture a significant share of transportation and expediting business related to the export of raw materials from the Yukon Territory. Haines is actively seeking prospective tenants for and potential users of Lutak Dock and other facilities. Haines intends to provide affordable marine transportation via the Lutak Dock and related uplands development. To achieve this goal, Haines:

- has received State funding in the amount of USD \$120,000 to study and assess the potential for Haines in the resurgence of the Yukon mining industry reflected in a Port Development Master Plan; and
- established a Port Development Steering Committee to oversee and guide future port development initiatives involving studying and implementing the rehabilitation and the redesign, of the Lutak Dock and the construction of a modern and expanded port.

2. OBJECTIVE

The objective of this MOU is to identify, assess, and investigate through mutual co-operation and the sharing of information the potential of a future commercial relationship between the Parties that is mutually beneficial reflecting the Parties intentions and goals.

3. COLLABORATIVE PROCESS AND INFORMATION SHARING

The Parties agree to in good faith to consult, cooperate, and exchange information and identify areas of mutual interest and benefit to aid in and to achieve the objective of this MOU.

The Parties agree to the free exchange of information which includes, but is not limited to, the following:

- Regulations, guidance documents, policies, procedures, and other scientific and technical documents;

- Data and information regarding port utilization, port capacity and dimension to handle vessel size, frequency of shipment, capital requirements to complete expansion work, and permits required for such concentrate transport;
- Environmental data and assessments
- Studies / plans
- Community impact / social studies

The Parties agree to meet periodically and attend meetings as necessary to update each other on their perspective progress in the collection and analysis of information pertaining to their respective marine transportation goals.

The Parties agree that they will each make best efforts to dedicate the necessary time and effort to fulfill the objective of this MOU.

Each Party will notify the other Party immediately regarding any circumstances that arise and that may potentially affect fulfilling the objective of this MOU.

BINDING PROVISIONS

Upon execution by the Parties of this MOU or counterparts thereof, the following lettered paragraphs of this MOU (collectively, the “**Binding Provisions**”) will constitute the legally binding and enforceable agreement of the Parties (in recognition of the significant costs to be borne by the Parties in pursuing this proposed transaction and further, in consideration of their mutual undertakings as to the matters described herein).

A. NON-BINDING PROVISIONS NOT ENFORCEABLE

The Nonbinding Provisions do not create or constitute any legally binding obligations between the Parties, and none of the Parties shall have any liability to the other parties with respect to the Nonbinding Provisions unless and to the extent that they are embodied in the Definitive Agreement, if one is successfully negotiated, executed and delivered by and between all parties. If the Definitive Agreement is not prepared, authorized, executed or delivered for any reason, no party to this MOU shall have any liability to any other party to this Letter based upon, arising from, or relating to the Nonbinding Provisions.

B. NON-EXCLUSIVITY AND LEGAL STATUS

This MOU is non-exclusive. Each Party is free to carry out similar initiatives with third parties. This MOU does not constitute an offer, binding commitment or obligation of either Party, nor will it be construed or deemed as creating a contract of any nature and under no circumstances will either Party be bound in any manner whatsoever, in either law or equity, other than as expressly set out. The Parties may not act or bind the other in any way nor may either represent that it is in any way responsible for the acts of the other. This MOU does not establish a joint venture or partnership between the Parties.

C. CONFIDENTIALITY

"Confidential Information" means information clearly identified in good faith in writing by either Party as "Confidential" and/or "Proprietary," or information that, under the circumstances, ought

reasonably be treated as confidential and/or proprietary. To the fullest extent allowed by law, "Confidential Information" shall include, but not be limited to:

- (a) customer data, usage statistics, market research, analyses, studies, processes, present and/or future information, and business plans; and
- (b) all information, in whatever form communicated or maintained, whether orally, in writing, electronically, posted in a virtual data room, in computer readable form or otherwise, that a Party discloses to, or that is gathered by inspection by, the receiving Party whether provided before or after the date of this MOU, including, without limitation, information that contains or otherwise reflects information concerning the disclosing Party, or their respective businesses, affairs, financial conditions, assets, liabilities, operations, prospects or activities, and specifically includes, without limitation, financial information, budgets, estimates, forecasts, engineering reports, environmental reports, evaluations, projections, legal opinions, names of security holders, names of joint venture partners and contractual parties, and any information provided to the receiving Party by third parties under circumstances in which the disclosing Party has an obligation to protect the confidentiality of such information.

For a period of two years following the execution of this MOU, to the fullest extent allowed by law, neither Party shall disclose to a third party Proprietary or Confidential Information of the other Party. Each party further agrees to act as trustee for any Proprietary or Confidential Information jointly created or acquired through the Parties' participation in this MOU. The receiving Party shall use the same degree of care as it uses to protect the confidentiality of its own confidential information of like nature, but no less than a reasonable degree of care, to maintain in confidence the Confidential Information of the disclosing Party. The foregoing obligations shall not apply to any Confidential Information that: (a) can be demonstrated to have been publicly known as the time of the disclosing Party's disclosure of such Confidential Information to the receiving Party; (b) becomes part of the public domain or publicly known, by publication or otherwise, not due to any unauthorized act or omission by the receiving Party; (c) can be demonstrated to have been independently developed or acquired by the receiving Party without reference to or reliance upon such Confidential Information; (d) is provided to the receiving Party by a third party who is under no obligation to the disclosing Party to keep the information confidential; or (e) is required to be disclosed by law, provided that the receiving Party takes reasonable and lawful actions to avoid and/or minimize such disclosure and promptly notifies the disclosing Party so that the disclosing Party may take lawful actions to avoid and/or minimize such disclosure. Each Party agrees that it will use the Confidential Information provided by the other Party only as necessary to discharge its obligations under this MOU and for no other purpose without the prior written consent of the disclosing Party.

The Parties make no representations and warranties to each other concerning any of the Proprietary or Confidential Information provided. The Parties agree that all Confidential or Proprietary Information that is in any form or medium, including digital media, of the disclosing Party is and remains the sole property of the disclosing Party. A receiving Party shall return to a disclosing Party all Proprietary or Confidential Information and any copies thereof at the written request of the disclosing Party, provided however that a receiving Party may retain electronic copies of Confidential Information for the purposes of records retention on reasonable back-up and electronic storage systems and this MOU shall apply to any Proprietary or Confidential Information for so long as it is held for such records retention purposes.

D. FINANCIAL ARRANGEMENTS

This MOU will not impose any financial responsibilities on the parties, except that each party will be responsible for the costs it incurs in its own interest, related to the support of this MOU.

E. SETTLEMENT OF DISPUTES

Any disputes regarding the interpretation or implementation of this MOU will be resolved only by consultation among the Parties and will not be referred to a court, or other third party for settlement.

F. NOTICE

Any notice, direction or other communication required or permitted to be given under this Agreement will be in writing and will be given by personal delivery or by prepaid registered or certified mail or by facsimile or other form of telecommunication, in each case addressed as follows:

To Prophecy:

Attention: Joseph Li, Corporate Secretary
Address: Prophecy Platinum Corp.
2nd Floor, 342 Water Street,
Vancouver B.C.,
Tel: 604-569-3661 x 102
Fax: 604-569-3617
Email: jli@prophecycoal.com

To Haines:

Attention: Mark Earnest, Borough Manager
Address: Haines Borough
P.O Box 1352
Haines AK 99827
Tel: 907-766-2231 x 29
Fax: 907-766-7261
Email: mearnest@haines.ak.us

G. AMENDMENTS

This MOU may be amended only with the mutual written consent of the Parties. Any amendment must be approved by the Haines Borough Assembly.

H. DURATION, WITHDRAWAL AND TERMINATION

This MOU will be reviewed periodically by the parties and will remain in effect until either withdrawn from or terminated.

Any party may withdraw from this MOU upon presentation of 30 days written notice to the other party.

This MOU may be terminated at any time, with the mutual written consent of the parties.

I. EXECUTION IN COUNTERPARTS

The Parties hereto agree that this MOU may be executed and dated in counterparts, each counterpart of which counterpart when taken together will constitute the original MOU.

J. EFFECTIVE DATE AND SIGNATURE

This MOU, agreed to in principle by the parties as of the date of signature below, takes effect on *, 2012

PROPHECY PLATINUM CORP.

Per: _____
Authorized Signature

HAINES BROUGH

Per: _____
Authorized Signature