

Prophecy Coal Signs Multiple Coal Offtake Agreements, Aims to Restart Mining at Ulaan Ovoo in November

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 28, 2013) - **Prophecy Coal Corp.** ("Prophecy" or the Company")**(TSX:PCY)(OTCQX:PRPCF)(FRANKFURT:1P2)** is pleased to announce that in the last 60 days, it has entered into binding coal sales contracts with a number of buyers which will involve the sale of over 30,000 tonnes of coal per month (annualized rate of over 360,000 tonnes) from the Company's Ulaan Ovoo mine.

The buyers include cement plants, a metallurgical plant, a heat plant, chemical plants and Russian traders. The off-take quantity and variety of customers reflect the Company's significant efforts to drive higher margin sales while satisfying government power plant needs, which are excluded from the 30,000 tonnes per month forecast. All sales require pre-payment, as has been the Company's practice since January 2013.

The mine and Prophecy's own mining equipment can support mining of up to 1 million tonnes of coal per year according to designed capacity. The Company continues to survey its existing 28 customers and talk to new prospects, anticipating further increases of monthly sales forecast as winter preparation begins.

The orders reflect strong demand in Mongolian and Russian markets, whereby economies are growing at double digit rates, and local thermal coal mine production is declining. The average sales prices are robust, in line with our news release dated June 24, 2013, and are materially higher than our average realized price in 2011 and 2012, whereby majority of the customers then were government entities.

The Company cautions that mining operation of Ulaan Ovoo mine has been curtailed since July 2012. Some orders will be delivered in August and September from the existing coal stockpile. Fulfilling all the off-take agreements is contingent on a mine restart, which requires time and capital expenditures. The Company has installed significant water-pumping capacity at the mine site and will soon start pit-dewatering, aiming to start mining fresh coal by November 2013 and thereafter on a continued basis.

The Company has appointed a new mines manager, transportation manager and government advisors to manage and operate the Ulaan Ovoo mine. The Company's 100% owned camp, mining equipment and transportation trucks are on in good condition and are on standby.

Chandgana Power Plant project update:

Prophecy made an amended Power Purchase Agreement (PPA) submission in June 2013 at the request of the working group appointed by the Energy Ministry. Several of the working group members were in summer recess. The secretary of the working group has been collecting comments from group members in the past week and has indicated to PCY that the working group session will be called to discuss the PPA at the earliest available timeframe.

Visit the Company's website for a map of the Company's Ulaan Ovoo mine.

About Prophecy Coal

[Prophecy Coal Corp.](#) is a Canadian company listed on the Toronto Stock Exchange engaged in developing energy projects in Mongolia. Further information on Prophecy Coal can be found at www.prophecycoal.com.

[Prophecy Coal Corp](#)

ON BEHALF OF THE BOARD

JOHN LEE, Executive Chairman

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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 light of the risks and uncertainties inherent in all forward-looking statements, the inclusion or incorporation by reference of forward-looking statements in this news release should not be considered as a representation by Prophecy or any other person that Prophecy's objectives or plans will be achieved. Forward-looking statements in this news release include, without limitation, estimated future coal production at the Ulaan Ovoo coal mineral property and other information concerning possible or assumed future results of operations of Prophecy.

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 cash flow; exploration, development and production risks, including risks related to the development of Prophecy's Ulaan Ovoo coal property; Prophecy not having a history of profitable mineral production; 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, which is a developing jurisdiction; 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 risks; anti-corruption legislation; recent global financial conditions; the payment of dividends; and conflicts of interest.

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 release or to reflect the occurrence of unanticipated events, except as expressly required by law.

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