Prophecy Coal Reports Preliminary Fourth Quarter Coal Production and Operation Update

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Feb 10, 2014) - **Prophecy Coal Corp. ("Prophecy" or the "Company") (TSX:PCY)(OTCQX:PRPCF)(FRANKFURT:1P2)** is pleased to follow up its announcement of November 4, 2013, and report its preliminary figures on coal production and sales volumes from its 100% owned Ulaan Ovoo mine ("Ulaan Ovoo") in Mongolia for the fourth quarter ended December 31, 2013:

	October 31, 2013	November 30, 2013	December 31, 2013	Total
Coal Production (tonnes)	9,024	25,331	32,514	66,869
Coal Sales (tonnes)	16,760	21,505	31,031	69,296
Weighted Average Strip Ratio (m^3/tonne)				2.85
Stockpile Opening Balance (tonnes)				98,499
Stockpile Ending Balance (tonnes)				96,036

In early November 2013, the Company resumed mining operations at Ulaan Ovoo. Mining and road conditions to the Sukhbaatar rail siding ("Sukhbaatar") are currently normal and coal is being sold on a continual basis to a number of Prophecy customers. The Company is pleased with coal production and sales volumes.

Russia

In 2014, the Company sold and successfully delivered a coal shipment from Sukhbaatar to a Russian customer. The coal was approximately 5,300kcal/kg GCV, 0.5% Sulphur, and 5% ash. Management recently visited a number of Russian coal end users with the goal of establishing continuous shipments to Russia in 2014.

In addition, the Mongolia Ministry of Road and Transportation recently issued the terms of reference ("TOR") for the Zeltura Road feasibility study. After the TOR were issued, Prophecy started the feasibility study on upgrading the road from Ulaan Ovoo mine to Zeltura border.

Given that the mine is just 17km from the Zeltura border (as opposed to approximately 120km from the mine to Sukhbaatar), re-opening of the Zeltura border would reduce the transportation cost and potentially further increase coal sales to Russia. After the study is complete (target May 2014) and if accepted by the Ministry of Road and Transportation, the road upgrade can begin and is expected to take up to four months based on preliminary tenders received. The Company will advise when feasibility is completed and if accepted.

Concurrently, the Company is working with the Ministry of Finance on creating a customs clearing zone at Ulaan Ovoo for Russian exports. While the Company is pleased with the overall progress and appreciates the support from the Mongolian and Russian authorities, it cannot offer certainty or a definitive time frame to start transporting coal through Zeltura.

Chandgana

In July 2013, the Company applied for a concession with the Ministry of Economic Development (MOED) for the 600MW Chandgana mine mouth power project. Already with the power plant land use right, construction license, and coal mining license, Chandgana is an advanced green-field project designed to supply much needed electricity to a rapidly growing domestic Mongolia market. After extensive document submissions and discussions, the Mongolian Cabinet approved Chandgana as a concession project in January 2014. Subject to negotiations, a concession project may be entitled to stable tax rates, favorable VAT and customs duties, as well as other forms of government subsidies, endorsement and support; all of which can enhance bankability and lead to better financing options for the project. While the Company is pleased with the overall progress and appreciated support from various Mongolian authorities, it cannot offer certainty or a definitive time frame to conclude the Concession Agreement with MOED, or the Power Purchase Agreement with the Ministry of Energy.

As Prophecy's results of operations for the 2013 fiscal year have not yet been finalized, the preliminary results included in this press release are subject to change as a result of the period-end closing process and the audit of Prophecy's financial statements by its independent registered public accounting firm. Please see "Caution Concerning Preliminary Financial Results" below. Management and the Board of Directors look forward to providing further detail once the 2013 fiscal year figures are finalized.

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

Neither the Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Toronto Stock Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Note Regarding Preliminary Financial Results

Prophecy is currently undergoing its year-end closing and audit process, which is not expected to be completed for some time after the date of this press release. Because Prophecy's results of operations for the fourth quarter ended December 31, 2013 have not yet been finalized, the preliminary results included in this press release are subject to change as a result of the period-end closing process and the audit of Prophecy's financial statements by its independent registered public accounting firm, Davidson & Company LLP. These changes may be material. The preliminary financial results included in this press release have been prepared by, and are the responsibility of, Prophecy's management. Davidson & Company LLP has not completed its audit of Prophecy's 2013 fiscal year financial statements, and accordingly, Davidson & Company LLP does not express an opinion or any form of assurance with respect to these preliminary financial results. These preliminary financial results are not (and Prophecy's final financial results will not be) necessarily indicative of results of future operations. Accordingly, readers should not place undue reliance on Prophecy's preliminary or final financial results. These preliminary financial results should be read in conjunction with Prophecy's previously disclosed consolidated historical financial statements (and related notes) and related management's discussion and analysis.

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 making forward-looking statements as may be included in this news release, Prophecy has made several assumptions that it believes are appropriate, including, but not limited to assumptions that: there being no significant disruptions affecting operations, such as due to labour disruptions; currency exchange rates being approximately consistent with current levels; certain price assumptions for coal, prices for and availability of fuel, parts and equipment and other key supplies remain consistent with current levels; production forecasts meeting expectations; the accuracy of Prophecy's current mineral resource estimates; labour and materials costs increasing on a basis consistent with Prophecy's current expectations; and that any additional required financing will be available on reasonable terms. Prophecy cannot assure you that any of these assumptions will prove to be correct.

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 minority interest in Prophecy Platinum Ltd.; 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 or to reflect the occurrence of unanticipated events, except as expressly required by law.

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