
Mongolia Energy awards coal mining contract to Leighton Holdings

Sunday, 15 Nov, 2009

Bloomberg reported that Mongolia Energy Corporation has signed a USD 206 million agreement with a contract miner to extract coal from its pit in the west of the country.

The six year agreement with a unit of Leighton Holdings Limited is initially to mine 3 million tonnes of coal a year from the Khushuut pit. Production will likely to start in the second quarter of 2010.

Mongolia Energy is developing the mine and owns 330,000 hectares of mineral and energy concessions in the resource-rich north Asian country. The agreement allows for production to rise to 8 million tons of coal a year.

Mr Hamish Tyrwhitt MD of Leighton Asia Limited said that "There's an enormous market for coal in China and Mongolia is sitting right on its doorstep. It's in fantastic position. Mongolia has incredible commodity resources."

Mongolia Energy's coal reserves at Khushuut are estimated at 460 million tonnes and could generate USD 240 million in revenue next year if prices remain stable.

(Sourced from www.bloomberg.net)

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