

Mustang Resources Ltd.: Half Yearly Report and Accounts, ended 31 December 2016

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Sydney - This half-year report covers the consolidated entity consisting of [Mustang Resources Ltd.](#) (ASX:MUS) (OTCMKTS:GGPLF) ("the Company" or "Mustang") and the entities it controlled during the half-year ended 31 December 2016 ("Consolidated Entity" or "Group").

Operational overview

The half year period to 31 December 2016 has been a pivotal period for [Mustang Resources Ltd.](#) ("Mustang") which saw the Company put in place all of the foundations required to unlock the value of its flagship Montepuez Ruby Project in the Cabo Delgado Province of north-eastern Mozambique and become a significant new player in the rapidly growing global coloured gemstone market.

The Montepuez field is already firmly established as what is considered to be the single largest current ruby province in the world, having rapidly risen to prominence over the past four years thanks to the success of Mustang's neighbour at Montepuez, the UK-listed Gemfields (LON:GEM), which has a market capitalisation of around A\$453 million. Since November 2012 Gemfields has sold US\$225 million of rubies recovered during its bulk sampling.

Mustang has built and commissioned a 75 tonnes per hour bulk sampling processing plant at its Montepuez Ruby Project, with a bulk sampling program which commenced in early 2017 and now well underway with processing and sampling rates ramping up to the targeted rate of 525 tonnes per day.

Mustang's decision during the December quarter to relocate the bulk sampling plant to a location immediately adjacent to the recently-discovered Alpha Deposit is expected to enhance the operation's ruby recovery potential, providing a ready supply of water for the processing plant and enabling the Company to implement a second shift per day in Q1 of 2017.

Subsequent to the end of the period, Mustang sent its first parcel of rubies and corundum, totaling 6,221cts, to the USA to be further assessed and processed prior to being sold to customers. This parcel will assist the market research team to evaluate the Company's rubies and determine which marketing channel will be the most effective and profitable.

In parallel with the bulk sampling program at Alpha, the Company has also commenced exploration activities to open up new ore sources on its tenements with auger drilling underway targeting additional ruby-bearing gravel zones. These activities are instrumental in delineating a JORC Compliant Resource and for completing a feasibility and economic assessment of the project's potential for full-scale commercial ruby mining.

While Mustang's core focus remains on the ramp-up in bulk sampling processing rates and cash flow from the Montepuez Ruby Project, the Company continued to progress its Balama Graphite Project, located in the same region, during the December quarter.

A diamond drilling program was completed focused on the Caula Project (Licence 6678L: 80% Interest), which is the most advanced prospect and offers the potential for delineation of a maiden graphite JORC Resource in the first half of 2017. Extensive high-grade graphite mineralisation has already been delineated at Balama, which lies within a world-class graphite province which is dominated by the worldclass graphite deposit being developed by Syrah Resources (ASX:SYR).

Mustang considers there is an opportunity to crystallise value from the Balama Graphite Project, given the rapid growth being experienced in the graphite market as a result of surging demand from the lithium-ion battery sector globally, and particularly in China. Discussions have commenced with prospective strategic partners and will continue during the first half of 2017 as metallurgical testwork and process flowsheet work is progressed.

The Company also made significant progress on the corporate front, completing an oversubscribed \$2.8 million capital raising during the period which has seen the introduction of several leading US institutional investors and was strongly supported by Australian sophisticated investors.

This together with the oversubscribed placement announced on 24 February 2017 will ensure that Mustang is well-funded to advance the Montepuez Ruby Project through to commercial production, whilst allowing it to increase the value of both its ruby and graphite projects through targeted exploration activities.

To view the full report, please visit:
<http://abnnewswire.net/lnk/RMRI4J6X>

About Mustang Resources Ltd:

Listed on the Australian Securities Exchange, [Mustang Resources Ltd.](#) (ASX:MUS) is an emerging gemstone developer and producer focused on the near-term development of the highly prospective Montepuez Ruby Project in northern Mozambique.

The Montepuez Ruby Project consists of three licenses covering 15,800 hectares directly adjacent to the world's largest ruby deposit discovered by [Gemfields Plc](#) (GEM:LN) in 2012. Since supply of rubies from sources outside Mozambique has become fractured and unreliable, Mustang stands to capitalise on the current demand around the world for ethically produced rubies by becoming a reliable, consistent supplier of high-quality rubies.

The Company is currently fast-tracking its work program on the Montepuez Ruby Project with high priority targets being identified and low-cost bulk sampling having commenced.

Contact:

[Mustang Resources Ltd.](#)

Managing Director:

Christiaan Jordaan

E: info@mustangresources.com.au

T: +61-2-9239-3119

Media & Investor Relations:

Paul Armstrong

E: paul@readcorporate.com.au

T: +61-8-9388-1474

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