

# Mustang Resources Ltd: Expects Major Cash Injection with Planned Sale of Entire Ruby Inventory in October 2017

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Sydney - Mustang Resources (ASX:MUS) (OTCMKTS:GGPLF) ("Mustang" or "the Company") is pleased to announce that it intends to sell the first rubies from its rapidly growing gem-ruby inventory as rough stones at an auction/tender to bulk buyers targeted for October 2017.

## Highlights

- Mustang plans to generate its first revenues through the sale from its rough gem-ruby inventory through an auction/tender in October 2017
- The inventory, which currently stands at ~73,500 carats, is expected to reach ~200,000cts by the time of the auction thanks mainly to recently completed plant upgrades
- Planned sale in accord with Mustang's revised strategy of selling all gems as rough stones; this precludes Mustang competing with its customers in the cut and polished market and accelerates substantial cashflow generation
- Recoveries forecast to increase as processing volumes grow, with plant throughput capacity henceforth at ~1500tpd, (~380,000tpa)
- Auger drilling and pitting program have identified numerous ruby-bearing gravel sites across the licence areas
- Prospecting for additional ruby-bearing deposits (Pit 224 & Pit FNB) commenced through large trench excavation and the Alpha pit extension
- Environmental permitting for newly acquired licence 8245L (subject to shareholder approval) completed
- Prospecting activities and initial processing of material from highly prospective areas within licence 8245L to commence shortly

The sale, which is expected to total approximately 200,000 carats, has the potential to generate substantial cashflow for Mustang.

Mustang's decision reflects a significant strategic shift from selling its rubies in both the cut and polished and rough forms to selling them all as rough stones.

As part of this revised strategy, the cutting, polishing and direct sale of the five "Special" stones exported to the US earlier this year has been suspended.

The revised strategy, which was adopted after recent in-depth discussions with key ruby buyers, is in line with the highly successful sales strategy employed by ruby market leader and project neighbour Gemfields (LON:GEM).

Gemfields' Mozambique rough ruby auctions have yielded total sales of US\$225 million from seven auctions over three years (June 2014 to December 2016), with its first auction held 18 months after the commencement of bulk sampling.

The move will accelerate the generation of substantial cashflow for Mustang from the Montepuez Ruby Project in Mozambique and will also ensure that the Company does not compete with its customers in the sale of cut and polished rubies, an essential pre-requisite for establishing a sustainable sales channel.

Following key upgrades to the bulk sample processing plant at its Montepuez Project, Mustang's processing rates will be able to rise sharply when the plant is re-started on 8 May 2017.

An inventory of ~73,531cts (up from 37,291cts at beginning of March 2017) has been accumulated and this

is expected to rise to ~200,000cts in coming months.

Mustang then intends to continue building substantial inventories of rough rubies for sale in bulk through auction/tender.

A third parcel of rubies totalling more than 40,000cts (which includes rubies recovered by Mustang from its bulk sampling activities and those recovered through the artisanal miner development program) is scheduled for export to Thailand in the week commencing 15 May 2017.

Mustang Managing Director Christiaan Jordaan said the Company has formulated its sales strategy following extensive market research and discussions with key prospective customers.

"Mustang's recently completed comprehensive market study showed that selling its rubies in bulk through an auction/tender process in their rough state is the most effective way to maximise the average price per carat and avoid the deferral of sales revenues inherent from cutting and polishing activities," Mr Jordaan said.

"The evidence suggests that this approach is likely to realise higher returns for our ruby inventory and not involve the Company in its formative years in the complexities of cutting and polishing activities. This approach is also much more in tune with the current exploration and development skills sets in the Company.

"Generating early stage cashflow from the sale of these rough rubies will transform Mustang, especially as we continue to accelerate and expand our prospecting program through continued bulk sampling, auger drilling and fieldwork across our soon to be expanded licence areas."

#### Upgrade of Processing Plant & Prospecting Program

The Company has successfully installed a new wet-front end (scrubber & dewatering screen) for its bulk sampling plant and concluded key plant upgrades. The re-commissioning process is expected to be concluded in early May 2017 (Figure 1, see link below). These improvements will result in the Company having up to 1,500tpd processing capacity at the bulk sampling plant for the remainder of the year (~380,000tpa capacity), with expected higher efficiencies and ruby recoveries.

All conveyor belts have also been replaced by jet pumps and the plant is now an automated hands-free plant, with increased security and safety.

Although the rainy season has adversely affected excavation, significant progress has been made in the delineation of ruby-bearing gravel-beds across the Montepuez Project with numerous ruby deposits identified for further follow-up and sampling. Material is currently being trucked to the plant from the extended Alpha deposit as well as new Pit 224 and Pit FNB both of which are secondary deposits (See map, Figure 2, in link below).

Furthermore, the environmental licence has been issued for licence 8245L with imminent excavation and processing of near-surface secondary ruby deposits currently being prospected by our teams active in the new area, 3kms to the southeast of the upgraded processing plant.

To view tables and figures, please visit:  
<http://abnnewswire.net/lnk/D443OQ9T>

#### **About Mustang Resources Ltd:**

Listed on the Australian Securities Exchange, [Mustang Resources Ltd.](#) (ASX:MUS) (FRA:GGY) 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 four licences covering 19,500 hectares adjacent to the world's largest ruby deposit discovered by [Gemfields Plc](#) (LON:GEM) 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 fast-tracking its work program on the Montepuez Ruby Project with high priority targets being identified and low-cost bulk sampling well underway. Mustang also holds interests in seven graphite licences in the Balama area of Mozambique, where it has discovered a Tier-1 high-grade flake graphite deposit at its Caula Project.

Visit the Mustang website at <http://www.mustangresources.com.au> for more information.

**Contact:**

[Mustang Resources Ltd.](#)

Managing Director: Christiaan Jordaan

E: [info@mustangresources.com.au](mailto:info@mustangresources.com.au)

T: +61-2-9239-3119

Media & Investor Relations: Paul Armstrong

E: [paul@readcorporate.com.au](mailto:paul@readcorporate.com.au)

T: +61-8-9388-1474

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