

Gemfields Holds First Ruby Sale Since 2019



RAPAPORT... Gemfields brought in \$58.9 million at its first auction of rough rubies in more than a year, expressing optimism as operations at its Mozambique mine gradually resumed.

The miner held seven small sales of high-, medium- and commercial-quality goods between March 15 and April 8, noting on Thursday that its last ruby auction had been in December 2019. Viewings took place in Bangkok, Thailand, and in Jaipur, India, as well as in Dubai, followed by submissions of sealed bids through an online platform.

Some 52 companies placed offers, with Gemfields selling 89 — or 95% — of the 94 lots available. By carat weight, 47% of items found buyers, it said. The average price was an unusually high \$171 per carat, reflecting the quality mix of the stones that sold.

“We are very encouraged by the strong appetite from our clients and by the prices realized,” said Adrian Banks, Gemfields’ managing director of product and sales. “As a result of the fallout from the Covid-19 pandemic, this auction was also our first since December 2019, meaning we realized no sales at all for some 15 months.”

The goods were from pre-pandemic production at the Montepuez mine in Mozambique, in which Gemfields owns a 75% stake through its local subsidiary, Montepuez Ruby Mining (MRM). The deposit has yielded no rubies for almost a year. Gemfields closed

the site in April 2020 because of Covid-19, and kept it shut until March 2021 to preserve cash amid difficult market conditions. It expects operations to reach full capacity by the end of April.

“Due to the arising supply-and-demand dynamics, a number of our clients have, therefore, seen this auction as a vital opportunity to purchase rubies, particularly given that MRM is only now commencing mining for its next mixed-quality ruby auction, which we hope will occur late this year,” the company added.

Gemfields incurred a net loss of \$93.2 million for 2020, as it was unable to generate any revenue from its ruby business. It held a limited number of emerald auctions, selling goods from its Kagem mine in Zambia.

Image: Rough rubies. (Gemfields)