

# Investment Memo: Ragusa Minerals (ASX:RAS)

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This investment memo is a short, high level summary of why we continue to hold RAS and what we expect the company to deliver in 2022. The purpose is to record our current thinking as a benchmark to assess the company's performance against our expectations 12 months from now.

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## What does RAS do?

Ragusa Minerals (ASX: RAS) is a junior exploration company focussed on Halloysite in WA and Gold in the USA.

## What is the macro theme behind RAS?

Halloysite has traditionally been used in ceramics and the energy sector. Halloysite is expected to be a critical mineral in up and coming technologies including – energy storage, batteries, supercapacitors, carbon capture, and cancer therapeutics.

Historically the gold sector outperforms other asset classes in times of volatility (e.g market bubble crash, inflation take hold) and we believe gold provides for a good hedge to a portfolio of longer term investments.

## Why do we continue to hold RAS in 2022?

1. Halloysite next door to Latin Resources: The company's Halloysite project in WA borders Latin Resources' Cloud Nine Halloysite-Kaolin deposit which has a 207 million tonne inferred mineral resource. We think the Cloud-Nine deposit extends into RAS grounds.
2. Gold next door to Nova Minerals & Gold Mining Inc: Company's gold project in Alaska sits next door to the currently \$166M capped Nova Minerals with a 9.6+ million ounce resource and is a long strike to the RPM discovery. The project also sits next-door to CAD\$332M capped Gold Mining Inc which has a 6.5+ million ounce resource.
3. Low enterprise value (EV) means leverage to a discovery: Company has ~128 million shares on issue with ~2.2 million currently escrowed. With a current market cap of \$7.1M and \$3.4M cash in the bank, the enterprise value is only \$3.7M. This makes the stock highly leveraged to any discovery.

## What do we expect the company to deliver in 2022?

Objective #1: Drilling of the WA halloysite project

- Company to complete permitting and drill along the border of it's tenements & the Latin Resources owned Cloud Nine Deposit.

Objective #2: Define a maiden JORC resource at its WA halloysite project

- Pending a successful drilling program, we want to see RAS put together a maiden JORC resource estimate at its WA halloysite project.

Objective #3: Drilling at the company's Alaskan Gold project

- Initial desk-top studies leading to sampling and other target generation works early in 2022 hoping to see the assets drilled in Q3-4 2022.

## What could go wrong?

- Exploration risk - A large part of the investment thesis in RAS is based on “nearology” which inherently means the company’s assets are all prospective at the moment. This means there is a risk that once drilling is completed RAS may make no discovery & de-rate as a result.
- Halloysite market risk- Halloysite is considered a mineral for the future, if the use-cases don't scale there is a risk halloysite deposits are not considered important by the markets and RAS’s project is not of interest to investors.
- Funding risk - RAS is a very early stage exploration company and is reliant on continuous funding of high-risk exploration programs. There is a risk that market conditions deteriorate and investors shun high-risk explorers like RAS.

## What is our investment plan?

Our investment plan for RAS is the same as for all our early stage, exploration investments:

- Invest early (way before the main, initial drilling event)
- Patiently wait till the drilling event approaches
- Free carry and take some profit prior to the initial drill results
- Hold a position into the result
- Reassess the plan based on the initial results.

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Disclosure: The authors of this article and owners of Catalyst Hunter, S3 Consortium Pty Ltd, and associated entities, own 2,610,000 RAS shares at the time of publication. S3 Consortium Pty Ltd has been engaged by RAS to share our commentary and opinion on the progress of our investment in RAS over time.