ANNUAL REPORT 2022

PRECISION | OPPORTUNITIES FUND

1202 Hay Street
West Perth WA 6005

www.precisionfm.com.au

Contents

1202 Hay Street, West Perth WA 6005
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www.precisionfm.com.au

25 October 2022

Dear Investor,

PRECISION OPPORTUNITIES FUND LTD – CHAIRMAN'S LETTER

On behalf of the board of Precision Opportunities Fund Ltd ("**Fund"** or the **"Company"**), it is with pleasure I present to you the Fund's Annual Report for the financial year ending 30 June 2022.

Significant results for the year are:

- The Fund recorded a pre-tax loss of $1,652,168 ($20,955,598 profit for 2021) and a net loss after tax of $1,100,844 ($14,858,512 profit for 2021).
- Total assets of the Company at 30 June 2022 are $61,510,410 ($65,221,068 for 2021).
- Net assets of the Company at 30 June 2022 are $54,255,225 ($55,356,070 for 2021), this figure includes deferred tax liabilities of $3,123,566 for 30 June 2022.
- The Company's net assets per share at 30 June 2022 is $0.3263 ($0.3326 for 2021).

For the financial year ending 30 June 22, the Fund saw a modest decline in net assets per share of ~ 2%. Whilst we recognise the level of return is less than last year, we draw some comfort from the fact we were near on steady for the financial year, a period that saw a 4.1% fall in the Small Resources index.

World markets continue to absorb numerous challenges, with continuing Covid related lockdowns and supply chain bottlenecks, the Russian /Ukraine conflict, tensions including China and of course an increasing inflationary environment and rising interest rates all adding to pressures.

We began to adjust to what we saw as an overheated market earlier this calendar year, particularly at the junior end, with an unprecedented amount of capital being raised and a flood of new IPO's coming to the market. We increased our levels of liquidity via larger investments in companies in the $300-500m range and via increasing our cash levels which sat at 23% of our funds under management as at 30 June 2022.

Looking ahead we will continue to back companies with experienced and well credentialed management teams and quality projects. Importantly, we believe the current sell off in miners and the commodity sector will be relatively short lived. Our view is that continuing underinvestment by the major mining houses will support elevated commodity prices, particularly given the indisputable focus on the world meeting its climate targets.

Our business is in good shape to take advantage of what will be some significant investment opportunities in the year ahead. Investment capital will be a lot more discerning than previous years and we believe our strategy and team have the attributes to take advantage of the current challenging market environment.

Post 30 June 2022, Precision Funds Management Pty Ltd, the manager of the Fund ("**PFM**") secured the services of Dermot Woods. Dermot is a highly experienced, well regarded fund manager with an excellent track record of strong outperformance.

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Dermot has over twenty years' experience in equity markets, including eighteen years in funds management. Immediately prior to joining Precision, Dermot was Executive Director of Westoz Funds Management where he oversaw the management of over A$300m in funds under management. The two listed investment companies managed by Westoz were acquired for a substantial premium to net asset value after tax by WAM Capital Ltd (ASX: WAM) in April 2022. Dermot brings with him extensive mining and industrial analytical skills and relationships which will allow the Fund to broaden its consideration for suitable investments in which to invest its funds.

Personally, I would like to thank the executive of PFM for the way they have managed the Fund during the past 12 months and on behalf of my fellow board members, we thank you for your continued support and look forward to welcoming you to our Annual General Meeting scheduled for November 2022.

Yours sincerely

Michael Blakiston
Chairman
Precision Opportunities Fund Ltd

PRECISION | OPPORTUNITIES FUND

ABOUT PRECISION

- Precision Opportunities Fund Ltd ("POF") is an unlisted investment vehicle that identifies emerging opportunities and undervalued companies listed on the ASX and other recognised exchanges.

- POF was established in August 2016 and currently has 166,250,812 shares on issue, total net assets after fees and taxes of $56,836,561 (July'22) and has raised a total of $34,871,590 since inception.

- Precision Funds Management Pty Ltd ("PFM") has been engaged as the Investment Manager to generate and filter opportunities on behalf of POF and make all investment and divestment decisions.

- The investment focus of POF is predominantly in the small-mid market capital sectors which are companies typically capitalised outside the ASX100. From time to time we will may elect to improve the liquidity of our holdings and thus invest a portion of funds into the ASX100. The Investment Manager may invest from time to time in unlisted opportunities that have a clear path to market or exit. Through its exposure to the Investment Manager's network and skill-set, POF is able to provide its shareholders with access to opportunities not generally available to investors using traditional methods of equity investment.

INVESTMENT MANAGERS REPORT

PORTFOLIO PERFORMANCE

Although covid is still impacting economies around the globe, outside of China we have emerged from enforced lockdowns and returned to normal life and work practices. Covid impacts are still being felt leading to significant labour shortages which has had a significant impact on production. However, the zero tolerance policy in China has taken its toll on supply of goods around the world resulting in significant increase in the price of goods. This back log of demand and supply constraints has resulted in inflationary pressures that we spoke of last year becoming a reality with inflation hitting a 40 year high of 9.1% in the US.

The financial year was really one of two halves with the first half being dominated by strong commodity prices, dovish monetary policy and strong demand for battery metals. The gold price and hence gold equities were muted in the first half, rangebound around the US$1,800/oz level. The fund achieved a 20% return in the first six months of the 2022 financial year.

The new year presented a unique set of challenges with inflation running rampant, the Federal Reserve increasing interest rates, the Ukraine/Russia conflict and fears of a global recession all weighing on market volatility and a significant 'risk off' period.

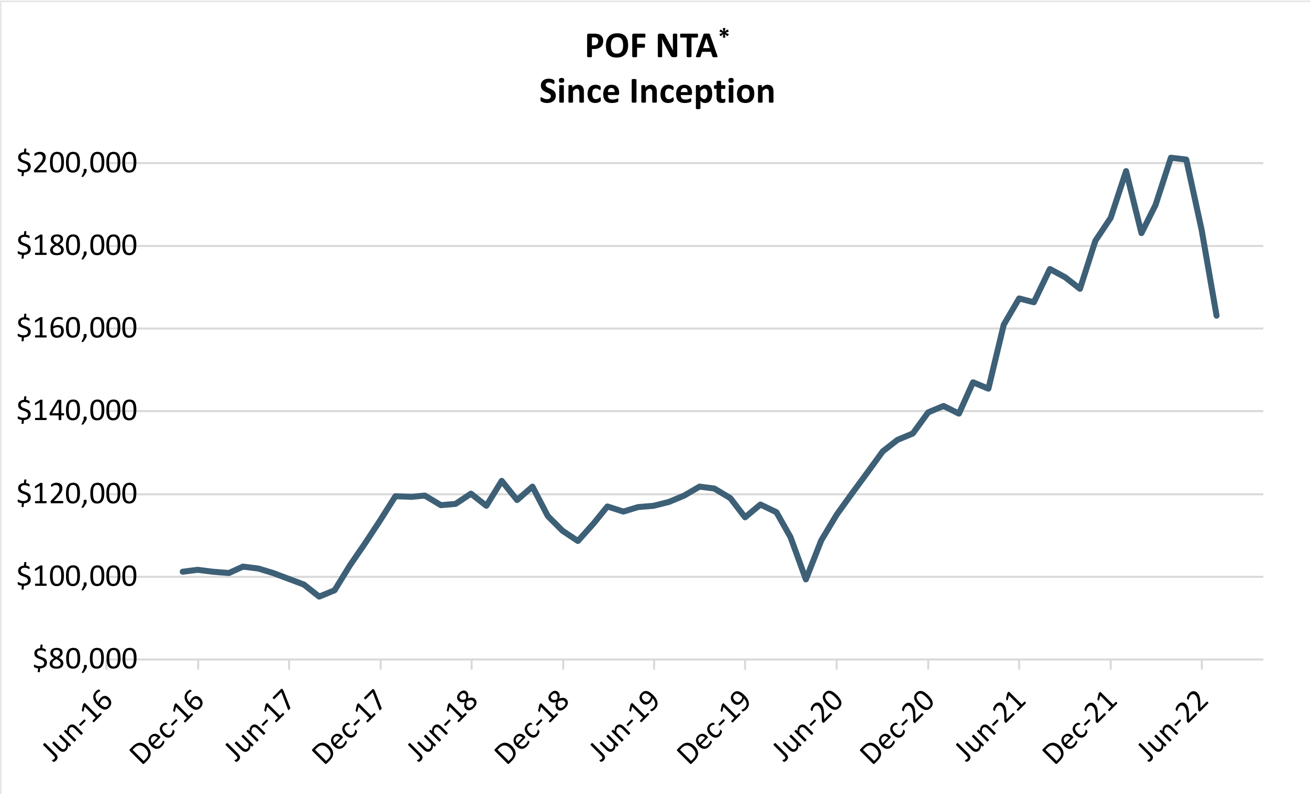
The fund hit a record high of 40.26 cents per share (after fees and taxes) in March – up 21% for the financial year. This coincided with the Small Resources Index hitting 4,600 pts. Lithium stocks continued to surge as prices remained high with many companies with predevelopment projects commanding >$1bn market capitalisations.

The last two months of the financial year saw a brutal sell off in global equity markets as central banks displayed a willingness to hike rates aggressively in the the near term to fight inflation. All commodities were hit hard with copper falling below US$8,000/t for the first time in 18 months and now down 25% from its peak as fears of a global recession came to the fore. Nickel continued to fall after a short squeeze spike and fell 40% over this period.

The small resources index fell 23% in June – its biggest monthly drop since Oct'08 at the height of the GFC to finish the year negative 4.4%

Whilst gold price initially responded positively to the Ukraine/Russia outbreak and a 40yr high inflation figure in the US peaking at US$2,050/oz, a stronger USD with the index at 20yr highs saw these gains eroded to finish the year essentially flat at US$1,750/oz despite two brief spikes to >US$2,000/oz.

As a result, the fund the fund achieved a net return of -1.9% for the 2021/2022 financial year and although favourable in comparison to our peers we are always striving to achieve above average returns.



*After fees and taxes.

Although the portfolio has retracted in line with markets in recent times, we were gradually increasing our cash position and our exposure to more mature and hence liquid companies as the market reached peak cycle. As a result, we have a diversified portfolio both across a range of commodities but with a bias towards production orientated companies or those with a significant resource position. As part of this process, we also increased our exposure to industrial services orientated companies and included some exposure to stocks in the ASX100 and thus increasing our exposure to earnings orientated companies which can be easily converted to cash should we choose to do so.

Even in these uncertain times the outlook for commodities remains robust as the world attempts to transform its energy consumption to a carbon neutral position but this will require significant inputs from "old school" energy sources to be successfully developed.

Our best performing stocks during the reporting period were:

Capricorn Metals Ltd ('CMM') : +65% share price appreciation but hit a peak of $4.85/sh or >180% return. We increased our holding early in the financial year after the Mt Gibson acquisition and after an outstanding ramp up at Karlawinda we used the price strength to lock in some profits delivering a +4.6% positive attribution. CMM is still our 2nd largest portfolio holding.

Mincor Resources Ltd ('MCR'): +103% share price performance after a successful ramp up of its Kambalda operations and continued exploration success. We exited our position at $2.20/sh as it reached our valuation/Price Target delivering a +3.8% positive attribution

Firefinch Resources Ltd ('FFX'): +77% share price appreciation, principally on the back of the Goulamina Lithium project which was subsequently spun out in June'21. The stock peaked at $1.30/sh or 3x uplift on the FY'21 close and we exited our position prior to the current operating difficulties delivering the portfolio a 3.9% positive attribution.

Apollo Consolidated Ltd ('AOP'): +129% price appreciation. Long term portfolio position AOP received two take over offers from mid cap producers; Ramelius Resources Ltd and Gold Road Resources. Ultimately, RMS was successful and we sold into this bid returning 2.4% positive attribution.

Sunstone Metals Ltd (STM). +200% price appreciation but hit a peak of $0.12/sh or 7x uplift after the discovery of the El Palmar gold- copper porphyry in Ecuador. We exited our total position to deliver a 2.3% positive attribution.

Detractors for the financial year:

Our biggest detractor for the year was **Develop Global Ltd ('DVP')** which by the end of July'21 had become a 25% portfolio position after the 1 for 7 entitlement issue. Whilst we did sell a portion of our holding at prices of >$4.00/sh, the subsequent 48% fall in price of the year resulted in a negative 5.25% attribution. At year end our portfolio size was a more comfortable 9.7%. Despite recent share price weakness, DVP has provided over 5 times return on our original investment and represents substantial unrealized gains to the Portfolio.

OreCorp Ltd ('ORR') had a disappointing year falling 50% resulting in a negative 4% attribution. A delay in the DFS combined with sector wide cost pressures and a muted gold price was a nasty combination for ORR after finally getting its Mining Licence and getting to 100% of the project. We believe that the damage has been done and at these prices could be attractive to an acquisitive mid cap gold producer with growth ambitions.

MLG Oz Group ('MLG') price fell 50% for the year as the impact of border closures, cost pressures and on the loss of its crushing and screening contract announced in June'21 continue to impact. It has recently announced some contract wins at Evolution Mining Ltd and we are confident the worst is behind it. It contributed a negative 2% attribution.

MARKET/ECONOMIC OUTLOOK

As we emerged out of lockdown due to vaccine rates reaching acceptable levels both domestic and international borders have been relaxed and world trade is reflecting some sense of normality. However, China's zero tolerance covid policy is still in place with the emergence of just one case causing mass testing and neighbourhood lockdowns. It also results in the closure of essential services other than the Macau casinos of course! This action has only served to increase pressure on manufacturing facilities in China and further add to the supply bottlenecks around the world that are the having a significant impact on inflationary pressure.
The Federal Reserve in the US and other central banks globally were running with the transitory inflation thematic for too long and hence were late to the party but have now responded with sharp rises in official interest rates in an effort to counter inflation. Although early days these rate rises have done little to dampen inflation however run the real risk of destructing demand leading to stagflation (rising prices but slowing GDP) and the early onset of a recession. It should be remembered on a historical basis interest rates are well below their long-term average and even a forecast increase in rates in the US back to 3.4% (currently 2.35 %) is a return to normality for interest rates.

The Federal Reserve also implemented a Quantitative Tapering program to reduce the supply of money which has also served to restrict perhaps unrealistic growth in asset values.

Markets have subsequently responded to this threat and adjusted sharply in response, initially lead by the tech heavy NASDAQ index and then the S&P 500 followed suit and adjusted some 20%. With the threat of recession very real the outlook for markets in the short term remains volatile with a bias towards the downside. Although corporate earnings in the US have remained robust there is now a real threat of earnings decline as supply shortages and higher costs start to eat into volumes and margins.

We are optimistic that the potential recessionary cycle will be a short one as interest rate hikes take effect and supply chains return to normal and the economy falls back into balance. With markets in the midst of a period of correction we can expect to see volatile returns as policy changes take effect …or not. Over and above interest rates, the Fed has little tools at their disposal to control inflation and the ultimate recession that will result. In the past they have stimulated the economy by the use of Quantitative Easing (i.e. pumping money into the system) which has had a significant impact on the pricing of growth orientated assets however they have now implemented a tapering of this program which will be difficult to reverse without having an inflationary impact.

What does this mean for the outlook of for the economy and markets?

A combination of:

- Russia Ukraine war
- China lockdowns
- Supply constraints; and
- Policy Reactions i.e., higher interest rates…

have all significantly decreased the likelihood of a soft landing for global economies as already hawkish policy is being implemented.

Technology stocks then crypto initially lead the demise of the market as household names like Facebook (now Meta), Amazon, Apple, Netflix Alphabet (formerly Google) have all had significant billions removed from their valuations despite these business's still being in fundamentally strong balance sheet positions. The lesser-known tech. names who have been trading on excessive revenue (and potential revenue) models have had their prices slashed as the reality of their lack of prospects hits home. The largely unregulated crypto sector was riding the crest of a speculative wave which was just waiting to turn into the train wreck which has materialised. The price of fiscal stimulus with a period of unprecedented asset revaluation for growth related assets has now had the reality check that was required.

The timing of this correction cycle for markets will be dependent on the impact rate hikes have on inflation which is now at a 40 year high of 9.1% at the time of writing. With outlook for global GDP trimmed across the board we are now facing the real prospect of a bear market until such time that policy adjustments have the desired effect, and the world re-emerges out of recession.

With Inflation being the biggest risk to the economy there is also the real risk of further wages pressure that will ultimately strangle economic growth but hopefully this impact will be eased as we see supply side loosening up and labour participation in the US recovers.

The Australian share market has not experienced the same level of underperformance as the US due to our market being more focussed on Resources, Financials & Industrial companies rather than tech heavy weight companies. Nonetheless, our market across the board has experienced a significant correction and we would expect this uncertainty to continue as the policy machinations of central banks play out and hopefully trigger economies back into a stabilised growth phase.

The question remains, how will we recover from the cost of stimulus and the debt that has been incurred? It is a question that remains unanswered as the inflation that is creeping into the economy increases. However, without such fiscal stimulus the impact would have been catastrophic, and the impact softened somewhat in the wake of low global interest rates.

Australian GDP growth continued its quarter-by-quarter recovery, helped by the unexpected surge in housing investment and very strong growth in public demand, however, the greatest risk still remains trade impositions imposed by China as tensions mount as it remains to be seen the impact a change of government can achieve.

COMMODITIES OUTLOOK

Stockpiles of traditional commodities across the board remain constrained and continue to support a positive longer term thematic as the world transitions to a cleaner energy source and adheres to creating a real impact on its carbon footprint. Investors are now demanding miners take seriously their Environmental, Social and Governance obligations and we feel the pressure will only continue to increase. Specific battery metals continued to be a beneficiary of the accelerated emergence of the electric vehicle sector. Traditional base metals play a significant role in the battery sector, and this was somewhat at the expense of gold which has been stagnant compared to the previous year. However, during this period, we have seen a record amount of capital raised for resource based endeavours covering the full field of junior exploration, resource development and production companies.

Although there has been a great deal of exploration dollars put into the ground, the time and expenditure taken to go from discovery to production is significant in terms of time and cost. Cost inflation has had a real impact on operating costs and capital expenditure required to build a project therefore many new projects have not progressed to the development phase. This obviously limits new supply and means stockpiles of key minerals will remain stretched and thus should underpin commodity prices.

It has been an inflation fuelled period in the economy and one would expect gold would be seen as a natural hedge and outperform. To date this has not been the case as money flows have switched to the haven of the US dollar rather than gold

The key remains Chinese demand and a synchronized global recovery and we expect China will recover from covid (as the rest of the world has) and maybe even relax their current restrictive policy. In the wake of the slowdown the Chinese authorities have been quick to announce scale stimulus policy to support their economy.

We believe the case for gold remains strong when you take into account uncertainty created by inflation, world conflict and recessionary implications. Gold is not only seen as a haven in times of uncertainty, but a hedge against US dollar weakness and inflation.

Although the case for a recession remains elevated recent US reporting season has continued its relatively robust trend and balance sheet strength of the most prominent US companies remains strong. However, its fair to say their outlook for future earnings are more modest. This supports the case for a short recessionary cycle before recovering which is the desired outcome for Federal Reserve and what they consider to be a “soft landing”.

“Old Energy” as it is now termed has experienced pre GFC highs again which was largely attributed to the Russia/Ukraine conflict, however oil, gas and coal prices were also driven by strong demand and where all starting to rise well before the conflict broke out. Investment in “new energy” is going to require a great deal of “old energy” to fuel it and the lag in the world transitioning to renewables will see the demand for old energy remain strong for many years to come. When countries like Germany start reigniting coal fired power stations and re-neg on their 2030 electric vehicle commitments the case only gains strength for traditional energy sources.

Oil prices have been supported by a combination of OPEC supply constraints and a lack of investment into exploration and development. Combined with a massive reduction in US shale activity we are seeing inventories decline in the wake of increasing demand. Oil production globally is now at a year low, and the general view is that US activity will reignite with the price of around of US$100/bbl.

Another fuel source which has been a beneficiary of carbon reduction has been the uranium price and was ably assisted by Sprott’s SPUT investment trust soaking up physical U3O8 in the spot market which has seen the price surge from under US$30/lb to US$ 48/lb currently. Planned reactors across the globe but particularly in China should see the demand and hence contract price for yellow cake continue to remain buoyant.

STRATEGY

In anticipation of a peak market cycle, we increased our underling cash position and looked to more liquid production orientation companies rather than the illiquid junior sector. With the benefit of hindsight, a more aggressive approach to this strategy would have been well rewarded but we are still comfortable with the bulk of our holdings. We believe through this cycle of uncertainty and given the revaluation of many companies there is going to be some great opportunities for the fund to take positions in companies at discounted prices, however the approach will always be the same when evaluating resource companies that they meet our criteria of:

- Strong project economics
- Strong management team
- Strong commodity fundamentals
- Robust geological attributes

As discussed we have continued to build core positions in companies we believe provide us with sufficient liquidity and real earnings via the adoption of some simple but disciplined techniques including but not limited to:

- Independent technical analysis
- Benchmarking
- Regular company visits
- Management assessment
- Assessment of relevant project, country and political risks
- Commodity diversification
- Consensus valuation

We will continue to leverage off the vast network we have at our reach to explore new investment opportunities and the technical capabilities that exist within the network to evaluate them.

Finally, on behalf of the board of Precision, we would like to sincerely thank our loyal shareholders for their continued support, it is greatly appreciated.

Tim Weir
Director
Precision Opportunities Fund Ltd

Tony Kenny
Director
Precision Opportunities Fund Ltd

Andrew Clayton
Director
Precision Opportunities Fund Ltd

PRECISION OPPORTUNITIES FUND LIMITED ABN 11 613 479 262

Financial Report for the Year Ended 30 June 2022

DIRECTORS' REPORT

Directors present their report on Precision Opportunities Fund Ltd, the company, and its controlled entity for the financial year ended 30 June 2022.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Michael Blakiston (appointed Chairman 29 July 2016)	Timothy Weir
Anthony Kenny	Andrew Clayton
Bill Beament	Shane McLeay
Dermot Woods (appointed as Director on 15 August 2022)	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the company and the Group during the financial period were to provide specialist investment services and management.

No significant change in the nature of these activities occurred during the year.

Review of Operations

The company recorded a net loss after-tax of $1,100,844 for the financial year, as compared with that of the previous year (2021: $14,858,512 profit).

Significant Changes in the State of Affairs

During the financial year, the company amended the terms of its Redeemable Preference Shares, via the approval of a resolution at a General Meeting, that was held on the 1 June 2022.

The company varied the terms of the Redeemable Preference Shares in order to allow for bi-annual redemption of Redeemable Preference Shares. The resulting redemption policy that was approved by shareholders is summarised below:

- Redemptions will be offered to all shareholders, for up to 10% of shares on issue every six months, for a maximum of 10% of shares on issue to be redeemed annually.
- The redemption offer will be priced at a 5% discount to the last NTA.
- Any decision to make a redemption offer will be at the discretion of the board.

No other significant changes in the company's or Group's state of affairs occurred during the financial year.

Events Subsequent to the End of the Reporting Period

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and whilst the pandemic has not had a major impact on the entity up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is still constantly developing and is dependant on measures imposed by the Australian Government and other countries, such as maintaining social distancing measures, quarantine, self-isolation, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have arisen since the end of the financial year that significantly affected, or may significantly affect consolidated entity's operations, the results of those operations, or the company's state of affairs in future financial years.

Dermot Grant Woods was appointed a Director of the Company on the 15 August 2022.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Dividends

No dividends were declared or paid during the financial year.

Environmental Regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Shares and Options

No Shares (redeemable preference or ordinary) or Options were issued during the financial year.

Indemnification of Officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where this is a lack of good faith. During the financial period, the company paid a premium in respect of a contract to insure the directors and executives of company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and Insurance of Auditor

The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Information on Directors

Name:	**Anthony Kenny**
Title:	Executive Director
Experience and expertise:	Tony is a finance industry executive with in excess of 20 years' experience in both a stockbroking and investment advisory capacity. Tony began his career with Porter Western in Perth in 1997 prior to its acquisition by Macquarie Bank. Tony has since co-founded a number of boutique corporate advisory and wealth management businesses in Perth and held executive and non-executive directorship roles across companies in related industries, most recently as an Executive Director of Euroz Securities post the acquisition by Euroz of Blackswan Equities.

Tony is currently an executive director of Precision Funds Management Pty Ltd and Chieftain Securities Pty Ltd. Tony specialises in advising and assisting growth companies to achieve their outcomes, his executive management expertise covers capital markets and equity funding requirements, business strategy, restructuring and pathways to listing specifically in the small to mid-cap space.

Name:	**Timothy Weir**
Title:	Executive Director
Experience and expertise:	Tim has had in excess of 20 years' experience in the Finance industry holding senior roles in Investment Advisory, Management and Corporate Finance. Mr Weir holds a Bachelor of Business from Curtin University majoring in Economics and Finance. He was a founding director of Blackswan Equities which was subsequently acquired by Euroz Ltd in 2015. Prior to this he was a Director of Perth based Stockbroking firm Porter Western Ltd which was Acquired by Macquarie Bank in 2006. Tim is currently an executive director of Precision Funds Management Pty Ltd and Chieftain Securities Pty Ltd. These roles encompass the day-to-day management of an active portfolio on behalf of investors and origination and completion of equity capital market transactions in the public and private sectors.

Name:	**Andrew Clayton**
Title:	Executive Director
Experience and expertise:	Andy holds a Bachelor of Science (Hons) in Geology from Melbourne University and a Diploma in Finance from FINSIA. Andy was a geologist for 5 years working in the WA Goldfields, South Australia and Victoria before becoming a research analyst specialising in resources. Mr Clayton was an Executive Director of Euroz Securities Ltd (now Euroz Hartleys Group Ltd) for 15 years, and has over 20yrs experience as a resource analyst. Andy is an Executive Director of Precision Funds Management Pty Ltd and Chieftain Securities Pty Ltd.

Name:	**Michael Blakiston**
Title:	Non-Executive Chairman
Experience and expertise:	Michael is a specialist in mining and resources law and a partner in Gilbert + Tobin's Corporate Advisory group. Michael joined Gilbert + Tobin in July 2011, after the firm's integration with Blakiston & Crabb which he founded and led since 1985. Michael advises clients in the resources sector covering all aspects of exploration, development and operation. He has extensive experience across a range of commodities. Michael also has a very active corporate practice. Michael is Chairman of DEVELOP Global Limited and a Non-Executive Director of BCI Minerals Limited.

An internationally renowned leader in resources law, Michael has been recognized in various legal publications including Who's Who Legal, the Australian Financial Review's Best Lawyers listing of Australia's top mining lawyers and Chambers International.

Name:	**Bill Beament**
Title:	Non-Executive Director
Experience and expertise:	Bill Beament is a mining engineer from the Western Australian School of Mines and has more than 25 years' experience in the resource sector. Mr Beament led the growth of Northern Star Resources from a 1¢ shell to an ASX50 company with a market cap of over A$15 billion. This growth stemmed from a combination of highly successful exploration and operating excellence as well as extensive merger and acquisition activity. Bill credits much of his success to the world-class teams he has built around him. Mr Beament is Managing Director of Develop Global Limited.

Name:	**Shane McLeay**
Title:	Non-Executive Director
Experience and expertise:	Shane is a Mining Engineer possessing over 25 years of industry experience with a strong history of start-up and project management of numerous mines throughout Australia from planning and early works stages. He has extensive experience in senior operational site management, predominantly in gold and base metal hard rock mines. Shane founded mining consultancy firm Entech in 2010, he has since been involved in a diverse range of projects, both national and international, over a broad range of commodities, providing services including mining due diligence assessments, mining feasibility studies and decarbonisation strategy. Shane is also a non-executive director of ASX listed Lithium mining company Liontown Resources Ltd.

Name:	**Dermot Woods**
Title:	Executive Director - (Appointed 15 August 2022)
Experience and expertise:	Dermot is a highly experienced, well regarded fund manager with an excellent track record of strong investment outperformance. Dermot has over twenty years' experience in equity markets, including eighteen years in funds management. Mr. Woods holds a Bachelor of Commerce in Accounting & Business Studies from Edinburgh University, and the Chartered Financial Analyst® designation. Immediately prior to joining Precision, Dermot was Executive Director of Westoz Funds Management where he oversaw the management of over A$300m in funds under management. The two listed investment companies managed by Westoz were acquired for a substantial premium to net asset value after tax by WAM Capital Ltd (ASX: WAM) in April 2022. Dermot started his financial markets career with HSBC Asset Management in London in 1998, and also has experience on the sell side in research and institutional sales.

Directors Interests at 30 June 2022

Directors Entity	ORD Shares	Options	REDP	REDP %
Anthony Kenny and associated entities	1	Nil	6,250,000	3.76%
Timothy Weir and associated entities	2	Nil	6,250,000	3.76%
Andrew Clayton and associated entities	1	1,500,000	4,364,000	2.62%
Michael Blakiston and associated entities	Nil	Nil	2,500,000	1.50%
William Beament and associated entities	Nil	450,690	7,151,379	4.30%
Shane McLeay and associated entities	Nil	275,000	3,400,000	2.05%

Directors' Meetings

During the financial year, 4 meetings of directors (including committees of directors and AGM/GM) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
Directors	**Eligible to Attend**	**Meetings Attended**
Michael Blakiston (Chair)	Yes	4
Anthony Kenny	Yes	4
Timothy Weir	Yes	4
Andrew Clayton	Yes	4
Bill Beament	Yes	4
Shane McLeay	Yes	4

Company Secretary

Jessica Ridley held the position of company secretary at the end of the financial year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out immediately after this Directors Repoort.

No officer of the company/Group is or has been a partner/director of any auditor of the Group.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director ………………………………………………………………………………………

Anthony Kenny

Dated this 25 day of October 2022

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Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF PRECISION OPPORTUNITIES FUND LTD

As lead auditor of Precision Opportunities Fund Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth

25 October 2022

Statement of Profit or Loss and Other Comprehensive Income

PRECISION OPPORTUNITIES FUND LTD
For the year ended 30 June 2022

	NOTES	2022	2021
Income			
Revenue			
Gain on financial assets held at fair value through profit or loss	3	19,207,888	1,965,300
Revaluation of financial assets held at fair value through profit or loss	3	(17,853,593)	23,071,503
Other Income			
Other Revenue	4	415,787	94,031
Total Income		**1,770,082**	**25,130,835**
Total Income		**1,770,082**	**25,130,835**
Expenses			
Interest expenses	5	(1,581)	(1,466)
Administration Expenses	6	(3,347,312)	(4,145,764)
Other Expenses	5	(73,357)	(28,007)
Total Expenses		**(3,422,249)**	**(4,175,237)**
Profit/(Loss) before Income Tax		**(1,652,168)**	**20,955,598**
Income Tax Benefits/(Expense)			
Income Tax Benefit/(Expense)	7	495,649	(6,284,604)
Total Income Tax Benefits/(Expense)		**495,649**	**(6,284,604)**
Net Profit / (Loss) After Tax		**(1,156,519)**	**14,670,993**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss:			
Gain/(Loss) on the revaluation of equity instruments at fair value through other comprehensive income	10	55,674	187,519
Total Items that will not be reclassified subsequently to profit or loss:		**55,674**	**187,519**
Total Other Comprehensive Income		**55,674**	**187,519**
Total Comprehensive Income/(Loss) for the year		**(1,100,844)**	**14,858,512**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

PRECISION OPPORTUNITIES FUND LTD
As at 30 June 2022

	NOTES	30 JUN 2022	30 JUN 2021
Assets			
Current Assets			
Cash and Cash Equivalents	8	14,343,534	9,622,994
Trade and other receivables	9	12,367	171,783
Financial assets held at fair value through profit or loss	10	43,938,067	52,684,746
Total Current Assets		**58,293,968**	**62,479,522**
Non-Current Assets			
Financial assets held at fair value through other comprehensive income	10	3,216,442	2,741,546
Total Non-Current Assets		**3,216,442**	**2,741,546**
Total Assets		**61,510,410**	**65,221,068**
Liabilities			
Current Liabilities			
Trade and Other Payables	11	74,585	2,118,471
Current tax liabilities	7	4,057,033	-
Total Current Liabilities		**4,131,618**	**2,118,471**
Non-Current Liabilities			
Deferred tax liabilities	7	3,123,566	7,746,528
Total Non-Current Liabilities		**3,123,566**	**7,746,528**
Total Liabilities		**7,255,185**	**9,864,998**
Net Assets		**54,255,225**	**55,356,070**
Equity			
Ordinary Class Shares	13	4	4
Preference Shares	13	34,871,590	34,871,590
Retained Earnings/(Accumulated Losses)	14	13,848,901	15,005,420
Reserves	15	5,534,730	5,479,056
Total Equity		**54,255,225**	**55,356,070**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

PRECISION OPPORTUNITIES FUND LTD
For the year ended 30 June 2022

	Note	Issued Capital	Reserve	Retained Earnings	Total Equity
		$		$	$
Balance at 30 June 2020		**27,978,004**	**-**	**5,545,598**	**33,523,602**
Profit after income tax expense for the year			-	14,670,993	14,670,993
Changes due to the reclassification of OCI	7C,15B		-	80,365	80,365
Other comprehensive income for the year, net of tax	15B		187,519		187,519
Transactions with owners in their capacity as owners:					
Capital raising – Issue of Preference Shares	13	6,893,590	-	-	6,893,590
Transfer to Profit Reserve	15A	-	5,291,538	(5,291,538)	-
Balance at 30 June 2021		**34,871,594**	**5,479,056**	**15,005,420**	**55,356,070**
Profit after income tax expense for the year			-	(1,156,519)	(1,156,519)
Other comprehensive income for the year, net of tax	15B		55,674	-	55,674
Transactions with owners in their capacity as owners:					
Capital raising – Issue of Preference Shares		-	-	-	-
Transfer to Profit Reserve		-	-	-	-
Balance at 30 June 2022		**34,871,594**	**5,534,730**	**13,848,901**	**54,255,225**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

PRECISION OPPORTUNITIES FUND LTD
For the year ended 30 June 2022

	NOTES	2022	2021
Operating Activities			
Net proceeds (payments) to financial assets held at fair value through the profit and loss		9,626,077	(7,261,995)
Dividends received		316,157	63,934
Interest received		12,630	9,969
Receipts from Other Income		94,700	27,378
Payments to suppliers and employees		(5,329,024)	(2,014,417)
Net Cash Flows from Operating Activities	16	**4,720,540**	**(9,175,131)**
Financing Activities			
Proceeds from issue of Redeemable Preference Shares		-	6,893,590
Net Cash Flows from Financing Activities		**-**	**6,893,590**
Net Cash Flows		**4,720,540**	**(2,281,541)**
Cash and Cash Equivalents			
Cash and cash equivalents at beginning of period		9,622,994	11,904,535
Net change in cash for period		4,720,540	(2,281,541)
Cash and cash equivalents at end of period		14,343,534	9,622,994

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

PRECISION OPPORTUNITIES FUND LTD
For the year ended 30 June 2022

1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the entity.

The following Accounting Standards and Interpretations are most relevant to the entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the entity's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The entity has adopted AASB 1060 from 1 July 2020. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

The entity recognises revenue as follows:
Gain (Loss) on Financial Assets

The realised gain or loss on the sale of financial assets are recognised as income when the investments are sold.

The revaluation of financial assets is also recognised as income, in accordance with the specific policies relating to investments which are referred to in this Note 1.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Subsequent measurement where the financial asset is an equity instrument

Where a financial asset is an equity instrument, the default measurement category is fair value through profit or loss; measurement at fair value through other comprehensive income only occurs if specified criteria are met:

If the instrument is:	It may be measured at:	If:
An equity instrument	Fair Value through other comprehensive income	1. It is not held for trading, and 2. An irrevocable election is made at initial acquisition

When an equity instrument is classified at fair value through other comprehensive income under IFRS 9. all the fair value changes are recognised in OCI (other than dividend income which is recognised in profit or loss). Upon sale of the equity instrument, the cumulative changes in OCI will never be recognised in profit or loss (i.e. there is no recycling of gain or losses). This is a significant difference to the available of sale category under IAS 39.

Revaluation of Financial Assets
Increases in the carrying amounts arising on revaluation of financial assets at fair value through other comprehensive income are credited in other comprehensive income through to the Financial Asset reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares and Redeemable Preference Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and when they are no longer at the discretion of the Company.

Reserves

Reserves provide for various items in equity for the benefit of shareholders. During the financial year, and at the end of the financial year, the Company has two different reserves operating, being:

a) Profit Reserve

A profit reserve may be used from time to time to allow the Company to issue dividends from the profit reserve.

The profit reserve is used to enable dividends to be paid from the profit reserve, rather than from retained earnings, providing flexibility for the Company for management of capital.

b) Financial Asset Reserve

A financial assets reserve records fair value movements on financials assets at fair value through other comprehensive income.

The financial assets reserve records the revaluation of fair value on financial asset at fair value though other comprehensive income.

The Financial Year 2021's reserve has been reclassified for consistency of comparatives. The revaluation of financial asset is made in accordance with the notes set out in the *Investment and other financial assets* note.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Fair value of financial assets

Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

Quoted prices or rates are used to determine the fair value where an active market exists. If the market for a financial instrument is not active or the instruments is unlisted, then fair value are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date, including recent capital raisings.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amounts of future cash flows, discount rates, credit risk, volatility and correlation.

Preference Shares

Preference shares are classified as equity. Preference shares can only be redeemed at the consent of the company and are not entitled to dividends until such time that they are declared by directors. As the company has the ability to avoid any payments to holders of preference shares, the instruments are classified as equity. On conversion date, preference shares convert into a fixed number of ordinary shares.

Income tax

The entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

	2022	2021
3. Revenue		
Gain on financial assets held at fair value through profit or loss	19,207,888	1,965,300
Unrealised Net fair value gain on financial assets at fair value through profit or loss	(17,853,593)	23,071,503
Total Revenue	**1,354,294**	**25,036,803**

	2022	2021
4. Other Income		
Dividends	316,157	57,684
Corporate & Sub-underwritting fees	87,000	26,378
Interest Income	12,630	9,969
Total Other Income	**415,787**	**94,031**

	2022	2021
5. Expenses		
Finance Costs	1,581	1,466
Other Expenses	73,357	28,007
Total Expenses	**74,938**	**29,473**

6. Administration Expenses

Administration expenses are made up of management fees and performance fees.

Management Fees are calculated on the net asset value of the Company after tax and calculated on a monthly basis, in accordance with the management agreement and information memorandum provided to shareholders.

Performance Fees are calculated based on the increase in the Net Asset Value per share six monthly and based upon the calculation of a rate of return which exceeds the benchmark return above the risk free interest rate. The high watermark is set for the Net Asset Value per share to exceed in order for a Performance Fee to be paid.

Performance Fees are subject to a high watermark. We will not currently see a Performance Fees being paid until the Net Tangible Assest exceed 39c.

The Company recognises an accrual for the estimated performance fee at the end of each reporting period, which is also taken into account in calculating the management fees.

	2022	2021
Administration expenses		
Management Fee Paid	946,591	695,038
Performance Fee Paid	2,400,721	3,450,726
Total Administration expenses	**3,347,312**	**4,145,764**

7. Income Tax Calculation

	2022	2021
7A. Income Tax Expense		
Current tax	4,151,173	(38,437)
Deferred tax - origination and reversal of temporary differences	(4,541,733)	6,389,685
Adjustment recognised for prior periods	(105,089)	(66,644)

	2022	2021
Aggregate income tax expense/(benefit)	(495,649)	6,284,604
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(Loss) before income tax expense	(1,652,164)	20,955,598
Permanent difference due to reclassification of financial asset at fair value through other comprehensive income	-	267,884
Total Profit/(Loss) before income tax	(1,652,164)	21,223,482
Tax at the statutory tax rate of 30%	(495,649)	6,367,045
Adjustment recognised for prior periods	-	(66,644)
Timing Adjustment	-	(15,797)
Net Tax at the statutory tax rate of 30%	(495,649)	6,284,604

7B. Current Tax Liability

	2022	2021
Profit/(Loss) as per Financial Statement	(1,652,164)	20,955,598
Tax effect which are not deductible in calculating taxable income		
Revaluation of financial asset at fair value through profit and loss	17,853,590	(23,071,503)
Timing Adjustment	(2,013,886)	1,987,754
Taxable income	14,187,540	(128,151)
Tax Losses brought forward	(350,298)	-
Net Taxable income	13,837,242	(128,151)
Tax at the statutory tax rate of 30%	4,151,173	(38,445)
Franking Credit	94,139	-
Current Tax Payable	4,057,033	(38,445)

7C. Deferred Tax Liability

	2022	2021
Amount recognised in Profit and Loss		
Financial Asset at fair value through profit and loss	(5,356,077)	6,921,451
Tax effect of timing adjustment	604,166	(612,123)
Prior Year tax loss benefits	105,089	(66,644)
Current Tax Payable converted to DTL	-	(38,446)
Total Amount recognised in Profit and Loss	**(4,646,822)**	**6,204,239**
Amounts recognised in equity:		
Revaluation of financial asset at fair value through other comprehensive income	23,859	80,365
Total Amounts recognised in equity:	**23,859**	**80,365**
Movement in Deferred Tax Liability for Year	(4,622,963)	6,284,604
Deferred Tax Liability Reconciliation:		
Opening Balance	7,746,528	1,461,924
Charged/(credited) to profit or loss	(4,646,822)	6,204,239
Charged to equity	23,859	80,365
Total Deferred Tax Liability for the year	(4,622,963)	6,284,604
Closing Balance	3,123,565	7,746,528

	2022	2021

8. Current assets - cash and cash equivalents

	2022	2021
Cash On Hand	4	4
Cash at bank	14,343,530	9,622,990
Total Current assets - cash and cash equivalents	**14,343,534**	**9,622,994**

9. Current assets - trade and other receivables

	2022	2021
Current	12,367	171,783
Total Current assets - trade and other receivables	**12,367**	**171,783**

10. Financial Assets held at fair value

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurement are those instruments valued based on quoted prices (unadjusted) in active markets for Identical assets or liabilities.
- Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.derived from prices).
- Level 3 fair value measurements are those instruments valued based on techniques using significant unobservable inputs. This category includes all instruments for which the valuation techniques includes inputs not based on observable data and unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2022	Level 1	Level 2	Level 3	Total
Financial assets classified at fair value	$43,938,067	$1,614,193	$1,602,250	$47,154,509

10A. Current assets - financial assets held at fair value through profit or loss

	2022	2021
Designated at fair value through profit or loss	43,938,067	52,684,746
Comprising:		
Listed Australian ordinary shares - designated at fair value through profit or loss	43,672,222	52,584,746
Listed International ordinary securities - designated at fair value through profit or loss	265,844	100,000
Total Comprising:	**43,938,067**	**52,684,746**

Listed ordinary shares and ordinary securities have been valued based on their quoted market prices in active markets. Unlisted ordinary shares are classified as current, as those investments are expected to be tradeable on an active market within the next 12 months, and have been valued based on the underlying quoted market prices in active markets.

	2022	2021
10B. Non-current assets - financial assets at fair value through other comprehensive income		
Unlisted Australian Shares and Securities	3,216,442	2,741,546
Comprising		
Opening Balance of Unlisted Australian Share and Securities	2,741,546	2,832,999
Plus Addition of Shares	402,363	256,998
Less Disposal of Shares	(7,000)	(616,336)
Add Revaluation of financial asset through Other Comprehensive Income	79,534	267,884
Closing Balance of Unlisted Australian Share and Securities	3,216,442	2,741,546
The revaluation of financials asset through Other Comprehensive Income is made up of:		
Net Revaluation	55,674	187,519
Tax effect of the revaluation	23,860	80,365
Total Revaluation of financial asset through Other Comprehensive Income	79,534	267,884

The unlisted Australian ordinary shares have been valued on one of the following ways:

- Where securities are unlisted and have an identifiable link to a security that is quoted market prices in active markets; or
- Where securities do not have an active market, then the value is based on observable data where possible, or after having regard to unobservable inputs which may have a significant effect on the valuation.

	Industry Sector	**Basis of valuation**	**Date of transaction**	**Fair value as at 30 June 2022** **$**	**Fair value as at 30 June 2021** **$**
Blue Ocean Monitoring	Marine	Directors have taken the approach to value at cost based on available company data and in the absence of any capital raising	April 2021	249,998	249,998
HiSeis Pty Ltd	Energy	Directors have taken the approach to value at last capital raising price	15 December 2021	850,003	1,030,000
Kalbar Resources Ltd	Energy	Directors have taken the approach to value as a discount to the last capital raising price ($1.50 Dec 2020)	24 November 2021	249,883	749,648
LOT_Kayelekera Project	Mineral	Directors have taken the approach to value at 50% of the close price of LOT on ASX as at 30 June 2022	30 June 2022	1,217,243	275,000
Latitude 66 Cobalt Ltd	Mineral	Directors have taken the approach to value at 50% of the take-over offer price	14 June 2022	396,950	425,000
Source Certain International Ltd	Science	Directors have taken the approach to value at cost based on available	30 June 2022	250,000	-

		company data and in the absence of any capital raising			
Finroy Ltd	Mineral	Directors have taken the approach to value at cost based on available company data and in the absence of any capital raising	22 October 2021	2,359	-
Total				**$3,216,436**	**$2,729,646**

11. Current liabilities - trade and other payables

	2022	2021
Current		
Provisions	74,585	2,118,471
Total Current	**74,585**	**2,118,471**
Total Current liabilities - trade and other payables	**74,585**	**2,118,471**

12. Current liabilities - break down of provisions

	2022	2021
Provision for Management Fee	74,585	78,033
Provision for Performance Fee	-	2,040,438
Total Current liabilities - provisions	**74,585**	**2,118,471**

13. Equity - issued capital

	2022	2021
Ordinary Class Shares	4	4
Redeemable Preference Shares	34,871,590	34,871,590
Total Equity - issued capital	**34,871,594**	**34,871,594**

The Company has authorised share capital amounting to ordinary shares of no par value. Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The Company has redeemable preference shares which participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Redeemable preference shares have no voting rights at shareholder meetings.

The Company still holds 13,787,182 free options to acquire redeemable preference shares at an exercise price of 35c and expire on 31 December 2022.

Convertible redeemable preference shares	2022	2021
The Company has share capital amounting to 166,250,812 convertible redeemable preference shares	$34,871,590	$34,871,590
	Number	Number
Number of Shares at the beginning of the reporting period	166,250,812	138,676,452
Conversion of Options during the year	-	-
Shares issued during the year - December 2020, 27,574,360 at 25c per share	-	27,574,360
Number of Shares at the end of the reporting period	166,250,812	166,250,812

Options Expiry 31 December 2022	2022	2021
Options to acquire redeemable preference shares at exercise price of 35c per share	$ -	$ -
	Number	Number
Number of Options at the beginning of the reporting period	-	-
Conversion of Options during the year	-	-
Options issued during the year - December 2020, 13,787,182	-	13,787,182
Number of Options at the end of the reporting period	13,787,182	13,787,182

14. Equity - Retained Earnings

	2022	2021
Opening Balance	15,005,420	5,545,598
Current Year Earnings	(1,156,518)	14,670,993
Revaluation of Financial Asset at fair value through Other Comprehensive Income	-	80,365
Transferred from (to) Profit Reserve	-	(5,291,538)
Closing Balance	13,848,901	15,005,420

15. Equity - Reserve

15A. Profit Reserve

	2022	2021
Opening Balance	5,291,538	-
Profit Reserve	-	5,291,538
Closing Balance of Profit Reserve	5,291,538	5,291,538

	2022	2021

15B. Financial Assets Reserve

	2022	2021
Opening Balance	187,518	-
Add Revaluation for current year	79,534	267,884
Less Tax for current year	(23,860)	(80,365)
Net charge for current year	55,674	187,518
Closing Balance of Financial Assets Reserve	243,192	187,518

Total Reserve

	2022	2021
Total Reserve	5,534,730	5,479,056

16. Cashflow from Operating Actitvities

	2022	2021
Net Profit as per Profit and Loss	(1,100,844)	14,858,512
Permanent difference due to reclassification of Financial Investment held via Other Comprehensive Income	-	80,365
Change in Receivables	159,416	(127,317)
Change in Financial Investment Held via Profit and Loss	8,746,679	(30,587,228)
Change in Financial Investment Held via Other Comprehensive Income	(474,896)	(1,711,546)
Change in Payables	(2,043,885)	2,027,478
Change in Provision for tax	(565,930)	6,284,604
Total Cashflow from Operating Actitvities	**4,720,540**	**(9,175,132)**

17. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by BDO, the auditor of the Company:

Audit Services:		**2022**	**2021**
Audit or review of the financial statements		18,000	18,000
Total Audit Remuneration		**18,000**	**18,000**

18. Related Party Transactions

Related Party Transactions are those that relate to Precision Funds Management Pty Ltd, the Investment Manager and Chieftain Securities Pty Ltd due to common directors. There are no other related party transactions reflected in the accounts.

The Company earned fees of $37,000 from Chieftain Securities Pty Ltd for corporate fees relating to a placement made by the Company. This transaction was treated as income to the Company, and included in Other Income.

The following fees were paid or provisioned during the year with Precision Funds Management, which are in accordance with the management agreement:

- Management Fees
- Performance Fees

	2022	2021
Related party transactions		
Income Earned from Related Parties		
Corporate Fees Income	37,000	10,000
Total Income Earned from Related Parties	**37,000**	**10,000**
Fees paid or provisioned		
Management Fee Paid	946,591	695,038
Performance Fee Paid	2,400,721	3,450,726
Total Fees paid or provisioned	**3,347,312**	**4,145,764**
Payable to related parties		
Payables - management fee	(74,585)	(78,033)
Provision for Performance Fee	-	(2,040,438)
Total Payable to related parties	**(74,585)**	**(2,118,471)**

19. Contingent Assets and Contingent Liabilities

There are no contingent assets or contingent liabilities for the Company.

20. Commitments

There are no commitments for the Company, other than has been disclosed throughout this report.

21. Events after the reporting period

The company varied the terms of the Redeemable Preference Shares in order to allow for bi-annual redemption of Redeemable Preference Shares. The resulting redemption policy that was approved by shareholders is summarised below:

- Redemptions will be offered to all shareholders, for up to 10% of shares on issue every six months, for a maximum of 10% of shares on issue to be redeemed annually.
- The redemption offer will be priced at a 5% discount to the last NTA.
- Any decision to make a redemption offer will be at the discretion of the board.

No other matter of circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the company's state of affairs in future financial years.

Directors' Declaration

PRECISION OPPORTUNITIES FUND LTD
For the year ended 30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Director: ______________________

Anthony Kenny

25 October 2022

Perth, Western Australia

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INDEPENDENT AUDITOR'S REPORT

To the members of Precision Opportunities Fund Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Precision Opportunities Fund Ltd (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Precision Opportunities Fund Ltd, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 25 October 2022