



ANNUAL REPORT 2020

PRECISION | OPPORTUNITIES
FUND

1202 Hay Street
West Perth WA 6005

www.precisionfm.com.au

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15 October 2020

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 that I present to you the Fund’s Annual Report for the financial year ending 30 June 2020.

Significant results for the year are:

- x The Fund recorded a pre-tax profit of \$1,227,543 (\$343,484 for 2019) and a net profit after tax of \$1,136,444 (\$243,131 for 2019).
- x Total assets of the Company at 30 June 2020 are \$35,076,519 (\$31,979,900 for 2019). This includes equity of \$1,940,000 that was raised through the year via the exercise of unlisted options in the Company.
- x Net assets of the Company at 30 June 2020 are \$33,523,602 (\$30,447,159 for 2019), this figure includes deferred tax liabilities of \$1,461,924 for 30 June 2020.
- x The Company’s net assets per share at 30 June 2020 is \$0.2399 (\$0.2362 for 2019).

The financial year to June 30, 2020 presented the unforeseen challenges that dictate the path of financial markets; the global pandemic took this to a whole new level. However, with this comes opportunity and we have used this period of uncertainty to acquire what we consider are undervalued investment propositions.

Fortunately, governments and central banks were quick to respond with global fiscal stimulus packages which have provided the major economies of the World with the confidence to trade out of the recessionary trend it found itself in. As with all such responses, there will be consequences of reigniting stimulus in terms of record levels of government debt and the potential for inflation.

However, as a result of ongoing stimulus we have seen optimism return to markets and am pleased to see the positive impact this has had on our investment portfolio at the time of writing.

We continue to focus our investment approach on identifying undervalued listed companies outside the ASX Top 100, particularly in the resources space and we remain confident that our investment objective to generate superior returns for investors will be met. I am pleased to report that the Fund has now built several solid core positions that we have been able to grow and increase our position in to meet the respective companies’ capital requirements.

Although we still retain a relatively high level of cash our focus is to continue to build meaningful positions in core stocks with the remaining available cash. Whilst holding cash provides some comfort during these uncertain times, our return objectives will be better served from investment in suitable companies and the team is looking to establish more meaningful well researched core positions, which we believe will have the ability to outperform over the medium term.

In the short term the sentiment of financial markets will be driven by US election and the resulting policy adjustments that follow. Regardless our confidence in the future of the resources sector driven by commodity prices remains extremely positive into reigniting the global economy.

We continue to benefit and forge strong relationships with fellow investor groups and leverage off our respective attributes for a better investment outcome. The performance of the Fund since the balance date is testimony to this where at the time of writing, our net assets per share is \$36.91m. Further, the participation in a wider network is leading to a greater range of opportunities to evaluate with the goal of achieving outperformance for our shareholders.

We welcomed the appointment of Shane McLeay to the board of Precision in December 2019. Shane is a Mining Engineer and founding proprietor of Mining Consultancy Group, Entech. Shane is also a founding investor in the Fund and brings a significant depth of technical expertise to the mix which we have been fortunate to leverage off in his short tenure.

I take this opportunity of thanking our hard working Executive Tony, Tim and Jess who have helped us navigate the challenges of the past 12 months.

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 to be held around mid-November 2020.

Yours sincerely



Michael Blakiston
Chairman
Precision Opportunities Fund Ltd

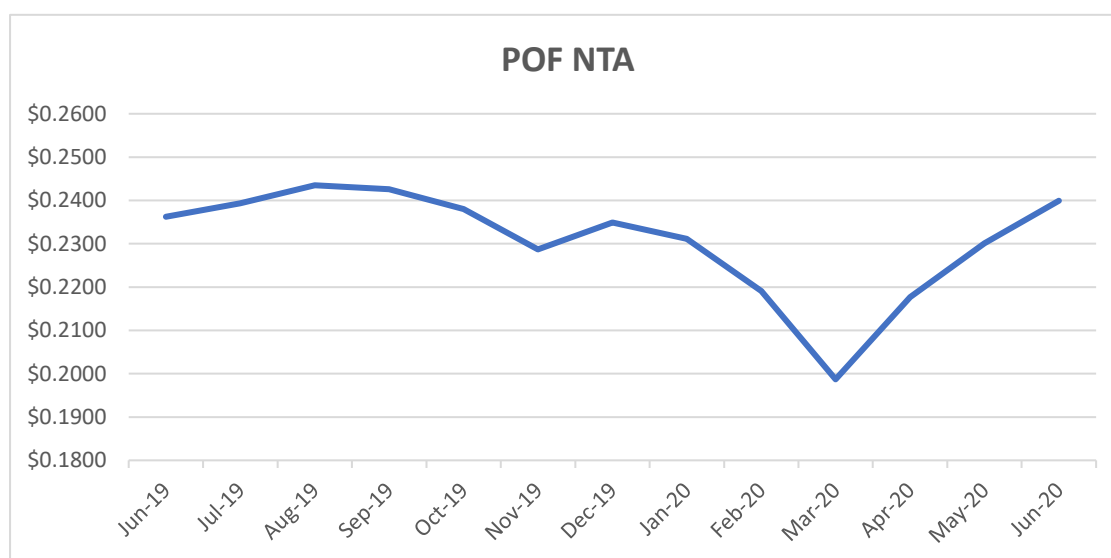
ABOUT PRECISION

- 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 at time of writing (October 2020) currently has 138,676,452 shares on issue and has raised a total of \$27,978,000 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. 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 intends to provide its shareholders with access to opportunities not generally available to investors using traditional methods of equity investment.

INVESTMENT MANAGERS REPORT

PORTFOLIO PERFORMANCE

In the unprecedented environment we find ourselves in, we saw the Fund achieve a net return of 1.57% for the 2019/2020 financial year. The environment for commodity prices, other than the safe haven of gold, continued to be challenging and the benchmark Small Resources Index was down 0.07% in the same period. The share market reached depths of despair on 23 March, however post this period we have experienced strong gains driven by global stimulus. At the time of writing, and since the end of March the portfolio has recovered in excess of 30%. This performance has been underpinned by a broad based recovery in traditional commodities.



We have continued to retain above average cash levels during this period, however, as our confidence grows over time in the substance of the pending recovery, we will look to increase our core positions in commodity driven companies that will reap the benefits of the global rebuild.

Again, well researched core positions within the portfolio have proven to provide outperformance and we will continue to be patient building these positions.

MARKET/ECONOMIC OUTLOOK

In the absence of an effective vaccine there has been a major disconnect between share market outperformance and the real state of the global economy.

Traditionally, the share market will foresee the path to economic recovery, and the current case is no exception. The case for equities has also been fuelled by historically low interest rates making other asset classes less desirable.

However, much of the record performance of the US markets has been driven by the tech heavy giants which is a cause for concern and a potential catalyst for yet another significant US market correction. The forthcoming US federal election could also be a trigger for a market re-rating, however, there appears to be much uncertainty around the impact of either of the respective parties claiming victory. Combined with continued political tension with China impacting global trade we would expect continued volatility in markets in the short term.

Obviously, the Australian share market has not experienced the same level of performance as the US due to our market being more focussed on Resources, Financials & Industrial companies rather than tech heavy weight companies. As the global recovery gathers pace, and an effective vaccine is discovered, we would expect this trend to reverse and expect the Australian market to outperform into this. The key to restoring confidence will be the timing of an effective vaccine and the lag in deploying it globally.

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 risk of inflation 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.

GDP in Australia declined by in excess of 6% for the calendar year to June 30, however, this was far less than our developed nation counterparts who failed to implement the necessary controls. We also benefit from a record trade with China despite mounting tensions.

COMMODITIES OUTLOOK

We have been the beneficiary of increased commodity prices as forecasters start to factor in a recovering economic cycle driven by stimulus. On average spot prices have risen by 15-20% since the second quarter of 2020.

The key remains Chinese demand and a synchronized global recovery. Fortunately, Chinese demand has remained robust and inventory levels are now pointing towards further increases in commodity prices.

Initial US dollar safe haven strength has subsided which is a positive sign that the global economy is improving and hence positive for commodity prices.

In the short term, the case for gold remains strong ahead of the uncertainty surrounding the outcome of the US election and increase trade tensions with the US, China and other developed nations. Gold has risen just

under 30% this year and silver has followed suite. Gold is not only seen as a safe haven in times of uncertainty, but a hedge against US dollar weakness and inflation.

The Exchange Traded Funds (ETF's) have been a major driver for gold producing equities and physical gold.

The bottom line is that COVID-19 has had serious supply impacts across many commodities.

Again, mining constraints have seen a decline in copper, nickel and zinc production and several development projects have been delayed. This has seen a contraction of stored inventories and a spike in the underlying commodity prices which should be further fuelled by the recovery in demand outside of China. Historically the nickel price has been driven by stainless steel demand, which is expected to pick up when the recovery kicks in, and combined with a potential supply deficit, prices should respond positively.

Energy markets and oil prices in particular have remained under duress during the downturn, however, we are now seeing a concentrated effort by OPEC and non-OPEC participants to control supply. 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 shale requires a price of US\$ 50/bbl to accelerate production. Importantly for the oil price, we only expect to see a sustained recovery post vaccine development and once aviation transport recommences.

STRATEGY

Our process of building strong core positions in the portfolio continues to see us adopt the practices of:

- 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.

It is important to recognise that the broad base of our investment mandate enables us to invest at many stages of a traditional company life cycle including:

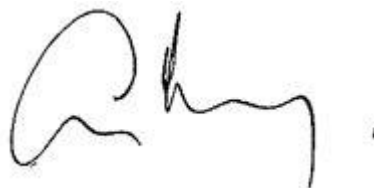
- Project level
- Seed capital
- Pre-IPO
- IPO
- Placements
- On market
- Private/unlisted

We are also not restricted to the resources sector, however, have largely focused on this sector and the associated services industries that support it.

Finally, on behalf of the board of PFM, 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

Director's Report

PRECISION OPPORTUNITIES FUND LTD For the year ended 30 June 2020

Your directors present their report on the company for the financial period ended 30 June 2020.

Directors

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

Anthony Christopher Kenny
Timothy Leonard Weir
William James Beament
Michael Gerard Blakiston
Shane McLeay

Directors have been in office since registration date of the company, 5 July 2016, to the date of this report unless otherwise stated.

Shane McLeay was appointed a director of the company on 18 December 2019.

Review of Operations

The company recorded a net profit after tax for the financial period amounting to \$1,136,444.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial period.

Principal Activities

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

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

Events Subsequent to the End of the Reporting Period

Refer to Note 11 from Notes to the Financial Statements.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company 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 company.

Environmental Regulation

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

Information on Directors

Name:	Anthony Christopher 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 directorships 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

Director's Report

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2020

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 Leonard 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 and has been involved in a wide range of Equity Capital Market and Advisory transactions.

Name: William James Beament
Title: Non-Executive Director
Experience and expertise: Bill Beament is a mining engineer with more than 20 years' experience in the resource sector. He is currently Executive Chair and a founder of Northern Star Resources, one of Australia's largest listed gold producers with a market capitalisation of A\$11 billion and employing 3,500 staff and contractors. Previously he held several senior management positions, including General Manager of Operations for Barminto Limited and General Manager of the Eloise Copper Mine in Queensland. Mr Beament is the current Chairman of Western Australia School of Mines Alumni Patrons Group and a Trustee of the Channel 7 Telethon Trust. He was named Pinnacle Awards' 2020 Business Leader of the Year, 2016 CEO of the Year by the Financial Review and First Amongst Equals at the 2013 Business News 40under40 Awards.

Name: Michael Gerard Blakiston
Title: Non-Executive Chairman
Experience and expertise: Michael is a partner in Gilbert + Tobin practising in the corporate and resources sectors. 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's overseas experience is extensive having advised on resources projects in over 50 countries. Michael has a particular reputation for advising clients with projects in developing countries. An internationally renowned leader in resources law. Michael has been recognised 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: Shane McLeay
Title: Non-Executive Director
Experience and expertise: Shane is a Mining Engineer possessing over 20 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 scoping studies, mining pre-feasibility and definitive feasibility studies.

Director's Report

PRECISION OPPORTUNITIES FUND LTD For the year ended 30 June 2020

Company Secretary

Irene Chin and Jessica Ridley have held the Joint Company Secretary role since incorporation.

Meetings of Directors

The number of meetings of the company's Board of Director ("the Board") held during the period ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Anthony Kenny	1	1
Timothy Weir	1	1
William Beament	1	1
Michael Blakiston	1	1
Shane McLeay	0	0

Held: represents the number of meetings held during the time the director held office.

Dividends

No dividends were paid during the period.

Indemnity and Insurance 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 period.

Director's Report

PRECISION OPPORTUNITIES FUND LTD For the year ended 30 June 2020

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 on page 11.

This director's report is signed in accordance with a resolution of the Board of Directors, pursuant to Section 298(2)(a) of the *Corporations Act 2001*.



Director _____

Dated this 30 day of Oct 2020

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

As lead auditor of Precision Opportunities Fund Limited for the year ended 30 June 2020, 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, 30 October 2020

Statement of Profit or Loss and Other Comprehensive Income

PRECISION OPPORTUNITIES FUND LTD For the year ended 30 June 2020

	NOTES	2020	2019
Income			
Revenue			
Gain on financial assets held at fair value through profit or loss		165,449	320,112
Revaluation of financial assets held at fair value through profit or loss		1,324,202	(4,344)
Other Income			
Other Revenue		281,358	530,386
Total Income		1,771,009	846,154
Total Income		1,771,009	846,154
Expenses			
Depreciation		-	(2,632)
Interest expenses		(2,290)	(1,665)
Administration Expenses		(512,881)	(488,642)
Other Expenses		(28,294)	(9,731)
Total Expenses		(543,465)	(502,670)
Profit/(Loss) before Income Tax		1,227,542	343,484
Income Tax Expense			
Income Tax Expense		(91,099)	(100,353)
Total Income Tax Expense		(91,099)	(100,353)
Net Profit / (Loss) After Tax		1,136,444	243,131
Total Comprehensive Income for the year		-	-

The above statement should be read in conjunction with the accompanying notes

Statement of Financial Position

PRECISION OPPORTUNITIES FUND LTD

As at 30 June 2020

	NOTES	2020	2019
Assets			
Current Assets			
Cash and Cash Equivalents	3	11,904,535	11,601,831
Trade and other receivables	4	44,466	310,773
Financial assets held at fair value through profit or loss	5	22,097,518	19,035,992
Total Current Assets		34,045,519	30,948,597
Non-Current Assets			
Deferred tax assets	8	-	1,303
Financial assets held at fair value through profit or loss	5	1,030,000	1,030,000
Total Non-Current Assets		1,030,000	1,031,303
Total Assets		35,076,519	31,979,900
Liabilities			
Current Liabilities			
Current tax liabilities	7	-	101,656
Trade and Other Payables		90,993	58,958
Total Current Liabilities		90,993	160,613
Non-Current Liabilities			
Deferred tax liabilities	8	1,461,924	1,372,128
Total Non-Current Liabilities		1,461,924	1,372,128
Total Liabilities		1,552,917	1,532,741
Net Assets		33,523,602	30,447,159
Equity			
Ordinary Class Shares		4	4
Preference Shares		27,978,000	26,038,000
Retained Earnings/(Accumulated Losses)		5,545,598	4,409,155
Total Equity		33,523,602	30,447,159

The above statement should be read in conjunction with the accompanying notes

Statement of Changes in Equity

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2020

	ISSUED CAPITAL	RESERVES	RETAINED EARNINGS (ACCUMULATED LOSSES)	NON- CONTROLLING INTEREST	TOTAL
	\$	\$	\$	\$	\$
Balance as at 1 July 2018	26,038,004	-	4,166,023	-	30,204,027
Profit/Loss for the year	-	-	243,131	-	243,131
Total Comprehensive income for the year	-	-	243,131	-	243,131
Ordinary Shares issued during the year	-	-	-	-	-
Preference Shares issued during the year	-	-	-	-	-
Dividends Paid or Provided	-	-	-	-	-
Balance as at 30/6/2019	26,038,004	-	4,409,154	-	30,447,158
Balance as at 1 July 2019	26,038,004	-	4,409,154	-	30,447,158
Profit/Loss for the year	-	-	1,136,444	-	1,136,444
Total Comprehensive income For the year	-	-	1,136,444	-	1,136,444
Ordinary Shares issued during the year	-	-	-	-	-
Preference Shares issued during the year	1,940,000	-	-	-	1,940,000
Dividends Paid or Provided	-	-	-	-	-
Balance as at 30/6/2020	27,978,004	-	5,545,598	-	33,523,602

The above statement should be read in conjunction with the accompanying notes

Statement of Cash Flows

PRECISION OPPORTUNITIES FUND LTD For the year ended 30 June 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customer	39,712	56,167
Payments to suppliers and employees	(397,136)	(451,854)
Dividend Received	78,689	63,680
Interest Received	78,199	374,830
Income Tax (Paid) Refunded	(44,341)	(827,888)
Net Cash Flows from Operating Activities	(244,877)	(785,065)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of Investment	18,105,240	25,175,770
Purchase of Investments	(19,497,660)	(24,220,773)
Net Cash Flows from Investing Activities	(1,370,989)	954,997
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,940,000	-
Net Cash Flows from Financing Activities	1,940,000	-
NET (DECREASE) IN CASH HELD	302,704	169,932
Cash and cash equivalents at beginning of period	11,601,831	11,431,899
CASH AND CASH EQUIVALENTS AT END OF YEAR 2020	11,904,535	11,601,831

The above statement should be read in conjunction with the accompanying notes

Notes to the Financial Statements

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2020

1. Basis of preparation

The Company is non-reporting since there are unlikely to be any users who would rely on the general purpose financial statements.

The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

2. Summary of significant accounting policies

a. Revenue and other income

All revenue is stated net of the amount of goods and services tax (GST).

AASB 15: Revenue from Contracts with Customers

The fund's main source of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the revenue standard.

AASB 16: Leases

The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

Impact of adoption

The impact of this standard has not had any impact on the amounts presented in the Company's financial statements.

Interest revenue

Interest income is recognised on an accruals basis.

Dividend revenue

Dividends are recognised when the Company's right to receive payment is established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Net gain/loss on sale of fair value through profit or loss assets

The gain or loss on disposal of fair value through profit or loss (FVTPL) assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Consolidated Statement of Profit or Loss and Consolidated Statement of Other Comprehensive Income in the year of disposal.

Other

Other income is recognised on an accruals basis when the Company is entitled to it.

b. Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

c. Cash and cash equivalent

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

d. 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 current when:

- it is expected to be realised or intended to be sold or consumed in normal operating cycle;
- it is held primarily for the purpose of trading; it is expected to be realised within twelve 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 twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

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

e. Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated 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.

f. Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

g. Issued capital and convertible redeemable preference shares

Ordinary shares and convertible 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.

h. Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Current income tax is only calculated on realised gains.

Unrealised gains are not recognised as trading stock, and are further more not taxed until realised gains are made.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Precision Opportunities Fund Ltd at 30% (2018:30%) and the reported tax expense in profit or loss are as follows at Note 7.

i. Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

j. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

k. AASB 9: Financial Instruments (and applicable amendments) (“AASB 9”)

AASB 9: Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

Financial instruments are classified as:

- Amortised cost if the objective of the business model is to hold the financial instruments to collect contractual cash flows and those cash flows represent solely payments of principal and interest (SPPI);
- Fair value through other comprehensive income if the objective of the business model is to hold the financial instruments to collect contractual cashflows from SPPI and to sell; or
- All other financial instruments must be recognized at fair value through profit or loss. An entity can, at initial recognition, also irrevocably designate a financial instrument as measured at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading,

Financial Instruments Classification

The company classifies its investments based on its business model for managing those investments and their contractual cash flow characteristics. The company's portfolio of financial assets and financial liabilities is managed and performance is evaluated on a fair value basis in accordance with the company's documented investment strategy. The company's policy is for the Responsible Entity to evaluate the information about its investments on a fair value basis together with other related financial information.

Recognition

The company recognizes financial assets and financial liabilities on the date it becomes party to the contractual agreement and recognizes changes in the fair value of financial assets or financial liabilities from this date. Investments are derecognized when the contractual right to receive cash flows from the investments have expired or have been transferred, and the company has transferred substantially all of the risks and rewards of ownership.

Measurement

At initial recognition, the company measures financial assets and financial liabilities at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statements of profit or loss and other comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' categories are presented in the statement of statements of profit or loss and other comprehensive income within "Net gain/(loss) on financial investments through profit or loss" in the period in which they arise.

I . Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Impairment- general

The Company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Carrying value of unlisted investments

At each reporting period, the group assesses whether there is objective evidence that an unlisted investment is impaired by taking into account observable data that comes to the attention of the group about loss events such as significant financial difficulty of the investee, breach of contract and whether there were adverse effects that have taken place in the technological market, economic or legal environment in which the investee operates.

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 an orderly transaction between market participants at the measurement date.

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

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.

Income Tax

The company 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 company recognises liabilities for anticipated tax audit issues based on the company'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 tax provision in the period in which such determination is made.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise; it becomes probable that borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

	2020	2019
3. Cash & Cash Equivalents		
Cash at bank	11,904,531	11,601,827
Cash On Hand	4	4
Total Cash & Cash Equivalents	11,904,535	11,601,831

	2020	2019
4. Trade and other receivables		
Current		
GST Account	8,216	10,773
Convertible Notes (CA)	-	300,000
Income Declared - Not Paid	6,250	-
Allowance for Exploration Credit	30,000	-
Total Current	44,466	310,773
Total Trade and other receivables	44,466	310,773

	2020	2019
5. Financial Assets held at fair value through profit or loss		
Designated at fair value through profit or loss		
Comprising:		
Current	22,097,518	19,035,992
Non - Current	1,030,000	1,030,000
Total Designated at fair value through profit or loss	23,127,518	20,065,992
Comprising:		
Australian Equity Securities	19,790,240	17,576,110
International Equity Securities	504,279	361,979
Unlisted Equity Securities	2,832,999	2,127,903
Total Financial Assets held at fair value through profit or loss	23,127,518	20,65,992

Unlisted Equities Securities fair values

The fair values of financial assets and financial liabilities approximate their carrying amounts in the condensed statement of financial position.

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 2020	Level 1	Level 2	Level 3	Total
Financial assets classified as fair value through profit and loss	\$20,294,519	\$1,377,999	\$1,455,000	\$23,127,518

Fair value measurements are those instruments valued based on techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the 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.

	Industry Sector	Basis of valuation	Date of transaction	Fair value as at 30 June 2019 \$	Fair value as at 30 June 2020 \$
HiSeis Pty Ltd	Energy	Directors have taken the approach to value at cost based on available company data and in the absence of any capital raisings	April 2018	1,030,000	1,030,000
Kalbar Resources Ltd	Energy	Directors have taken the approach to value at last capital raising price of \$1.50	October 2018	849,999	849,999
Latitude 66 Cobalt Limited	Energy	Directors have taken the approach to value at last capital raising price of \$0.25	July 2019	150,000	425,000
Top Shelf International Holding Pty Ltd	Manufacturing	Directors have taken the approach to value at last capital raising price of \$8,000	June 2020	-	528,000
Total				2,127,903	2,832,999

2020 2019

6. Trade and Other Payables

Current

Provision for Performance Fee	63,089	-
Sundry Creditor	-	15,000

Provision for Management Fee	27,904	43,958
Total Current	90,993	58,958
Total Trade and Other Payables	90,993	58,958

2020 2019

7. Income tax expense

Tax expense comprises:	-	101,656
Deferred tax expense/ (income):		
Revaluation of FVTPL assets	91,099	-
Total Deferred tax expense/ (income):	91,099	-
Total Income tax expense	91,099	101,656

2020 2019

8. Deferred tax assets and liabilities

Deferred tax liabilities	1,461,924	1,372,128
Total Deferred tax assets and liabilities	1,461,924	1,372,128

A deferred tax liability of \$1,461,924 (2019: 1,372,128) associated with revaluation of FVTPL investment. All deferred tax liabilities have been recognised in the statement of financial position.

2020 2019

9. Issued Capital

a. 4 (2019:4) Fully Paid Ordinary Shares	4	4
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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.

b. 138,676,45 convertible redeemable preference shares

The Company has authorized share capital amounting to 138,676,452 convertible redeemable preference shares of \$0.20 per value.

Convertible redeemable preference shares participate in dividends	27,978,000	26,038,000
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At the shareholders' meeting, each convertible redeemable preference share is entitled to one vote when a poll is called, otherwise each shareholder has vote on a show of hands.

At the beginning of the reporting period:	128,979,981	128,979,981
Shares issued during the period		
21 August 2019	9,446,471	-
28 August 2019	250,000	-
At the end of reporting period	138,676,452	128,979,981

10. Contingencies

There are no contingent liabilities or contingent assets as at 30 June 2020 (30 June 2019: Nil)

11. Subsequent Events – Covid-19

Subsequent to the end of the financial year there have been considerable economic impacts in Australia and globally arising from the Coronavirus (COVID-19) pandemic, and Government actions to reduce the spread of the virus.

At the date of signing the financial statements the Directors are unable to determine what financial effects the outbreak of the virus could have on the fund in the coming financial period. No financial effects arising from the economic impacts of the virus have been included in the financial statements for the year ended 30 June 2020. The impacts may include a significant reduction in the carrying value of the directors' assets and investments. The Directors acknowledge their responsibility to continuously monitor the situation and evaluate this impact including whether the fund remains a going concern and its ability to pay its liabilities.

	2020	2019
12. Cash Flow Information		
Reconciliation of CashFlow from Operations with Profit after Income Tax	1,136,443	243,131
Adjustment for non-cash components in profit:		
Depreciation	-	2,632
Net Gain/Loss on disposal of Investment	(1,476,326)	(276,038)
Changes in Assets and Liabilities		
Decrease in trade and other receivables	(266,307)	12,181
Decrease in trade and other payables	(67,063)	(765,668)
Deferred tax liabilities / (assets)	88,493	(1,303)
Total Cash Flow Information	(244,877)	(785,065)

Director(s) Declaration

PRECISION OPPORTUNITIES FUND LTD For the year ended 30 June 2020

The director(s) have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

The director(s) of the Company declare that:

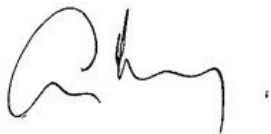
1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards as described in Note 2 to the financial statements and the Corporations Regulation 2001; and

(b) give a true and fair view of the company's financial position as at 30 June 2020 of its performance for the year on that date in accordance with the accounting policies described in Note 2 to the financial statements.

2. In the director(s)' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

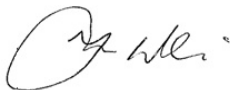
This declaration is made in accordance with a resolution of the Board of Director(s) and is signed for and on behalf of the directors by:



Director: _____

Anthony Kenny

Signature date: 30 - October - 2020



Director: _____

Timothy Leonard Weir

Signature date: 30 - October - 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Precision Opportunities Fund Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Precision Opportunities Fund Limited (the Company), which comprises the statement of financial position as at 30 June 2020, 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 Limited, 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 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 2, 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 auditor independence requirements of 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.

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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, 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 relating 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 have 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 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, 30 October 2020