

PRECISION

OPPORTUNITIES
FUND

PRECISION OPPORTUNITIES FUND LTD

ACN 613 479 262

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 3.00pm (WST)

DATE: Thursday, 21 November 2019

PLACE: Ground Floor, 1202 Hay Street, West Perth WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form which accompany and form part of this Notice of Meeting should be read in entirety.

CONTENTS

| | |
|----------------------------------|---|
| Notice of Annual General Meeting | 3 |
| Business of the Meeting | 3 |
| Explanatory Memorandum | 4 |
| Glossary | 7 |
| Management Agreement | 8 |

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 3.00pm WST on Thursday, 21 November 2019 at:

Ground Floor, 1202 Hay Street West Perth WA 6005

Entitlement to Vote

At this Annual General Meeting, only the holders of Shares (ordinary fully paid shares in the Company) are entitled to vote. Holders of Redeemable Shares are not entitled to vote but are entitled to receive the Notice of Meeting and Explanatory Memorandum and attend the Annual General Meeting.

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that a meeting of Shareholders will be held at 3.00 pm (WST) on Thursday, 21 November 2019 at Ground Floor, 1202 Hay Street, West Perth WA 6005.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS (NO RESOLUTION REQUIRED)

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Director's report and the auditor's report.

2. RESOLUTION 1 – RETIREMENT AND RE-ELECTION OF DIRECTOR

To consider, and if thought fit, pass the following item as an **ordinary resolution**:

"That Timothy Leonard Weir who retires in accordance with the Company's Constitution and, being eligible offers himself for election, be elected as a Director."

3. RESOLUTION 2 – AMENDMENT TO THE MANAGEMENT AGREEMENT

To consider, and if thought fit, pass the following item as an **ordinary resolution**:

"RESOLVED to authorise the directors of the Company to enter into a deed of amendment and reinstatement amending the Management Agreement to reflect the marked-up copy of the Management Agreement which is attached to this Notice of Meeting."

Dated: 30 October 2019

By order of the Board



Jessica Ridley
Company Secretary

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting of the Company for Thursday, 21 November 2019 commencing at 3.00pm (WST).

The Shareholders who are to vote on the resolution are the ordinary shareholders, being the entities associated with Michael Blakiston, Bill Beament, Tony Kenny and Timothy Weir. These Shareholders are the same shareholders who hold 80% of the shares in PFM. The balance of the securities which have been issued by the Company are Redeemable Shares which are non-voting shares, other than for a limited number of items of business, none of which are relevant for this Annual General Meeting. Therefore, for the holders of Redeemable Shares, this Notice of Meeting and Explanatory Memorandum are being provided to you for your information only.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

BUSINESS OF THE MEETING

FINANCIAL STATEMENTS AND REPORTS 2019

The Corporations Act requires the Company to present to the Annual General Meeting, the Financial Report, Directors' Report and the Auditor's Report for the last financial year that ended before the Annual General Meeting. Copies of these reports have been sent to requesting Shareholders and are also available on the Company's website – <https://www.precisionfm.com.au/precision-opportunities-fund/company-reports>

No resolution is required for this item, but Shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

The Chairman will also allow a reasonable opportunity for the auditor to answer any written questions submitted to the auditor under section 250PA of the Corporations Act.

RESOLUTION 1 – RE-ELECTION OF TIMOTHY EDWARD WEIR AS DIRECTOR

In accordance with the Company's Constitution, at each Annual General Meeting of the Company, one-third of the Directors (other than the Managing Director), or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, need to retire from office by rotation.

Accordingly, Mr Weir is required to retire by rotation at the Annual General Meeting, and being eligible, offers himself for re-election as a Director.

Further information on Mr Weir including his experience, knowledge, skills, other material directorships currently held, status as an independent director and term of office currently served by Mr Weir is included in the 2019 Annual Report which has been sent to requesting Shareholders and is also available on the Company's website - <https://www.precisionfm.com.au/team/management>

The Board considers that Mr Weir, if re-elected, will continue to be classified as an independent director.

Recommendation: Based on Mr Weir's relevant experience and qualifications, the Directors (excluding Mr Weir) recommend that Shareholders vote in favour of Resolution 1.

RESOLUTION 2 – AMENDMENT TO THE MANAGEMENT AGREEMENT

As you know, the Company pays PFM a management fee which comprises:

- (a) a monthly management fee; and
- (b) depending on the financial performance of the Company, a performance fee,

(Fees).

The management of the Company and the basis for calculating and paying the Fee is contained in the Management Agreement dated 4 October 2016 between PFM as the manager and the Company. These arrangements were described in the original Information Memorandum which was signed on 3 August 2016 and subsequently amended with a Supplementary Information Memorandum signed on 30 September 2016.

During the course of this year, PFM and the Company have had their management arrangements reviewed independently by Mr Philip Rees.

Mr Rees has identified a number of inconsistencies in the language used in the Information Memorandum and what is provided for in the Management Agreement and so the Board wishes to clarify to investors how the Fees are being calculated and to resolve the inconsistencies by amending the Management Agreement.

The intent of the parties is for the Fees to be calculated as follows:

- the payment of a monthly management fee of 0.125% of the net assets of the Company; and
- the payment of a performance fee which if payable is to be:
 - calculated at 6 month intervals on 31 December and 30 June;
 - 20% of the increase in net assets of the Company above a benchmark rate for a 6 month period, with the benchmark being the average 90 day bill rate over the period, plus 1%. The 90 day bill rate is an annual figure, so the number is divided by 2 to reflect the 6 month period; and
 - calculated using the change in NTAPS (being the net tangible assets of the Company divided by the shares on issue), resulting in a calculation after an allowance for the Company's liabilities and starting NTAPS for the performance fee calculation is to be the higher of:
 - the starting NTAPS;
 - if a performance fee has been paid for in any of the prior 4 periods, the NTAPS used for that calculation; and
 - 20 cents.

A copy of the Management Agreement marked-up with the proposed changes is attached and marked 'A'.

In order to give effect to the above, the Management Agreement is being amended. The changes are intended to ensure the Management Agreement reflects the Information Memorandum and to this end:

- clause 4.8 of the Information Memorandum which refers to the monthly management fee as being calculated with reference to the "net asset value" is not reflected in the Management Agreement as it refers to a figure before liabilities. Based on liabilities of approximately \$2 mil, this would increase the annual management fee by \$30,000 per annum over the "net asset value" approach which is not intended and so the Management Agreement is being amended to reflect this;
- clause 4.9 of the Information Memorandum which refers to a NTAPS "reset to zero" implies that a performance fee could be calculated on the entire NTAPS, i.e. 20% of the entire net tangible assets. The amendment to the Management Agreement provides a higher starting value for the calculation, i.e. a lower fee; and
- clause 4.9 of the Information Memorandum has an ambiguous description of the hurdle rate for the calculation of a performance fee. This derives from the use of rates that are normally based on 12 month periods, with performance fees calculated on 6 month periods. The amendment to the Management Agreement adopts the use of an annual rate, adjusted for a six month period.

In order to effect the above intent and to also address some other minor inconsistencies, it is proposed that the Management Agreement is amended in accordance with the mark-up attached to this Notice of Meeting.

The holders of the convertible preference shares (investors) are not entitled to vote on the changes but are entitled to receive the Notices of Meeting and a copy of the materials being provided to shareholders.

Recommendation: The Board has formed the view that the proposed changes are for the benefit of the Company and this view has been supported by the opinion of Mr Rees and recommend that Shareholders vote in favour of Resolution 2.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Precision Opportunities Fund Ltd (ACN 613 479 262).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

PFM means Precision Funds Management Pty Ltd (ACN 613 296 665).

Proxy Form means the proxy form accompanying the Notice.

Redeemable Shares means the convertible redeemable preference share in the Company.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

A
MANAGEMENT AGREEMENT

PRECISION OPPORTUNITIES FUND LTD

and

PRECISION FUNDS MANAGEMENT PTY LTD

MANAGEMENT AGREEMENT

TABLE OF CONTENTS

| | | |
|------------|---|-----------|
| 1. | DEFINITIONS AND INTERPRETATION | 1 |
| 1.1 | Definitions | 1 |
| 1.2 | Interpretation | 3 |
| 2. | APPOINTMENT OF MANAGER | 4 |
| 2.1 | The Appointment | 4 |
| 2.2 | Term | 4 |
| 3. | POWERS OF THE MANAGER | 5 |
| 4. | PERMITTED INVESTMENTS..... | 5 |
| 5. | VALUATIONS..... | 5 |
| 5.1 | Monthly Valuations..... | 5 |
| 5.2 | Basis of Valuation..... | 6 |
| 6. | MANAGER RESPONSIBLE TO BOARD OF COMPANY..... | 6 |
| 6.1 | Manager to act in accordance with the directions of the Board | 6 |
| 6.2 | Manager to devote time..... | 6 |
| 7. | MANAGER TO BEHAVE DILIGENTLY | 6 |
| 8. | MANAGEMENT FEE..... | 6 |
| 9. | PERFORMANCE FEE | 6 |
| 10. | EXPENSES..... | 8 |
| 11. | INVOICING..... | 9 |
| 11.1 | Invoices | 9 |
| 11.2 | Payment..... | 10 |
| 12. | ACKNOWLEDGMENTS | 10 |
| 13. | CONFIDENTIAL INFORMATION | 10 |
| 13.1 | Information to remain confidential..... | 10 |
| 13.2 | Manager to maintain records | 11 |
| 13.3 | Company to have access to records | 11 |
| 13.4 | Manager has no proprietary interest in records..... | 11 |
| 13.5 | Maintenance of confidential information..... | 11 |
| 14. | REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS..... | 11 |
| 14.1 | Mutual representations and warranties..... | 11 |
| 14.2 | The Company's representations, warranties and undertakings | 12 |
| 14.3 | The Manager's representations, warranties and undertakings..... | 12 |
| 15. | LIMITATION OF LIABILITY | 13 |
| 15.1 | Limitation of liability | 13 |
| 15.2 | No liability for provision of financial services by the other Party | 13 |
| 15.3 | Acknowledgement | 13 |
| 16. | INDEMNITY..... | 13 |
| 16.1 | Company Indemnity | 13 |
| 16.2 | Manager Indemnity | 13 |
| 16.3 | Survival of clause | 13 |

| | | |
|------------|--|-----------|
| 17. | INSURANCE | 14 |
| 17.1 | Manager to maintain insurance..... | 14 |
| 17.2 | Policies to be in joint names..... | 14 |
| 17.3 | Waiver of rights of subrogation..... | 14 |
| 17.4 | Separate Policies..... | 14 |
| 17.5 | Insurers to be acceptable..... | 14 |
| 18. | OTHER ACTIVITIES OF MANAGER..... | 14 |
| 19. | TERMINATION | 15 |
| 19.1 | Termination by Company..... | 15 |
| 19.2 | Termination by Manager..... | 15 |
| 19.3 | Termination by Notice..... | 16 |
| 20. | CONSEQUENCES OF TERMINATION..... | 16 |
| 21. | ASSIGNMENT..... | 16 |
| 22. | SUBCONTRACTING..... | 16 |
| 22.1 | Consent to subcontract..... | 16 |
| 22.2 | No relief..... | 16 |
| 23. | GST | 17 |
| 23.1 | Meaning of "GST"..... | 17 |
| 23.2 | Company to pay GST..... | 17 |
| 23.3 | Manager to provide tax invoice..... | 17 |
| 23.4 | Payments exclusive of GST..... | 17 |
| 24. | NOTICES | 17 |
| 24.1 | Requirements for Notice..... | 17 |
| 24.2 | Address of Parties..... | 17 |
| 24.3 | Change of Address..... | 18 |
| 24.4 | Receipt of Notice..... | 18 |
| 25. | JOINT DIRECTORS AND EMPLOYEES | 18 |
| 26. | DISPUTE RESOLUTION..... | 18 |
| 26.1 | Notice of dispute..... | 18 |
| 26.2 | Submission to mediation..... | 18 |
| 26.3 | Appointment of mediator..... | 18 |
| 26.4 | Referral to the court..... | 19 |
| 26.5 | No prohibition on injunctive relief..... | 19 |
| 27. | FURTHER ASSURANCE..... | 19 |
| 28. | GOVERNING LAW | 19 |
| 29. | VARIATION | 19 |
| 30. | COSTS..... | 19 |
| 30.1 | Duty..... | 19 |
| 30.2 | Legal Costs..... | 19 |
| 31. | MISCELLANEOUS | 19 |
| 31.1 | Severance..... | 19 |
| 31.2 | Entire Agreement..... | 20 |
| 31.3 | Counterparts..... | 20 |
| 31.4 | Time..... | 20 |

ANNEXURE A – MANDATE

THIS AGREEMENT is made the day of 2019

BETWEEN

PRECISION OPPORTUNITIES FUND LTD (ACN 613 479 262) of 1202 Hay Street, West Perth, Western Australia (**Company**);

AND

PRECISION FUNDS MANAGEMENT PTY LTD (ACN 613 296 665) of 1202 Hay Street, West Perth, Western Australia (**Manager**).

RECITALS

- A. The Manager is now a corporate authorised representative of [Chieftain Securities Pty Ltd which is the holder of Australian Financial Services Licence number 492850](#) and is capable of managing the Portfolio on behalf of the Company.
- B. The Parties wish to record the terms and conditions of the ongoing engagement of the Manager by the Company to manage the Portfolio and provide the Services on and from the Effective Date.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

AFSL means an Australian Financial Services Licence issued by the ASIC under the Corporations Act.

Agreement means the agreement constituted by this document and includes the recitals.

ASIC means the Australian Securities and Investments Commission established under the Australian Securities and Investments Commission Act 2001 (Cth).

Auditor means the auditor of the Company from time to time.

Benchmark Rate means a number calculated by dividing the Reference Rate by 2 and then adding 1% (Reference Rate/2 + 1%)

Board means the board of directors of the Company from time to time.

Business Day means a day that is not a Saturday, Sunday or public holiday in Western Australia.

Calculation Notice has the meaning given to that term in clause 1.1.1(a).

Calculation Period has the meaning given to that term in clause 9(a).

Capital Raising means the capital raising being conducted by the Company to raise a minimum of twenty million dollars \$20,000,000.

Commencement Date means the 1st day of July 2019.

Confidential Information has the meaning given to that term in clause 13.

Corporations Act means the Corporations Act 2001 (Cth).

Effective Date means 3 August 2016.

Financial Services Laws means

- (a) the Corporations Act and its accompanying regulations;
- (b) the Anti Money Laundering/Counter Terrorism Financing Act;
- (c) the ASIC Act and its accompanying regulations; and
- (d) any laws relating in any way to:
 - (i) the creation, distribution, sale, promotion or offer of financial products in Australia; and
 - (ii) the financial services business conducted or the provision of financial services by either of the Parties,

and any other law, including a law created after the date of this Agreement, any judgment, rule of common law or equity, which replaces or supplements any laws under paragraphs (a) and (b) above.

Information Memorandum means the information memorandum dated 3 August 2016 and issued by the Company as amended by a supplementary information memorandum dated 30 September 2016.

Initial Period means the period referred to in clause 19.2(b).

Management Fee has the meaning given to that term in clause 8.

Manager's Group means the Manager and any of its related bodies corporate (as defined in the Corporations Act).

Mandate means the guidelines for management of the Portfolio as set out in Annexure "A" to this Agreement or as amended from time to time with the agreement of the Parties.

NTAPS means the net tangible assets of the Company, divided by the number of Relevant Securities on issue at the relevant date.

Party means a party to this Agreement and **Parties** has a corresponding meaning.

Performance Fee has the meaning given to that term in clause 9(a).

Performance Fee Calculation Date has the meaning given to that term in clause 10(b).

Portfolio means the portfolio of investments allocated to the Manager by the Company from time to time and managed by the Manager pursuant to this Agreement.

Portfolio Value means the value of the Portfolio ~~before any provision for tax calculated~~ on the last Business Day of each month in accordance with clause 5.

~~**Quarter** means a three month period ending on either 30 September, 31 December, 31 March and 30 June.~~

~~**Reference Rate** means the arithmetic average of the month end annualised 3 month Bank Accepted Bills Rate as published by the Reserve Bank of Australia over a Calculation Period (RBA ref FIRMMBAB90).~~

Relevant Law means any requirement of the Corporations Act, the Australian Securities and Investments Commission Act 2001 or the Australian Securities Exchange Listing Rules.

~~**Relevant Securities** means the convertible preference shares issued by the Company.~~

Securities means:

- (a) securities within the meaning given to that expression by Section 92(1) of the Corporations Act;
- (b) options over unissued securities;
- (c) renounceable or non-renounceable rights to subscribe for securities; and
- (d) a financial product within the meaning given to that expression by Division 3 of Part 7.1 of the Corporations Act,

but excludes any financial product(s) which the Manager is not authorised to offer under the terms of the Chieftain Securities Pty Ltd's AFSL.

Services means:

- (a) management of the ~~Pinvestment~~ portfolio in accordance with the Mandate (Annexure A); and
- (b) any reasonable reporting of the management activities undertaken.

Services Agreement means the services agreement between the Manager and ~~Westoz Funds Management Pty Ltd~~ Chieftain Securities Pty Ltd.

Shares means the shares on issue in the Company from time to time.

Staff means the Manager's personnel whom the Manager makes available to carry out the Services.

Term means the term of the appointment of the Manager pursuant to clause 2.1 commencing on and continuing until termination pursuant to clauses 2.2 or 19.

1.2 Interpretation

In this Agreement unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more parties binds or benefits all of them jointly and each of them severally;

- (c) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Agreement and a reference to this Agreement includes any schedule, exhibit or annexure to this Agreement;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) no rule of construction will apply to a clause to the disadvantage of a Party merely because that Party put forward the clause or would otherwise benefit from it; and
- (k) a reference to **\$** or **dollar** is to Australian currency.

2. APPOINTMENT OF MANAGER

2.1 The Appointment

- (a) On and from the Effective Date, the Company appointed the Manager to provide the Services upon the terms and conditions contained in this Agreement and the Manager accepted such appointment.
- (b) On and from the Commencement Date, the Manager shall continue to provide the Services upon the terms and conditions contained in this Agreement and the Company confirms that appointment.

2.2 Term

Subject to the provisions for termination contained in this Agreement, the appointment of the Manager pursuant to this Agreement shall be for an initial term of ten (10) years commencing on the Effective Date and ending on 30 April 2026 (**Initial Term**). After the expiry of the Initial Term, the Term shall continue until the Agreement is terminated in accordance with clause 19.

3. POWERS OF THE MANAGER

Subject to the terms of this Agreement, the Manager may manage the Portfolio in its absolute discretion and do all things considered necessary or desirable in relation to the management of the Portfolio, including, without limitation:

- (a) investigation of, negotiation for, acquisition of, or disposal of any investment or proposed investment;
- (b) to sell, realise or deal with all or any investments or to vary, convert, exchange or add other investments in lieu of those investments;
- (c) if any investment is redeemed or the capital paid on it is wholly or partly repaid by the entity by which that investment was created or issued, to convert that investment into some other investment or accept repayment of the capital paid or advanced on the investment and any other monies payable in connection with that redemption or repayment and to invest any of those monies;
- (d) retain or sell any Securities or other property received on behalf of the Company by way of bonus, or in lieu of, or in satisfaction of, a dividend in respect of any investments or from the amalgamation or reconstruction of any company;
- (e) to sell all or some of the rights to subscribe for new Securities in an investment, to use all or part of the proceeds of sale of such rights for the subscription for Securities or to subscribe for Securities pursuant to those rights; and
- (f) to make or redeem any mortgage, loan or other security.

4. PERMITTED INVESTMENTS

- (a) The Manager is permitted to undertake investments on behalf of the Company without the prior approval of the Board. However, if, in the reasonable opinion of the Manager, the proposed investment is not in accordance with the Mandate or any other guidelines issued by the Company from time to time, the written approval of the Board is required prior to making the investment.
- (b) Without limiting clause 4(a) and subject to the Corporations Act and the conditions of the AFSL, the Parties agree and acknowledge that the Manager has the authority of the Board to invest in the types of investments set out in the Mandate.

5. VALUATIONS

5.1 Monthly Valuations

The Manager must arrange for the value of the Portfolio to be calculated as at the last Business Day of each calendar month (or at such more frequent times as requested by the Board) and provide the calculations to the Company as soon as practicable after such calculations are made.

5.2 Basis of Valuation

For the purpose of calculating the Portfolio Value in accordance with clause 6.1, the Manager must use generally accepted valuation principles consistently applied to the satisfaction of the Auditor.

6. MANAGER RESPONSIBLE TO BOARD OF COMPANY

6.1 Manager to act in accordance with the directions of the Board

The Portfolio will initially be managed in accordance with the Mandate and the Manager shall act in accordance with the directions of the Board as set out in the Mandate to the extent required to fulfil its obligations under this Agreement, which may from time to time by writing vary or override the obligations and authorities of the Manager contained in clauses 3 and 4.

6.2 Manager to devote time

Throughout the Term, the Manager shall procure that its employees and personnel devote such time and attention to the performance of the duties as Manager as shall be necessary and as the Board shall require from time to time for the purpose of fulfilling its obligations under this Agreement.

7. MANAGER TO BEHAVE DILIGENTLY

The Manager shall perform all of its obligations under this Agreement:

- (a) in accordance with the Corporations Act and the terms of the AFSL under which the Manager is representing from time to time;
- (b) in a good, professional, workmanlike and commercially reasonable manner with the standard of diligence, competence and care normally employed by duly qualified persons in the performance or comparable work; and
- (c) in accordance with generally accepted practices appropriate to the activities undertaken.

8. MANAGEMENT FEE

In consideration for the Services provided under this Agreement, the Company must, during the Term, pay to the Manager a monthly management fee equal to 0.125% (excluding GST) of the NTAPS multiplied by the number of Relevant Securities Portfolio Value ~~(Management Fee)~~.

9. PERFORMANCE FEE

- (a) In the event that the increase in the ~~Portfolio Value outperforms the Benchmark Rate~~ NTAPS exceeds the Benchmark Rate over a six month period (Calculation Period), the Company must pay the Manager a fee ~~(Performance Fee)~~.
- (b) The Performance Fee (if any) shall be calculated biannually on 31 December and 30 June in any financial year for the previous 6 month period (Performance Fee Calculation Period) ~~by the Manager~~.

~~(c)~~ No fee is payable if the Portfolio underperforms the Benchmark Rate or the Portfolio Value (less any dividend paid) for the previous Performance Fee Calculation Period

~~(d)~~(c) The Manager shall provide the Company with a notice in writing setting out the Performance Fee and its calculations within 7 days of the end of the relevant Calculation Period (**Calculation Notice**).

~~(e)~~(d) The Company shall pay, for the Performance Fee, (if any) for a Calculation Period within 14 days of receipt of the Calculation Notice from the Manager.

~~(f)~~(e) Other than as provided for in the circumstances referred to in clause 9(h), The Performance Fee is calculated as follows:

$$\text{Performance Fee} = 20\% \times ((FV - IV) - (BR \times IV))$$

~~FV~~ is the ~~Portfolio Value~~ calculated on the last Business Day of the relevant ~~Performance Fee Calculation Period~~ NTAPS multiplied by the number of Relevant Securities on the Performance Fee Calculation Date;

~~IV~~ is the ~~Portfolio Value~~ calculated on the last Business Day of the immediately preceding Performance Fee Calculation Period, suitably adjusted for any dividend that may have been paid during that period. If there is no preceding Performance Fee Calculation Period, IV is the value of the Portfolio calculated on the Effective Date greater of:

- the NTAPS multiplied by the number of Relevant Securities at the immediately preceding Performance Fee Calculation Date, suitably adjusted for any dividends or changes in Relevant Securities on issue during the Calculation Period; and
- the Historic NTAPS multiplied by the number of Relevant Securities at the immediately preceding Performance Fee Calculation Date with the result suitably adjusted for any changes in Relevant Securities on issue during the Calculation Period.

~~BR~~ is the ~~percentage change in the Benchmark Rate over the Performance Fee Calculation Period. No Performance Fee is payable if FV is less than IV~~ Benchmark Rate over the Calculation Period.

Historic NTAPS is:

- if a Performance Fee has been calculated as payable at one or more of the last 4 prior Performance Fee Calculation Dates, the highest NTAPS used for the calculation of FV adjusted for any dividends paid; or
- if a Performance Fee has not been calculated as payable at the last 4 Performance Fee Calculation dates, 20 cents.

~~(g)~~ No Performance Fee is payable if FV is less than the FV that was used in the most recent prior period that a Performance Fee was payable. Any prior period FV will be suitably adjusted for any dividend that may have been paid during that period.

~~(h) If no Performance Fee has been paid over 6 consecutive Performance Fee Calculation Periods then the Performance Fee is calculated as follows:~~

$$\text{Performance Fee} = 20\% \times \text{FV} - \text{BR}$$

~~For the purposes of illustrating the calculation only, assume:~~

~~(i) the 90BBSW was 3% then in order to determine the applicable benchmark you add 2% to that rate giving a total of 5% for the performance period;~~

~~(ii) the Company returned 10% (after deduction of the Management Fees and expenses but before any calculation of the Performance Fee);~~

~~(iii) the FV of the Company as at the commencement of the performance period was \$100,000; and~~

~~(iv) there was no prior underperformance,~~

~~then the Performance Fee for that performance period would be \$1,000 calculated as follows:~~

$$\{100,000 \times (10\% - 5\%)\} \times 20\% + \text{GST.}$$

In the event of a dispute as to the amount of the Performance Fee, the Auditor has the power to determine the correct calculation of the Performance Fee and the decision of the Auditor will be final and binding on the Parties.

10. EXPENSES

(a) Subject to clause 10(b), the Company is liable for and must pay out of its assets, ~~not including the Portfolio~~, or reimburse the Manager for the following fees, costs and expenses incurred by the Manager in connection with the management of the Portfolio:

- (i) fees payable to any securities exchange, the ASIC or other regulatory body;
- (ii) all costs, stamp duty, bank account debits tax and legal fees and other duties, taxes, fees, disbursements and expenses, commissions and brokerage incurred by the Company or the Manager in connection with:
 - (A) the acquisition and negotiation of any investment or proposed investment;
 - (B) any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment;
 - (C) the receipt of income or other entitlements from the investments of the Portfolio; or

- (D) the engagement of a custodian to hold any investment on behalf of the Company;
 - (iii) outgoings in relation to the Portfolio such as rates, levies, duties, taxes and insurance premiums;
 - (iv) any fees which relate to the accounting and administration of the Company or the Portfolio, including but not limited to, accounting fees, audit fees and company secretarial fees;
 - (v) all costs which relate to the establishment of the Company or the Portfolio, including, without limitation, printing and legal costs in relation to the Information Memorandum, experts' reports and due diligence; and
 - (vi) any fees which relate to compliance with the Corporations Act and other regulations, including but not limited to, legal fees and compliance audit fees.
- (b) The Manager is solely responsible for the payment of the fees of any investment manager engaged by the Manager to assist it in the performance of its obligations under this Agreement.
 - (c) For the avoidance of doubt, any tax, Management Fee or Performance Fee incurred by the Company will be paid by the Company out of its own funds and not as a deduction from the Portfolio. Should the Company withdraw funds from the Portfolio for payment of these amounts, they will be treated as a non investment related cashflow.

11. INVOICING

11.1 Invoices

- (a) At the end of each month, the Manager must provide details to the Company of any Management Fee, Performance Fee or expenses incurred by, or due to, the Manager on behalf of the Company and must invoice the Company for the amount payable.
- (b) Each invoice must include:
 - (i) a report detailing a breakdown of the Services provided and the Calculation Notice in the case of the Performance Fee;
 - (ii) detail of all of the expenses referred to in clause 10 which the Manager may have incurred on behalf of the Company;
 - (iii) sufficient information to identify the nature of the expenses incurred by the Manager on behalf of the Company; and
 - (iv) such other information as reasonably required by the Company from time to time.
- (c) The Manager must ensure that for each invoice:
 - (i) the specified Management Fee or Performance Fee, as the case may be, is correctly calculated and due for payment;

- (ii) it is set out in a manner that enables the Company to ascertain the Services and Service period to which the invoices relate and the charges payable in respect of those Services; and
- (iii) is inclusive of GST and is otherwise a tax invoice for the purposes of the relevant legislation.

11.2 Payment

If:

- (a) an invoice meets the requirements set out in clause 11.1; and
- (b) the Company does not dispute that invoice,

then the Company must pay that invoice within 30 days from the end of the month of receipt of the Manager's properly rendered invoice unless otherwise provided for in this Agreement.

12. ACKNOWLEDGMENTS

The Manager acknowledges that:

- (a) all trade and business secrets, and other information and documents which are not generally known or available or not already known or available to the Manager at the time of disclosure (other than through the Company's disclosure and without breach of this clause 12) but which relate to the affairs or business of the Company and its related bodies corporate or any person with whom the Manager comes into contact as a result of this Agreement, or which come into the Manager's possession in the course and by reason of this Agreement, whether or not the same were originally supplied by the Company or its related bodies corporate, are confidential (**Confidential Information**);
- (b) the Confidential Information has been and will be acquired by the Company or its related bodies corporate at the Company's or its related body corporate's initiative and expense; and
- (c) the Company and its related bodies corporate have spent and will spend effort and money in establishing and maintaining its customer base, employee skills and the Confidential Information. Accordingly, it is reasonable that the Manager should enter into the warranties contained in this Agreement and, if the Agreement is terminated, the Manager should continue to be subject to the restrictions set out in clause 13.

13. CONFIDENTIAL INFORMATION

13.1 Information to remain confidential

The Manager shall not, either during the continuance of this Agreement or thereafter, except in the proper course of its duties or as otherwise authorised by the Company, divulge to any person, and shall use its best endeavours to prevent the publication of or disclosures of, any Confidential Information of the Company or any of its related bodies corporate which may come to its knowledge or to the knowledge of any of its employees as a result of this Agreement, and shall keep all Confidential Information confidential.

13.2 Manager to maintain records

For record purposes, the Manager will establish independent files for the Company containing correspondence, records and information relating to the Company.

13.3 Company to have access to records

The Manager agrees that the Company shall have full access upon reasonable notice to all records, correspondence and information within the Manager's possession or under its control relating to the Company.

13.4 Manager has no proprietary interest in records

The Manager shall not be entitled to any proprietary interest in any records, information, patentable rights, plans or intellectual property acquired by it in performing services under this Agreement but shall hold the same for the Company absolutely, subject only to any lien to which it is entitled for unpaid fees.

13.5 Maintenance of confidential information

The Manager agrees and warrants that it will require any third party who has been given access, or shall be given access to any Confidential Information relating to the Company, to maintain that information in the strictest confidence and, to the extent requested by the Company, to procure that any third parties enter into confidentiality agreements with the Company on terms satisfactory to the Company in its reasonable discretion.

14. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

14.1 Mutual representations and warranties

Each Party represents and warrants to the other that at both the Effective Date and at the date of this Agreement, that each of the following statements is true, accurate and not misleading:

- (a) it is a body corporate validly existing under the laws of its place of incorporation or establishment;
- (b) it has the corporate power to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated by this Agreement;
- (c) it has taken or will take all necessary corporate action to authorise the entry into and performance of this Agreement and to carry out the transactions contemplated by this Agreement;
- (d) this Agreement is its valid and binding obligation;
- (e) neither the entry into nor performance by it of this Agreement nor any transaction contemplated under this Agreement to which it is a Party violates in any material respect any provision of any judgment binding on it, its constituent documents, any law or any document, agreement or other arrangement binding upon it or its assets; and
- (f) as at the date of this Agreement, there are no legal proceedings (actual or threatened) against the Party which it reasonably believes will have a

material adverse impact on the performance of the Party's obligations under this Agreement.

14.2 The Company's representations, warranties and undertakings

The Company represents, warrants and undertakes that as at the date of this Agreement and at all times during the Term it will:

- (a) hold and comply in all material respects with, all licences, authorities, approvals and consents necessary to enter into and perform its obligations under this Agreement (including as a corporate authorised representative of an AFSL holder);
- (b) comply in all material aspects with the Financial Services Laws in relation to the provision of financial services; and
- (c) promptly notify the Manager of any material breach by it of the provisions of this Agreement or any Financial Services Laws in relation to the provision of financial services, which affects, or is reasonably likely to affect, its ability to comply with its obligations under this Agreement.

14.3 The Manager's representations, warranties and undertakings

The Manager represents, warrants and undertakes that as at both the Effective Date and at the date of this Agreement and at all times during the Term it will:

- (a) hold and comply in all material respects with, all licences, authorities, approvals and consents necessary to enter into and perform its obligations under this Agreement (including as a corporate authorised representative of the holder of an AFSL);
- (b) comply in all material respects with all relevant laws in respect of the provision of Financial Services Laws, and comply in all material respects with its obligations under this Agreement;
- (c) exercise due care, skill and diligence in carrying out its functions under this Agreement;
- (d) pay and discharge all liabilities to be met by it in the performance of this Agreement;
- (e) ensure that the Staff are suitable and have sufficient skill to undertake the work required to be performed;
- (f) comply with all relevant laws in respect of its employment of the Staff;
- (g) provide the Staff with all suitable direction, training and other requirements in order to discharge their obligations;
- (h) notify the Company immediately (subject to any restrictions imposed by law on the Company to the contrary) if it becomes aware that it is subject to an ASIC investigation, notice, or enquiry in relation to any of its clients or which affects, or is reasonably likely to affect, its ability to comply with its obligations under this Agreement;
- (i) promptly notify the Company of any material breach by it of the provisions of Financial Services Laws or as a corporate authorised representative of the holder of an AFSL, which affects, or is reasonably

likely to affect, its ability to comply with its obligations under this Agreement;

- (j) promptly notify the Company if it becomes aware that the holder of the AFSL it represents has been cancelled, suspended, varied or replaced, and in the case of any variation or replacement, provide the Company with a copy of the varied or replacement AFSL; and
- (k) promptly notify the Company (subject to any restrictions imposed by law on the Company to the contrary) of any complaint, claim, dispute, error or other issue with or concerning any of its clients.

15. LIMITATION OF LIABILITY

15.1 Limitation of liability

Subject to clause 16.2, the Company agrees that to the fullest extent permitted by law, the Manager is not liable (whether in contract, tort or otherwise) to the Company for any loss or damage caused or suffered by the Company.

15.2 No liability for provision of financial services by the other Party

Each Party agrees that the other Party assumes no responsibility or liability in relation to the provision of financial services by the first Party, nor will it perform any supervisory function in respect of any financial services provided by the second Party.

15.3 Acknowledgement

The Company acknowledges that the Manager assumes no responsibility of liability in relation to the quality or outcome of such investments.

16. INDEMNITY

16.1 Company Indemnity

The Company must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses incurred in connection with the Manager or any of its officers, employees or agents acting under this Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the Manager or its officers or employees.

16.2 Manager Indemnity

The Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, fraud or dishonesty of the Manager or its officers or supervised agents.

16.3 Survival of clause

The provisions of this clause 16 shall survive termination of this Agreement as well as completion of any services performed under this Agreement.

17. INSURANCE

17.1 Manager to maintain insurance

The Manager shall where required and otherwise use its best endeavours to procure and maintain throughout the Term at its own cost and expense the following insurances:

- (a) workers' compensation insurance covering liability to the Manager and any other personnel engaged or employed in providing services under this Agreement under the laws of Western Australia, as applicable or other relevant jurisdiction and, without limitation of accounts, at common law; and
- (b) all other insurances reasonably required to maintain the Manager as a corporate authorised representative of the AFSL it is authorised to represent including without limitation professional indemnity insurance of \$10 million.

17.2 Policies to be in joint names

Save for worker's compensation which shall be in the name of the Manager, each policy of insurance shall unless otherwise agreed by the Company, be maintained in the name of the Manager, the Company and at the request of the Company, any person related to the Company or a co-participant with the Company in any joint venture or for which the Company acts as manager for their respective rights, interests and liabilities.

17.3 Waiver of rights of subrogation

Each policy of insurance shall to the extent possible include a waiver by the insurer by rights of subrogation any insured party may have against any other insured party under the policy and an obligation on the insurer to give to the Company at least 30 day's prior written notice of alteration to or cancellation or lapse of any policy.

17.4 Separate Policies

The insurances mentioned in this clause 17 shall be read as if a separate policy of insurance had been issued to each named insured.

17.5 Insurers to be acceptable

All insurances pursuant to this clause 17 shall be effected with insurers approved by the Company on terms and conditions acceptable to the Company and the Manager shall upon request provide the Company with a copy of each policy.

18. OTHER ACTIVITIES OF MANAGER

Nothing contained in this Agreement shall prevent or be deemed to prevent the Manager from providing or agreeing to provide the same or similar services to any other person or entity as it agrees to provide to the Company except to the extent that the provision of services by the Manager to any other person or entity, in the reasonable opinion of the Company, conflicts with the management of the Portfolio pursuant to the terms of this Agreement.

19. TERMINATION

19.1 Termination by Company

This Agreement may be terminated immediately by the Company if at any time during the Term:

- (a) the Manager or any of its directors or servants are found guilty of grave misconduct in relation to the affairs of the Company;
- (b) the right of the Manager to represent the holder of an AFSL is suspended or cancelled at any time for any reason;
- (c) the Manager commits a fundamental default or breach of its obligations under this Agreement or is in breach of any conditions of the AFSL it represents and such default or breach is not remedied within thirty (30) days after the Company has notified the Manager in writing to remedy that default or breach;
- (d) the Manager enters into liquidation (except voluntary liquidation for the purpose of reconstruction);
- (e) a receiver or receiver and manager is appointed to the whole or part of the undertaking of the Manager;
- (f) the Manager is guilty of any gross default, breach, non-observance or non-performance of any of the terms and conditions contained in this Agreement; or
- (g) the Manager is not lawfully able to continue to provide the Services to the Company pursuant to the terms of this Agreement.

19.2 Termination by Manager

- (a) This Agreement may be terminated immediately by the Manager if at any time during the Term:
 - (i) the Company fails to make payment of the remuneration in accordance with clauses 8 and 9 and the failure continues for twenty one (21) days from the delivery of a written notice by the Manager to the Company requesting payment;
 - (ii) the Company enters into liquidation (except voluntary liquidation for the purpose of reconstruction);
 - (iii) the Company is guilty of any gross default, breach, non-observance or non-performance of any of the terms and conditions contained in this Agreement;
 - (iv) a receiver or receiver and manager is appointed to the whole or part of the undertakings of the Company; or
 - (v) subject to clause 19.2(b), the Manager has given three (3) months written notice to the Company of its intention to terminate.
- (b) The Manager may not terminate this Agreement in accordance with clause 19.2(a)(v) on or before 2 August 2019 (**Initial Period**).

19.3 Termination by Notice

The Company may terminate this Agreement by giving three (3) months written notice to the Manager if at any time after the Initial Period the shareholders of the Company pass an ordinary resolution approving the termination of this Agreement at a general meeting.

20. CONSEQUENCES OF TERMINATION

On termination of this Agreement, however occurring, the Manager will immediately:

- (a) deliver up to the Company all property belonging to the Company or any of its related bodies corporate which is in its or any of its employees or agents possession; and
- (b) destroy all electronically stored information which is the property of the Company and which is not stored on property owned by the Company.

21. ASSIGNMENT

The Manager may assign all right, title and interest in this Agreement to a third party with the prior written consent of the Company which may not be unreasonably withheld or delayed. Consent must not be withheld if the replacement manager holds all authorisations necessary to perform its obligations under this Agreement.

22. SUBCONTRACTING

22.1 Consent to subcontract

The Manager may, with the prior written consent of the Company (such consent to not unreasonably be withheld) and subject to clause 22.2, subcontract any part of the Services.

22.2 No relief

If the Manager does sub-contract, including to a related body corporate, any of its obligations under this Agreement:

- (a) the Manager is not relieved of any of its liabilities or obligations under this Agreement;
- (b) the Manager is liable to the Company for any acts, omissions, default or neglect of any sub-contractor or any employee or agent of the sub contractor as if they were the acts, omission, default or neglect of the Manager or the employees or agents of the Manager; and
- (c) the Manager must ensure that:
 - (i) all sub-contractors have the necessary skills and resources and are otherwise suitable for performing the work they undertake; and
 - (ii) all work performed by any sub-contractor meets the requirements of this Agreement.

23. GST

23.1 Meaning of "GST"

In this clause, GST means the imposition of a goods and services tax, value added tax or other tax of similar nature which becomes law in Australia and is payable in respect of monies paid pursuant to or relating to this Agreement including without limitation the rent, fees, damages, for breach or otherwise or reimbursement of costs.

23.2 Company to pay GST

The Company must pay to the Manager in addition to any other monies payable under this Agreement all GST payable by the Manager under this Agreement (if any). The amount of GST payable as notified by the Manager to the Company will, in the absence of manifest error, be conclusive evidence of the amount of GST payable.

23.3 Manager to provide tax invoice

As soon as practicable after the end of every month, the Manager will send the Company such documentation as may be required by the GST legislation evidencing the amount of GST to be paid by the Manager in respect of such monies.

23.4 Payments exclusive of GST

The Parties expressly agree that the monies payable under this Agreement have been ascertained independently of and do not include a component of GST.

24. NOTICES

24.1 Requirements for Notice

Each notice authorised or required to be given to a Party shall be in writing and may be delivered personally or sent by properly addressed and prepaid mail or facsimile in each case addressed to the Party at its address set out in clause 24.2, or as the case may be to such other address as it may from time to time notify to the other Party pursuant to clause 24.3.

24.2 Address of Parties

The initial address of the Parties shall be as follows:

In the case of the Manager:

Precision Funds Management Pty Ltd

~~Level 18, Alluvion Building~~

~~58 Mounts Bay Road~~

~~PERTH WA 6000~~

~~Facsimile: INT + 618 9321 8288~~

~~1202 Hay Street~~

~~West Perth WA 6005~~

Attention: The Company Secretary

In the case of the Company:

Precision Opportunities Fund Ltd

~~Level 18, Alluvion Building~~

~~58 Mounts Bay Road~~

~~PERTH WA 6000~~

~~Facsimile: INT + 618 9321 8288~~

~~1202 Hay Street~~

~~West Perth WA 6005~~

Attention: The Company Secretary

24.3 Change of Address

Each Party may from time to time change its address by giving notice pursuant to clause 24.1 to the other Party.

24.4 Receipt of Notice

Any notice given pursuant to clause 24.1 will be conclusively deemed to have been received:

- (a) in the case of personal delivery, on the actual day of delivery if delivered prior to 5 pm (Perth time) on a Business Day or on the next following Business Day if delivered after 5 pm (Perth time) on a Business Day or on a day other than a Business Day; or
- (b) if sent by mail, on the third clear Business Day after the day of posting.

25. JOINT DIRECTORS AND EMPLOYEES

Nothing contained in this Agreement shall prevent or be deemed to prevent directors and employees of a Party continuing as directors of the other Party.

26. DISPUTE RESOLUTION

26.1 Notice of dispute

If a dispute arises in connection with this Agreement, a Party to the dispute must give to the other Party to the dispute notice specifying the dispute and requiring its resolution under this clause 26.

26.2 Submission to mediation

If the dispute is not resolved within 7 days after the notice of dispute is given to the other Party (**Notice Period**), the dispute is by this clause submitted to mediation. The mediation must be conducted in Perth. The Resolution Institute Mediation Rules as amended by this clause apply to the mediation, except where they conflict with this clause.

26.3 Appointment of mediator

If the Parties have not agreed upon the mediator and the mediator's remuneration within 7 days after the Notice Period:

- (a) the mediator is the person appointed by; and
- (b) the remuneration of the mediator is the amount or rate determined by,

the National President of the Resolution Institute, acting on the request of either Party to the dispute.

26.4 Referral to the court

If the dispute is not resolved within 28 days after the appointment of the mediator, any Party may then, but not earlier, commence proceedings in any court of competent jurisdiction.

26.5 No prohibition on injunctive relief

This clause 26 does not prevent either Party from obtaining any injunctive, declaratory or other interlocutory relief from a court, which may be urgently required.

27. FURTHER ASSURANCE

Each Party shall sign, execute and do all deeds, acts, documents and things as may reasonably be required by the other Party to effectively carry out and give effect to the terms and intentions of this Agreement.

28. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the law from time to time in the State of Western Australia and the Parties agree to submit to the non-exclusive jurisdiction of the courts of Western Australia and the courts which hear appeals therefrom.

29. VARIATION

No modification or alteration of the terms of this Agreement shall be binding unless made in writing dated subsequent to the date of this Agreement and duly executed by the Parties and in accordance with the requirements of the Listing Rules.

30. COSTS

30.1 Duty

All duty assessed on or in respect of this Agreement shall be paid by the Company.

30.2 Legal Costs

Each Party shall bear their own legal costs of and incidental to the preparation, negotiation and execution of this Agreement.

31. MISCELLANEOUS

31.1 Severance

If any provision of this Agreement is invalid and not enforceable in accordance with its terms, all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid provision, shall be and continue to be valid and forceful in accordance with their terms.

31.2 Entire Agreement

This Agreement shall constitute the sole understanding of the Parties with respect to the subject matter and replaces all other agreements with respect thereto.

31.3 Counterparts

This Agreement may be executed in any number of counterparts (including by way of facsimile) each of which shall be deemed for all purposes to be an original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

31.4 Time

Time shall be of the essence in this Agreement in all respects.

EXECUTED by the Parties as an Agreement.

EXECUTED BY)
Precision Opportunities Fund Ltd in)
accordance with the Corporations Act:)
)

Director

Director/Secretary

EXECUTED BY)
Precision Funds Management Pty Ltd)
ACN 600 471 430)
in accordance with the Corporations Act:)
)

Director

Director/Secretary

ANNEXURE A – MANDATE

MANDATE

FUNDS TO BE MANAGED

The Company will allocate the Portfolio to be managed by the Manager. Any increase or decrease in the Portfolio caused by the Company, such as additional investment from capital raisings or deductions to pay expenses (such as management fees and operating expenses), taxes or dividends will be treated as capital adjustments.

INVESTMENT OBJECTIVES

The Portfolio will be managed to achieve superior returns from investment in predominantly resource related opportunities either listed on the ASX or other recognised stock exchange, generally with a market capitalisation of less than \$1 billion and typically outside the ASX100 or in unlisted companies which have a strategy to seek listing within 12 months of the investment by the Company.

BENCHMARK

The benchmark for assessment of the portfolios performance over six month periods will be the average RBA cash rate over that period expressed as a percentage per annum, divided by 2 to reflect the six month period, plus 1%.

PERMITTED INVESTMENTS

The permitted investments are:

- (a) unlisted and listed Securities;
- (b) rights to subscribe for or convert to Securities (whether or not such rights are tradeable on a securities exchange);
- (c) Securities for the purpose of short selling;
- (d) warrants or options to purchase any investment and warrants or options to sell any investment permitted pursuant to clause 5(a) ;
- (e) discount or purchase of bills of exchange, promissory notes or other negotiable instruments accepted, drawn or endorsed by any bank or by the Commonwealth of Australia, any State or Territory of Australia, or by any corporation of at least an investment grade credit rating granted by a recognised credit rating agency in Australia;
- (f) deposits with any bank;
- (g) debentures, unsecured notes, loan stock, bonds, promissory notes, certificates of deposit, interest bearing accounts, certificates of indebtedness issued by any bank or by the Commonwealth of Australia, any State or Territory of Australia, or any Australian government authority, or, if authorised by its Directors, a corporation of at least an investment grade credit rating granted by a recognised credit rating agency in Australia;
- (h) units or other interest in cash management trusts; and

- (i) any other investment, or investment of a particular kind, approved by the Board in writing.

RISK CONTROL

Performance of the Portfolio will be generated from investment in suitable Securities. However, diversification of holdings will be used to limit the risk where the actual performance of individual stocks does not meet expectations. Risk control features of the Portfolio will include:

- (a) no one stock will represent more than 10% of the total Portfolio Value at the time of acquisition;
- (b) where suitable stocks cannot be identified, the Portfolio may be invested in cash. Whilst unlikely over the medium term, the Portfolio may consist from time to time of significant cash deposits;
- (c) any short positions will not represent more than 20% of the total Portfolio Value;
- (d) no more than 10% of the portfolio will be invested in unlisted securities at the time of investment. These investments are pre initial public offering and will be typically near to listing or exit (within 12 months as a maximum); and
- (e) investing in short term trading opportunities that are momentum and sentiment driven in companies with acceptable levels of liquidity.

Any breach of these risk control measures will be reported to the Company by the Manager and the Company will determine the appropriate action to remedy the breach.