

Return	NTA cps Jan 2022	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (%)	Since Inception (%)
Precision Opportunities Fund Ltd <sup>1</sup>	36.61	-7.6	1.0	10.1	31.3	58.4	83.1
Benchmark <sup>2</sup>	-	0.2	0.5	1.4	2.2	4.4	16.7
Outperformance	-	-7.8	0.5	8.7	29.1	54.0	66.4

### Overview

The portfolio returned -7.6% for the month, giving back most of gains of the preceding two months. This was a disappointing outcome and despite a relatively high cash position of 19%, the volatility and general sell off, especially in some of our larger holdings contributed to this result. The ASX Small Ordinaries Accumulation Index and Small Resources Index both fell 9% and 6% respectively for the Q with the Small Resources peak to trough at -11% for the month. Global volatility returned with a number of factors coming for a bout of risk off selling. These included: likely US Fed interest rate rises, growing political tensions between Russia/Ukraine and higher than expected inflation numbers in both the US and Australia. Commodities generally held up reasonably well during this period with Nickel making new 10yrs highs and Copper steady at US\$4.40/lb. Gold dropped below US\$1,800/oz with the stronger USD but Lithium prices continued to make new highs with Pilbara Minerals talking about SC6 prices of US\$2,600-3,000/t in the March Q. This compares to <US\$500/t only 18 months ago. Uranium prices were subdued with SPUT relatively inactive in the month and awaiting the NYSE listing of its fund which we expect will create further upwards price pressure as it looks to stack more uranium pounds.

Our top performer for the month was Austin Engineering Ltd ('ANG') which added 16% after it announced it expects to almost double 1<sup>st</sup> H FY'22 EBITDA vs 1<sup>st</sup> H FY'21 EBITDA. Revenue is skewed to the 2<sup>nd</sup> H and the full benefit of the cost savings could see EBITDA approach ~\$20m in the 2<sup>nd</sup> H FY'22. Design automation and margin improvements in the US and South American businesses are all future catalysts. We see potential for multiple earnings upgrades over the next 18-24 months.

Recent IPO Widgie Nickel Ltd ('WIN') added 21% for the month after announcing Diamond Drilling has commenced after completing 10km of RC pre collars. WIN has a Nickel inventory of 163kt of Ni @ 1.6% Ni and is located only 45km from the Kambalda Nickel Concentrator. It has cash of \$20m and plans to drill aggressively over the next 12-18 months with the aim of making a decision to mine by end of CY'23.

Red Dirt Metals Ltd ('RDT') added 5% for the month. It has now completed 13.1km of RC drilling as part of its initial 25km drill program. Further assay results are due in the Mar'Q and the company aims to complete a maiden resource in the 2<sup>nd</sup> H CY'22. Historical high grade results of 21.7m @ 2.11% Li<sub>2</sub>O demonstrate the potential to define a potentially economically viable project.

Develop Global Ltd ('DVP'), our largest holding, gave back what it made in December, falling by 25%. There was nothing stock specific and we suspect some profit taking on light volume during the quiet January period combined with the general market volatility.

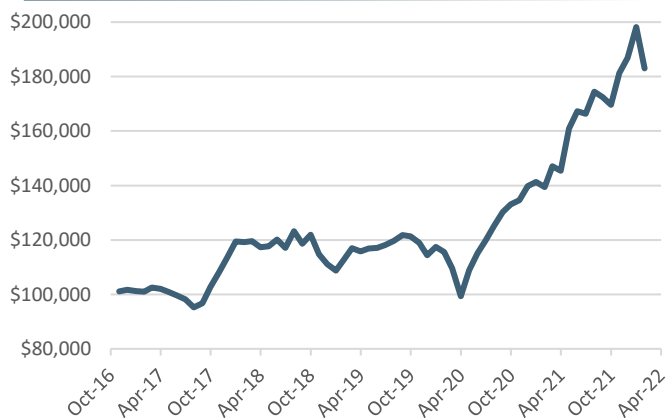
Firefinch Ltd ('FFX') fell 26% after the Mali military government postponed elections for up to five years, despite promising to hold a vote by February 2021 and subsequent sanctions from the ECOWAS, the Economic Community of West African States. Despite this fall, the fund is still up >2x on its original investment and we continue to hold for exposure to the Leo Lithium spin out in the March 'Q.

West African Resources Ltd ('WAF') also fell 16% for the month. After an outstanding record production result of 87koz @ AISC of US\$721/oz which generated free cash of \$96m and exceeded the top end of CY'21 guidance, a military coup in late Jan resulted in an immediate 20% fall in the price. Operations are continuing as normal, and we expect stability to return in due course. The growth prospects and free cash generation are sector leading and we believe the stock has potential to add >50% from here.

### Portfolio Performance

Top 3 Contributors		Bottom 3 Detractors	
Company	Sector	Company	Sector
Austin Engineering	Mining Services	Develop Global	Copper
Widgie Nickel	Nickel	Firefinch	Lithium
Red Dirt Metals	Lithium	West African Res	Gold

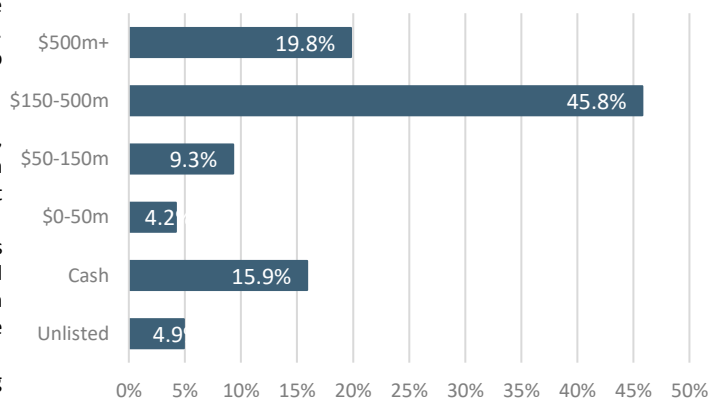
### Growth of \$100,000 Since Inception



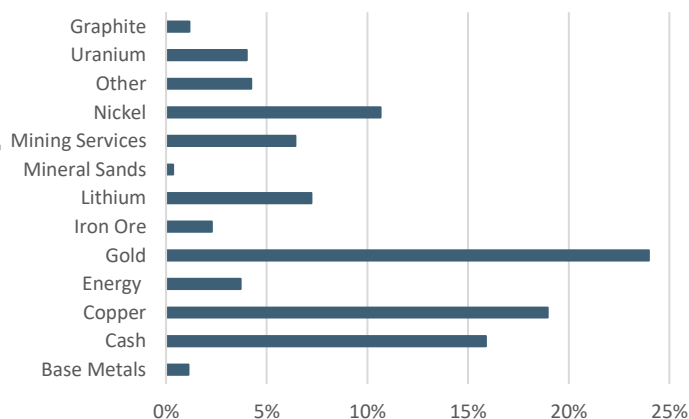
### Top 5 Portfolio Holdings

Company	Sector	Portfolio %
Develop Global Ltd	Copper	14.2
OreCorp Ltd	Gold	6.2
Capricorn Metals Ltd	Gold	6.0
Centaurus Metals Ltd	Nickel	4.9
Mincor Resources NL	Nickel	4.6

### Market Capitalisation Exposure



### Portfolio Composition



<sup>1</sup> Returns after fees and taxes

<sup>2</sup> The Benchmark being the average 90 day bill plus 2% (annually)