

**COMPANY INFORMATION**

Last NTA (31-08-17)	\$0.1936
Shares on issue	122,434,413
Total Net Assets	\$23,697,734

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

The investment focus of POF is predominantly in the small-mid cap 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.

For more information please refer to our website

[www.precisionfm.com.au](http://www.precisionfm.com.au)

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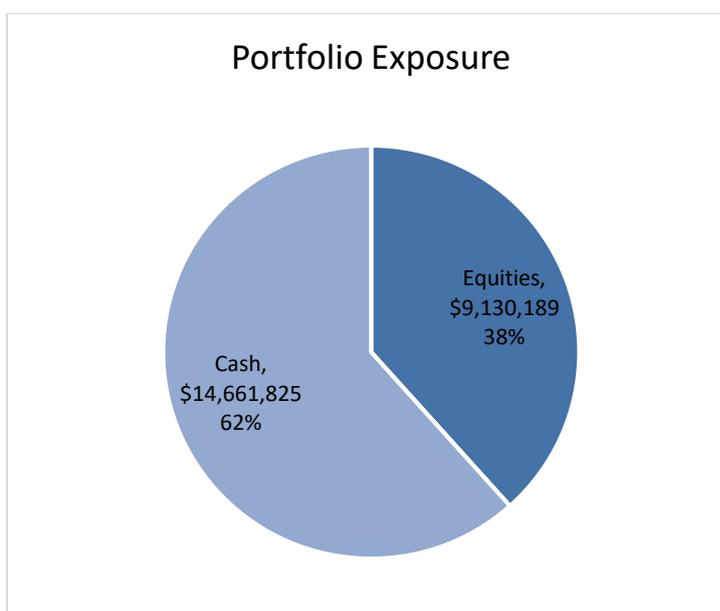
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**Net Tangible Assets**

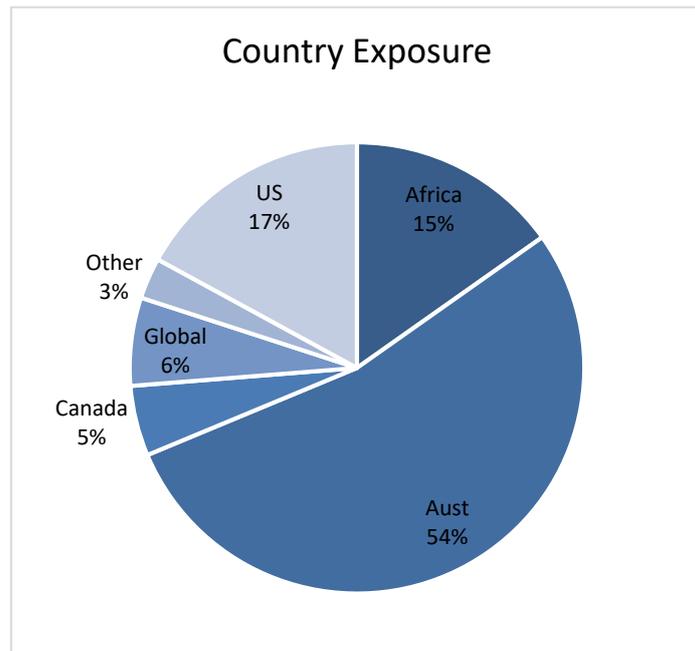
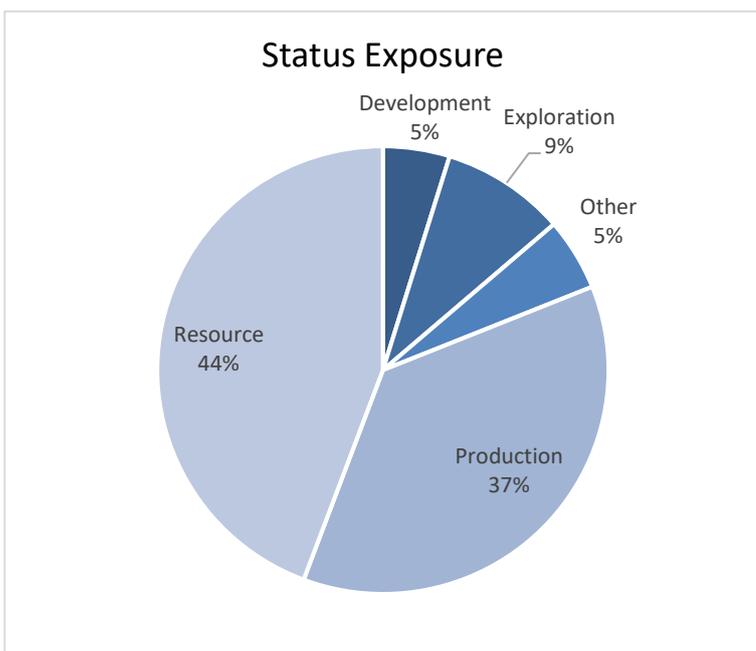
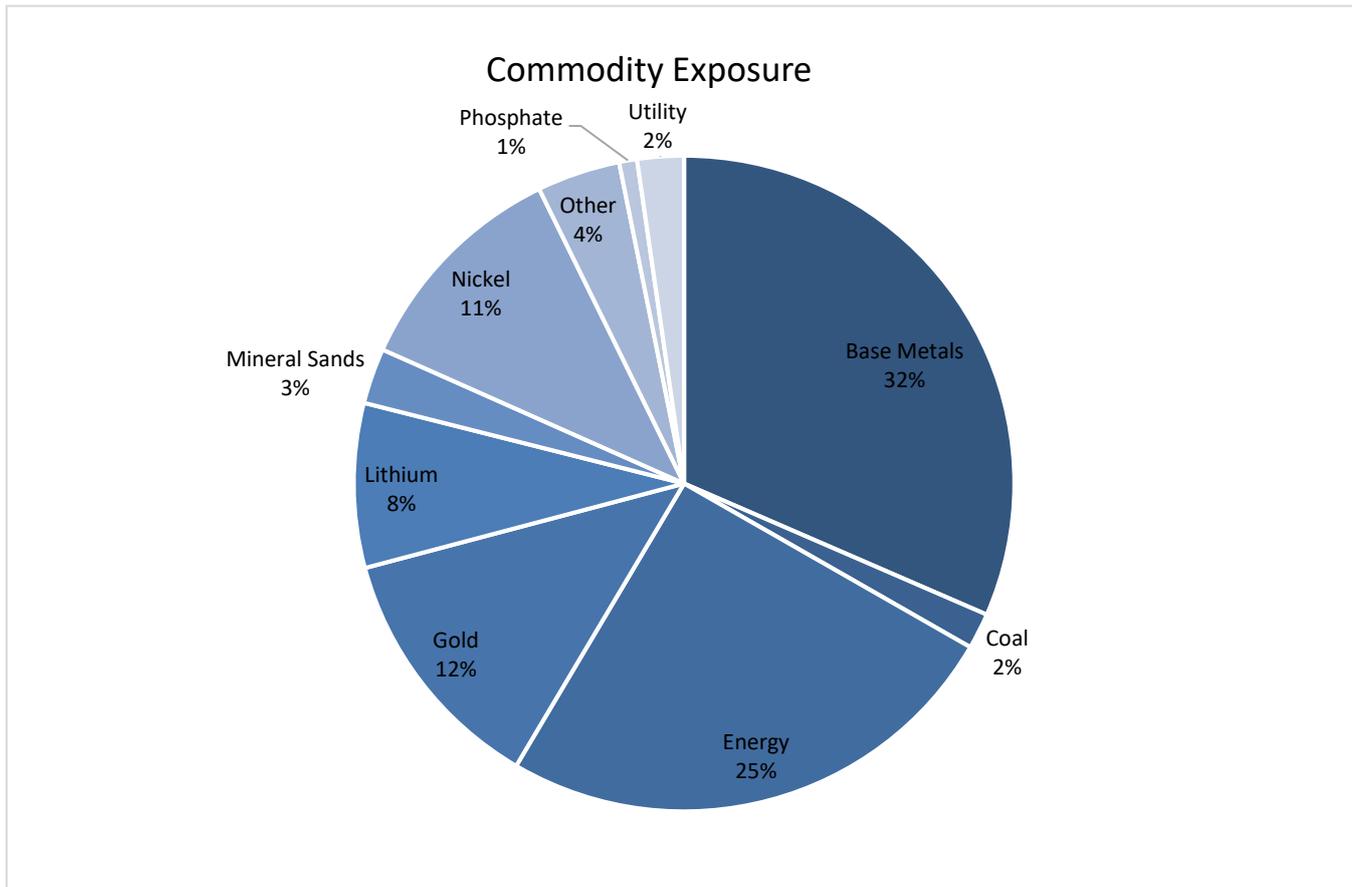
Cents	July 2017	August 2017
NTA per share	18.63c	19.36c

Net tangible assets of the company include allowance for tax assets and liabilities that may rise from both realised and unrealised gains and/or losses.

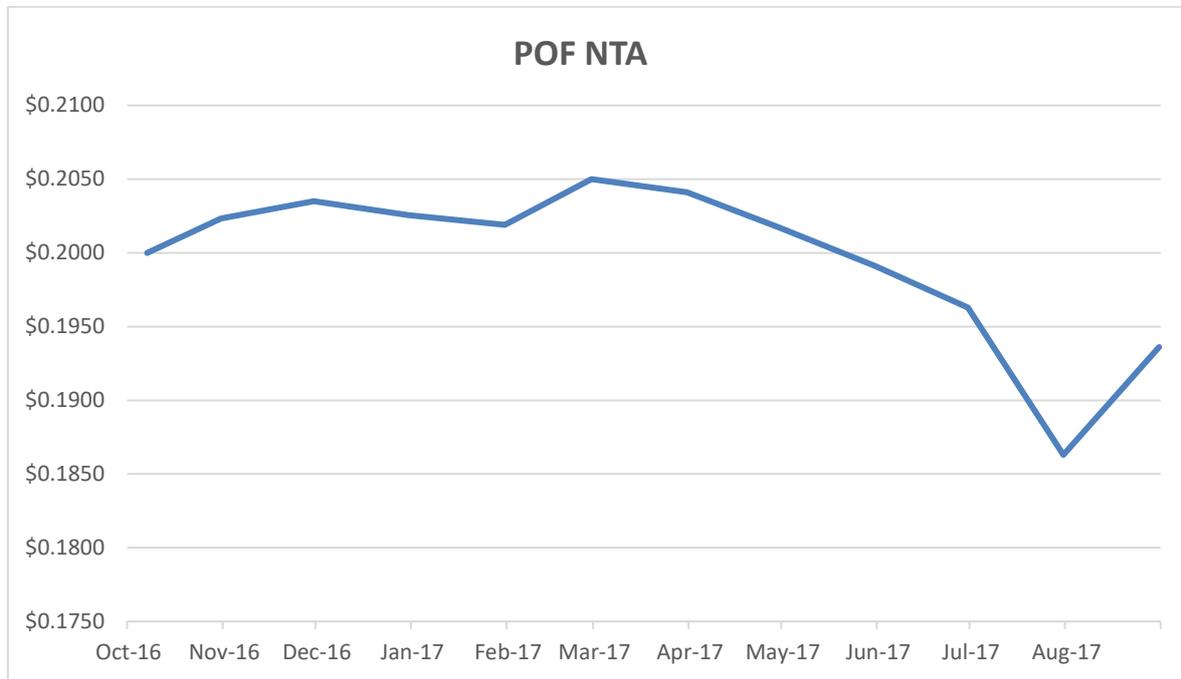
**Portfolio Holdings****Portfolio Exposure****Portfolio holdings by top market value**

CASH	61.6%
VENTUREX RESOURCES LTD	8.3%
AUSTRALIS OIL & GAS LTD	5.8%
INDEPENDENCE GROUP NL	4.2%
ORECORP LIMITED	2.6%
WOODSIDE PETROLEUM LTD	2.4%
ORION MINERALS NL FPO	1.9%
GALAXY RESOURCES LIMITED FPO	1.6%
CAPRICORN METALS LTD FPO	1.5%
TAWANA RESOURCES NL FPO	1.2%
KALBAR RESOURCES LTD	1.1%
OTHER	7.7%
<b>TOTAL</b>	<b>100%</b>

Based on Fund valuation as at 31<sup>st</sup> August 2017



Portfolio Performance



Commodities Commentary



As evidenced by the chart above the small resources index has rebounded cautiously which has coincided with a significant rebound in metal prices across the board. In the last quarter, we have seen the respective prices of zinc, copper and nickel escalate in excess of 10%.

Us dollar weakness and North Korea missile testing has seen the “safe haven” gold price rise above \$US1,300/oz. This has injected some much needed confidence back into the junior resources sector and hence money being raised to invest into the ground.

The push towards electric vehicles has seen demand for the corresponding raw materials continue to be in the spotlight. Lithium and cobalt are leading the charge with the traditional metals also participating in this momentum. We are seeing new lithium supply come on stream but there appears to be a two-year runway before this balances out current demand growth.

The oil price continues to be restrained by high inventory levels despite the OPEC supply cuts. In the current environment, an oil price spike above \$US50 per barrel is met by an increased rig count and onshore shale production in the US. Although the market continues to soak up this additional supply we are still yet to see this at normalised levels required to see a sustained increase in the oil price. Further extensions of the OPEC cuts and participation by the non-OPEC producers will be crucial to underpinning a sustained recovery in the oil price.

The emergence of the electric vehicle market has also weighed on sentiment for the oil price.

We continue to see optimism for the outlook for the resources sector with Chinese demand still having a significant impact on the outlook for commodities.

The Chinese economy continues to go through a transition of capital expenditure to operational expenditure while maintaining a level of GDP growth to underpin commodity prices.

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## OreCorp Ltd

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The funds' performance was adversely impacted following proposed unforeseen radical changes in Tanzanian mining legislation being rushed through parliament, consisting in short of:

- The government taking not less than 16% free carried interest in all mining licenses;
- The government being entitled to acquire an additional 34% of the shares of a mining company commensurate with total tax expenditures incurred by the government in favour of the mining company and;
- The royalty rate being increased from 4% to 6% (plus a 1% clearing fee on mineral exports).

As you may be aware we hold a core position in OreCorp Ltd (ORR) backed by a management team that have successfully operated in Tanzania for in excess of 20 years.

OreCorp has an earn in and joint venture agreement with Acacia Mining to earn up to 51% of the Tanzanian based Nyanzaga Gold Project which hosts a JORC resource of in excess 3m ounces at a grade of 3.48 g/t.

Tanzania has previously been considered and promoted itself as one of the more stable jurisdictions in Africa as evidenced by the multitude of global major mining companies and foreign investment that has followed.

Mining & Energy are significant contributors to Tanzania's economy and it's envisaged the implemented legislative changes will have a major detrimental impact with many suggesting there will have to be a compromise to enable investment to continue.

OreCorp (ORR) is in a fortunate position of having a strong cash balance of \$20m and an exceptional management team to exploit existing and new opportunities and as such we will continue to support the company and its endeavours.

We will keep you informed on the progress as negotiations continue with the government and please do not hesitate to contact us should you wish to discuss further.

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## Who's shaking the tin?

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**AVZ Minerals Ltd (AVZ)** - DRC cobalt hopeful AVZ Minerals have secured \$15m of funding largely cornerstoned by a \$13m contribution from Huayou International Mining (HongKong) Ltd for an 11% interest in AVZ. The funds will be primarily used for the planning and initial metallurgical test work programs at the Manono project in the south of Democratic Republic of Congo (DRC).

**NRW Holdings Ltd (NRW)** – NRW placed 36.8m shares at \$0.68 per share to raise \$25m towards the acquisition of Golding Group Pty Ltd ("Golding"). Golding is a leading civil infrastructure, urban and mining services company operating in Queensland and NSW. The acquisition delivers on NRW's strategy to expand presence and service offerings into adjacent and complementary sectors with Tier 1 client base. The \$85m acquisition will be funded via new debt facilities (\$48m debt facility) along with the Placement and existing cash reserves. The Company is also conducting a share purchase plan (SPP) at the Placement price for eligible shareholders.

**Breaker Resources (BRB)** – Tom Sanders lead Breaker Resources raised \$10m via a 70 cent Placement. The Company will also be conducting a Share Purchase Plan (SPP) to eligible shareholders at the issue price to raise up to a further \$1.5m. Funds raised through the Placement and SPP will be used to advance an aggressive drilling campaign currently comprising three reverse circulation and one diamond drill rig at the Company's Lake Roe Gold Project, where a maiden JORC Resource is targeted by the end of 2017.

**Cooper Energy Limited (COE)** - Cooper Energy have announced a \$400m finance package for the Sole Gas Project in Victoria. The finance package comprised a 2 for 5 pro-rata Entitlement Offer at an issue price of \$0.295 per share. The Institutional component of the Entitlement Offer has been completed and raised \$97.9m. The Retail component of the Entitlement Offer is fully underwritten and will raise approximately \$37m, the Retail offer is expected to close on the 19th September 2017. The finance package also included a fully underwritten \$250m senior secured bank debt facility and a \$15m working capital facility, enabling declaration of Final Investment Decision (FID) for the project.

**Ausdrill Limited (ASL)** - ASL used its recent share price re-rating to press the button on a \$100m Placement to Australian and international institutional and sophisticated investors at an issue price of \$2.14 per share. Proceeds of the Placement will provide balance sheet strength and flexibility to fund future growth opportunities, particularly in Africa.

## Stock in the Spotlight

### Tawana Resources (TAW)

One of the next emerging producers in the lithium space is Tawana Resources Ltd.

The company has commenced construction of a \$30m, 1.2mtpa separation plant at its 50% owned Bald Hill Lithium and Tantalum Mine.

Tawana is on track to deliver its first lithium concentrate in the first quarter of 2018.

They declared a maiden resource of 12.8 million tonnes @ 1.18% Li<sub>2</sub>O and 158ppm Tantalum.

TAW has explored less than 1% of its 790km<sup>2</sup> land holding and has had significant exploration success following the declaration of the resource.

The Pre-Feasibility Study highlighted an IRR of 185% and EBITDA of \$83m from initial production of 155,000tpa of spodumene concentrate and 260,000 pounds of tantalum resulting in a 12 month recovery of capital.

The company has executed a 5 year offtake agreement at a 2 year fixed price of US\$880/tonne (FOB Esperance) for 6% grade lithium concentrate and have also secured a pre-payment of \$A25m.

<b>Capital Structure</b>	
Issued Shares	442.1m
Market Capitalisation	\$95m
Cash (30 June 2017)	\$11.2m
<b>Board</b>	
Non – Executive Chairman	Robert Benussi
CEO / Managing Director	Mark Calderwood
Non-Executive Director	Mark Turner
CFO / Executive Director & Co Sec	Michael Naylor
Non-Executive Director	Bob Vassie
<b>Key Shareholders*</b>	
Merriwee Pty Ltd	10.51%
Corporate & Resource Consultants	6.55%
Chalmsbury INominees	6.30%
Australian Institutions	35.70%
Directors	6.30%
Top 20	64.73%
<small>*IRESS 2 Aug 2017</small>	