PRECISION OPPORTUNITIES FUND

JULY 2017 UPDATE

COMPANY INFORMATION

Last NTA (30-06-17)	$0.1963
Shares on issue	122,434,413
Total Net Assets	$24,033,372.86

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

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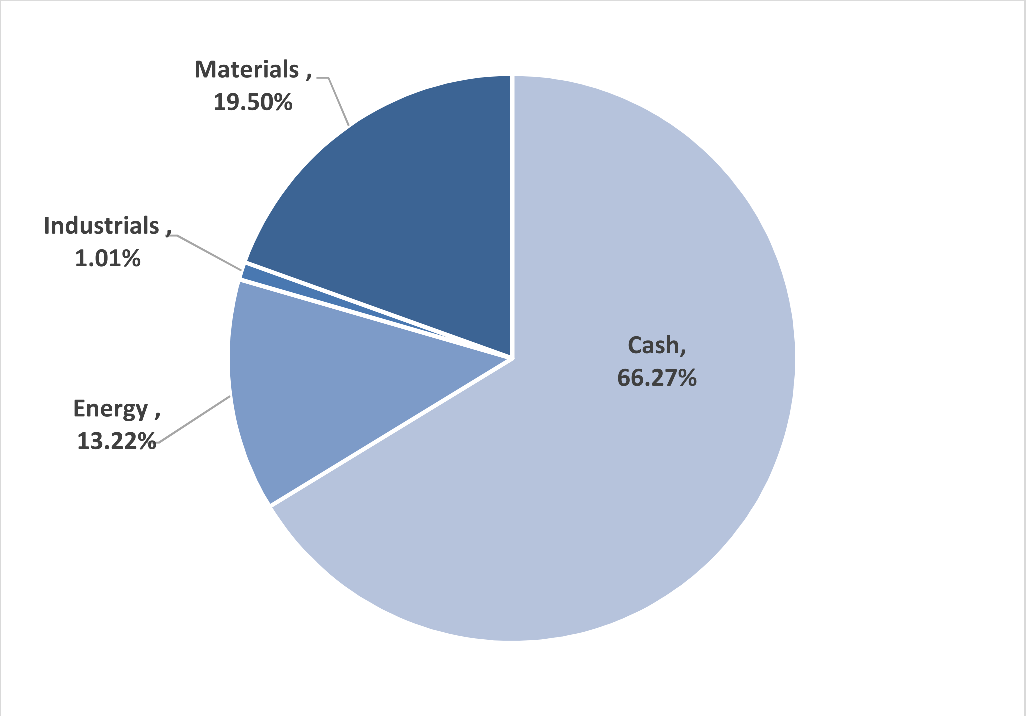
Net Tangible Assets

Cents	May 2017	June 2017
NTA per share	19.91c	19.63c

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.

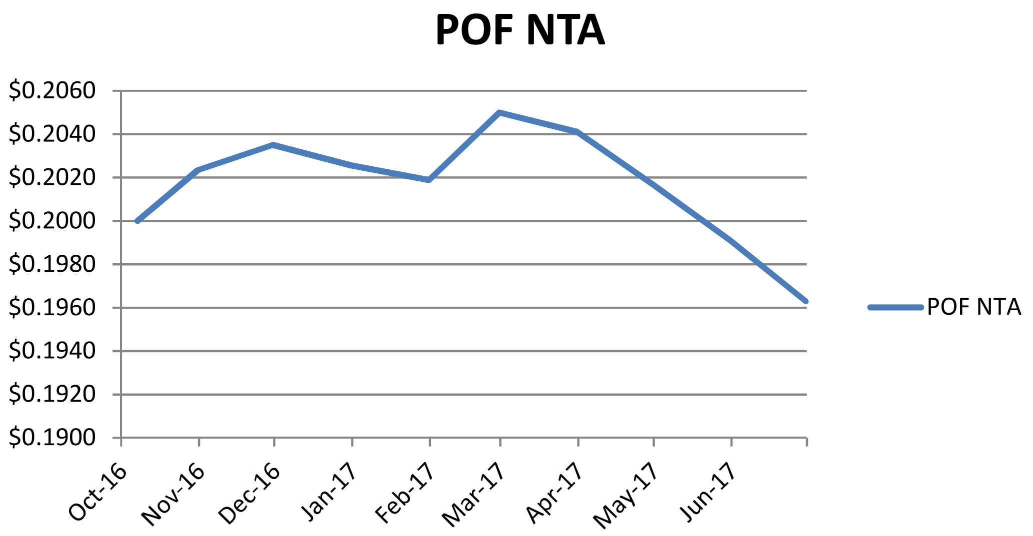
Portfolio Holdings



Cash	66.3%
Australis Oil & Gas	7.7%
Orecorp Ltd	4.9%
Independence Group	3.3%
Orion Minerals	2.1%
Woodside Petroleum Ltd	1.9%
Venturex Resources Ltd	1.8%
Capricorn Metals Ltd	1.5%
Tox Free Solutions Ltd	1.0%
Other	9.5%
TOTAL	**100%**

Based on Fund valuation as at 30th June 2017

Portfolio Performance



Market Performance

US markets consolidated during June as the top performing technology sector undertook some long overdue profit taking. Given the large index weightings to the technology companies, this caused the entire US market to record flat performance for the month. Our ASX market was also flat for the period, as weak commodity prices and heavy tax loss selling weighed on market performance.

Market Outlook & Investment Themes

The much hyped 'Trump Rally' now looks to have exhausted itself, with the promised tax cuts, deregulation, and infrastructure spending all being delayed until 2018 at best. Thus the old pre-trump market conditions have returned of soft commodity prices and a slow grind higher in stock markets. However, from a longer-term perspective, there are still many reasons to remain optimistic about equity market performance in the years to come.

First, global corporate earnings are continuing to grow at a respectable pace - which will continue to underpin the annual growth of their stock market. US profits are up 14% year on year, and Australian profits are on track for a 20% rise.

Secondly, market valuations whilst currently can be considered expensive at 18x earnings, they are nowhere near the excessive bull market levels experienced during market tops – thus there is still room to the upside.

Thirdly, global monetary conditions continue to remain supportive with the Central Banks continuing to run low interest rate policy environments. Whilst the US has started to tighten its policy stance, the rate hikes are only gradual and thus unlikely to bring an abrupt end to the current economic cycle.

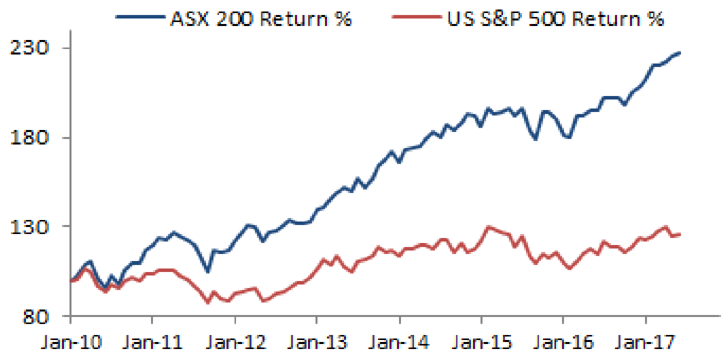
Finally, global economic conditions are continuing to show positive signs of growth. Since the 2009 GFC most major economies were recovering at different speeds and times, however we are now starting to see a synchronising across the US, Chinese, Japanese, and European economies.

With these events continuing to playout, we see the current market thematics (Developed market outperformance, Low domestic interest rates) continuing to remain the driver of our markets.

Investment Themes

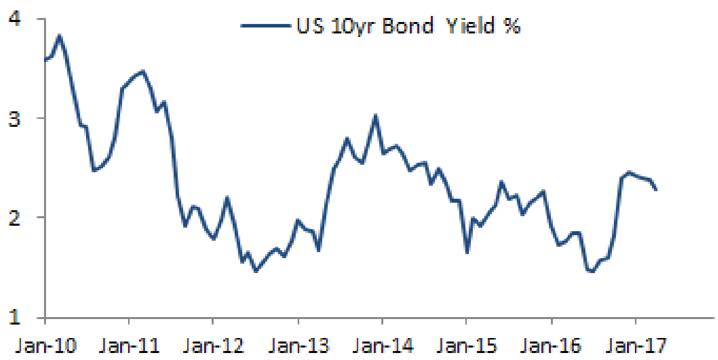
Theme 1: Developed Market Recovery

- The US economy continues to lead the world in terms of the pace of its economic recovery, outperforming both Europe and Asian economies.
- Thus the US stock market is comprised of some of the best positioned growth companies globally with favourable exposure to the Technology and Consumer sectors.



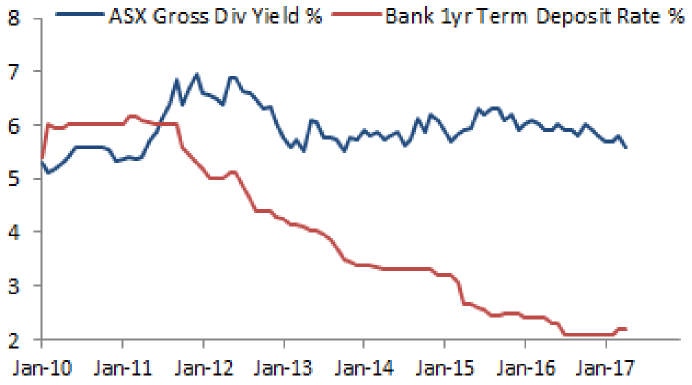
Theme 2: Rising Interest Rates

- The US Federal Reserve has commenced the normalisation of its monetary policy and will look to gradually raise interest rates throughout 2017-18.
- Furthermore, the proposed Trump infrastructure spending program will be financed via the issuance of US government bonds which can potentially lift yields back towards the 3%-5% range.



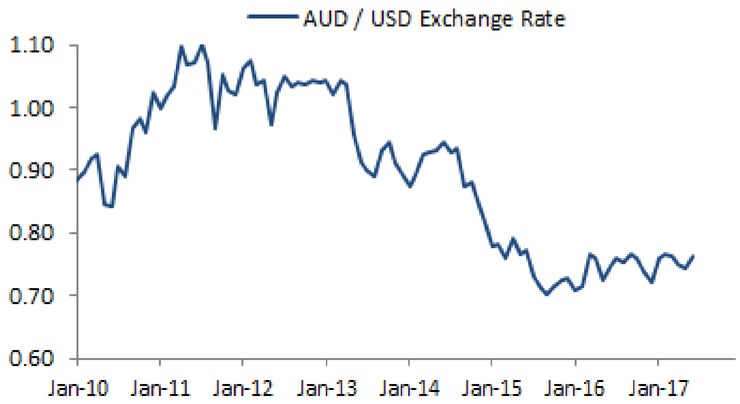
Theme 3: Domestic Low Interest Rates

- Central Banks across the globe have lowered interest rates in an effort to stimulate economic activity. Returns on bank deposits are close to zero % and even negative in some European countries.
- Australia also remains at risk of further rate cuts throughout 2016 as the RBA tries to combat the weak inflation outlook.



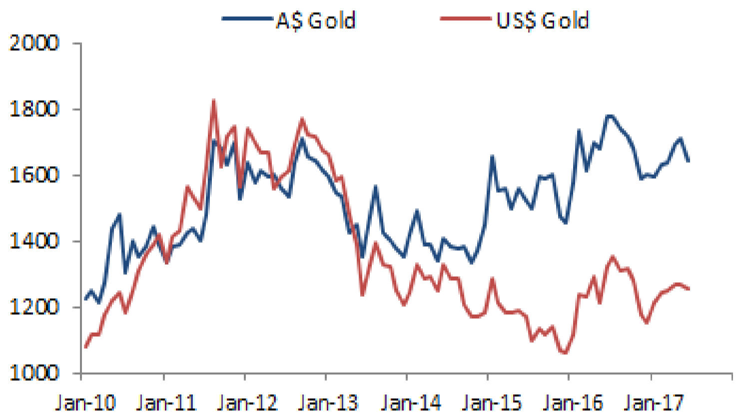
Theme 4: Low Australian Dollar

- Developed markets such as the United States are continuing to recover at a greater pace than Australia thus are experiencing a recovery in their currency.
- Domestic companies who derive income in US Dollars experience stronger earnings growth as funds are repatriated back to the falling Australian Dollar.



Theme 5: A$ Gold Commodity Price

- The USD gold price has remained well supported from ongoing geopolitical uncertainty as well as the prospect of increased inflation as the global recovery continues.
- When converted back to A$ the commodity is in a clear bull-market and trading near all-time highs. Current prices are helping gold mining companies generate significant profit margins.



Whos shaking the tin?

Calidus Resources (CAI) – Calidus successfully raised $7.875m at 2 cents via IPO. Calidus have commenced a 10,000m drill program in an effort to expand their existing 400,000oz resource at the Warrawoona Gold project located 25km south east of Marble Bar.

Zenith Energy (ZEN) - Zenith successfully listed on the ASX raising $25m at 50 cents. Zenith provides remote power solutions to major mining companies domestically and internationally.

Tawana Resources (TAW) - Tawana placed 60m shares at 25 cents raising $15m while simultaneously signing a binding five year offtake for its lithium concentrate at Bald Hill. The agreement also includes a prepayment of $25m to progress towards commissioning in late 2017.

Paringa Resources (PNL) - PNL raised $53m at 52 cents to construct its Poplar Grove coal mine where it plans to produce 606mtpa from its Illinois Basin operations. The company has secured at fixed US$205m sales contract for delivery of 4.75million tonnes of coal.

Heron Resources (HRR) – Herron are raising an overall package of $240m to fund development of its Woodlawn Zinc-Copper project in NSW. The equity component consists of $140m which is being cornerstoned by three Private Equity Funds being Greenstone Resources, Castlelake LP and Orion Mine Finance.

Stocks in the Spotlight

Galaxy Resources (GXY)

With the electric vehicle revolution gathering momentum Galaxy is now delivering shipments of lithium concentrate from its Mt Catlin operation near Ravensthorpe.

A recent presentation from Glencore's Iavn Glasenburg highlighted the revolution will *"require a significant change in materials flow of the global economy, including the installation/rebuild/ replacement of supporting electronic vehicle (EV) infrastructure".*

The main four metals required are copper, cobalt, nickel and lithium.

He further added that by 2035, 95% of vehicle sales will be EV's creating demand for 20m tonnes of copper, 1.8m tonnes of nickel and 679,000 tonnes of cobalt.

Capital Structure	
Issued Shares	395m
Market Capitalisation	$845m
Cash (31 Dec 2016)	$40m
Board	
Chairman	Martin Rowley
Managing Director	Anthony Tse
Non-Executive Director	John Turner
Non-Executive Director	Xi Xi
Non-Executive Director	Jian-Nan Zhang
Non-Executive Director	Peter Bacchus
Key Shareholders*	
Paradice Investment Mgmt	3.35%
Acorn Capital Ltd	3.07%
*IRESS as at 31 March 2017	

To put these numbers into perspective the current global mine supply of copper is 20m tonnes, nickel 2m tonnes and cobalt 97,000 tonnes!

The improved pricing environment for lithium has seen GXY achieve a price of US$830 per tonne for 5.5% grade lithium concentrate rising to US$930 per tonne for higher grade material. GXY is contracted to deliver 120,000 dry metric tonnes into this pricing environment for 2017.

GXY is focussed on ramping up production to meet this guidance while targeting an extensive exploration program to further enhance the current mine life.

The company has two other undeveloped lithium projects:

- Sal De Vida – lithium and potash brine project in Argentina with a recently revised DFS highlighting an estimated NPV 8 of US$1.4billion
- James Bay – Lithium pegmatite project in Quebec Canada with a resource base of 22.2mt 1.28% lithium. A detailed DFS is soon to be underway on the project.