



AFM PERSEUS
FUND LIMITED
ACN 087 023 612

Investor Update

Quarterly Update
for period ending 30 June 2016

Quarter Highlights

- Fund performance improves from the March Quarter
- Cradle Resources kicking goals and continues to improve in value

Key Performance Statistics

	30 June 2016	31 March 2016	31 December 2015
NTA after tax	\$1,946,569	\$1,896,015	\$1,906,125
NTA after tax per Share	\$0.4043	\$0.3938	\$0.3959
Percentage Gain/(Loss)	2.7%	(0.5%)	1.7%
Small Resources Index	27.9%	16.7%	7.2%

Portfolio Performance

AFM Perseus Fund Limited (“the Fund”) experienced a 2.7% increase in the Net Tangible Asset (“NTA”) for the quarter, against the S&P ASX Small Resources Index which had an improvement of 27.9%.

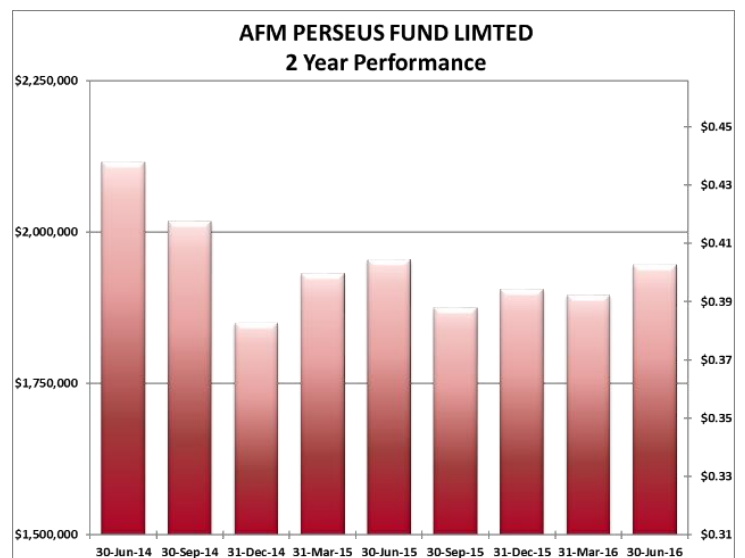
The NTA value of the portfolio improved to \$1.946 million and the value per share at the end of the quarter was \$0.4043, after all allowances for fees and taxes.

The Cradle Resources investment is again the top performing stock in the Fund’s portfolio. The company released a number of announcements during the period including the results of its Definitive Feasibility Study, updated its Ore Reserves for Panda Hill, Board changes and a capital raising to ensure it has sufficient funding to meet likely working capital requirements until the Panda Hill Project secures expected debt and equity funding and a decision to mine.

MZI Resources achieved good progress on both operational and corporate fronts with record quarterly product sales of 19,020 tonnes, record sales revenue of \$11.4 million, maiden L88 cargo exported in June 2016, major leucoxene customer request for significant increase in offtake for the remainder of 2016 (reversing a previous request for lower volumes), and

the restructure of the company’s senior debt facilities providing greater flexibility and access to surplus cashflow.

Acacia Coal continues to implement administrative and organisational changes to reduce its costs whilst exploring alternative opportunities to deliver value for shareholders.



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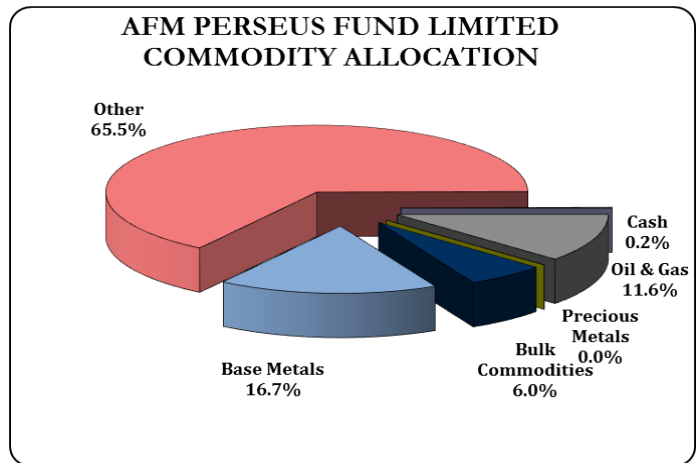
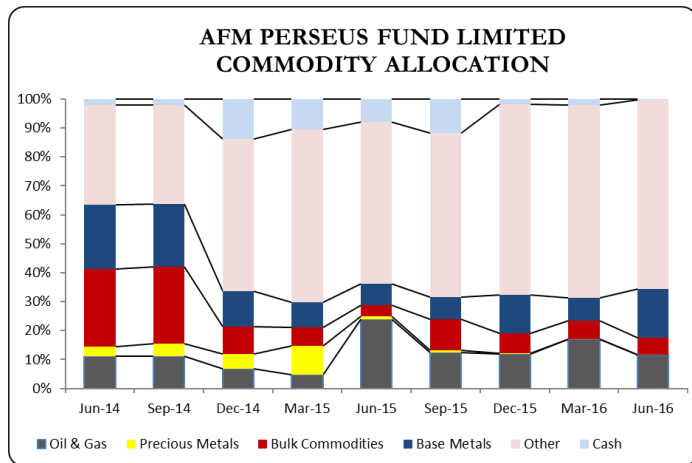


Venturex announced a \$5.1m capital raising in July at 0.6c per share (plus options). Funds raised will be used to aggressively progress the Company’s two advanced copper-zinc projects in the Pilbara region including extensional drilling of the Mons Capri deposit at Whim Creek and optimisation studies at Sulphur Springs.

Whilst Kinetiko Energy remains in a voluntary suspension the company is optimistic of a positive outcome on the

finalisation of a funding proposal from the Industrial Development Corporation of South Africa, which is taking longer than expected.

The geographic spread of the fund’s investments changed during the period to 49% in each of Australia and Africa respectively. The Fund held securities in 8 companies at quarter end, with a market value of \$1,085,637 (an increase of \$104,226 from the previous quarter).



Commentary

The RBA official cash rate was 1.75% at quarter end, down from 2% previously and the Australian dollar (AUD) closed at US74.47 cents.

The ASX continued to rally in Q2 2016 as investors see Australia as a relative safe haven. The Coalition won the Australian election with a majority. Brexit surprised with the UK voting to leave the European union which caused a short term shock to equity markets yet they recovered, to see most trading near year highs. Gold has continued to benefit for social and economic worries. After consolidating around US\$1250 in April, the price rose on Brexit to end the quarter at US\$1320. Australian gold stocks have continued an amazing performance this year with the ASX All Ordinaries Gold Index rising 40% during the quarter, despite a slowly improving US economy and a higher USD.

Investor Information

The Manager continues to review alternative investment opportunities and other options for the fund however needs to be realistic in terms of what is achievable given the fund’s micro size, current holdings and the prevailing environment i.e. limited flexibility available. As previously indicated we will endeavor to facilitate a liquidity event when circumstances allow, provided it does not disadvantage shareholders who remain within the Fund.

The Board reiterates that the AFM Perseus Fund is an **unlisted** fund and as such, there is no market in which to buy or sell shares in the Fund. An investment in the Fund is an illiquid investment and should be considered long term in nature. Any enquiries from investors wishing to buy or sell shares in the Fund should be directed to the Manager.

NOTES

- Please note that past performance is not necessarily a guide to future performance.
- The financial product advice contained in this quarterly update document is general advice only. This report has been prepared without any consideration of any specific investment objectives, financial situation or needs. Before acting on any advice provided in this document, you should carefully consider the appropriateness of this general advice in light of your financial circumstances and speak with your advisor before making a decision. AFM Zeus Pty Ltd is a corporate representative of Argonaut Funds Management Pty Ltd, who is the holder of Australian Financial Services License 224815.

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