



**AFM PERSEUS**  
FUND LIMITED  
ACN 087 023 612

# Investor Update

Quarterly Update  
for period ending 30 September 2016

## Quarter Highlights

- Fund increased 10.5% from the June Quarter by \$323,944
- Improvement on the MZI Resources, Venturex and Acacia Coal positions

## Key Performance Statistics

	30 September 2016	30 June 2016	31 March 2016
NTA after tax	\$2,151,673	\$1,946,569	\$1,896,015
NTA after tax per Share	\$0.4469	\$0.4043	\$0.3938
Percentage Gain/(Loss)	10.5%	2.7%	(0.5%)
Small Resources Index	7.6%	27.9%	16.7%

## Portfolio Performance

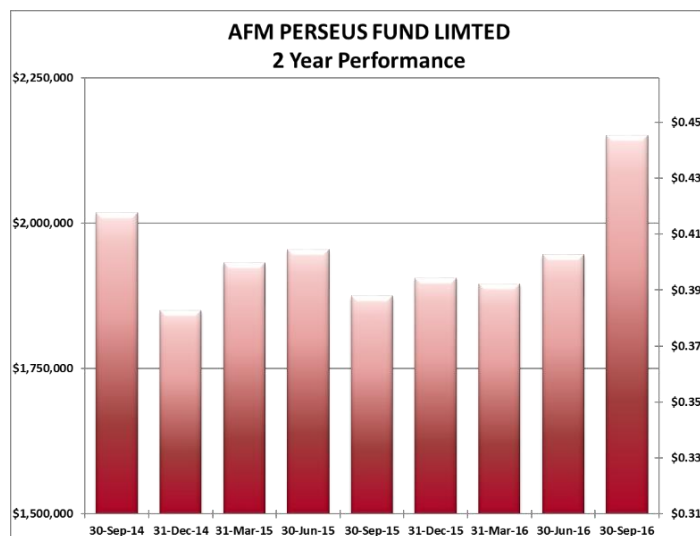
AFM Perseus Fund Limited (“the Fund”) experienced a 10.5% increase in the Net Tangible Asset (“NTA”) for the quarter, against the S&P ASX Small Resources Index which had an improvement of 7.6%.

The NTA value of the portfolio improved to \$2.152 million and the value per share at the end of the quarter was \$0.4469, after all allowances for fees and taxes.

MZI Resources operational performance improved during the quarter due to an increase in sales volume to a major customer of their leucoxene product. Rod Baxter replaced Mal Randall as Chairman. The Keysbrook operation moved to positive cashflow in the September quarter with land access and approvals being progressed.

Venturex undertook a \$5.1m capital raising in August and announced completion of its first round of drilling at its 100% owned Whim Creek Zinc-Copper project which identified zones of potential mineralisation.

Acacia Coal announced, subsequent to quarter end, a \$2 million capital raising and the acquisition of a 74% interest in the Riversdale Anthracite Colliery from Rio Tinto.



Cradle Resources announced Ian Middlemas stepped up to Chairman of the Board and Craig Burton transitioned to a Non-Executive Director. Front End Engineering Design activities for Panda Hill started with key areas identified during the Feasibility Study well advanced. The opportunity to reduce upfront capital costs were identified in relation to the tailings storage facility and haul road development. Off-take negotiations are ongoing and debt financing underway.

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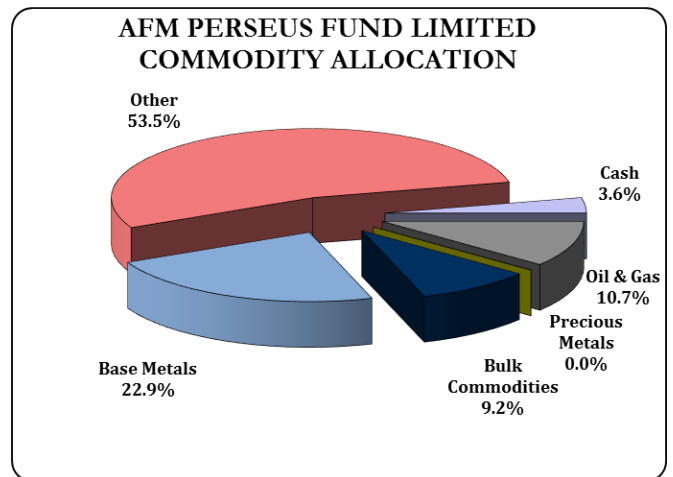
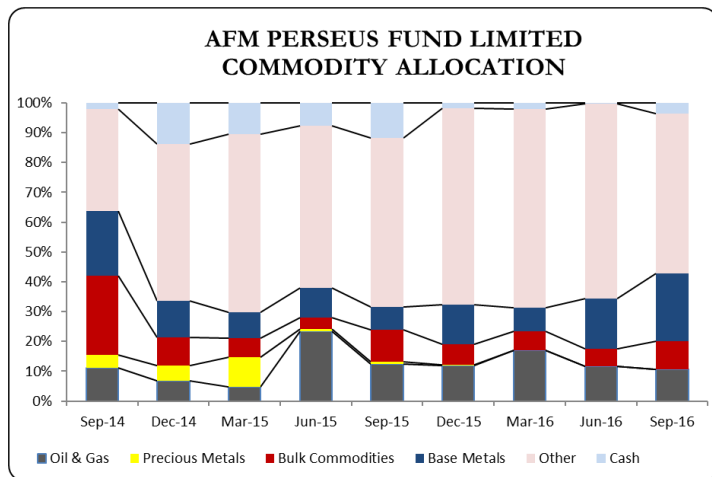


The Fund is expecting an active last quarter to CY16:

- Acacia Coal will bed down the acquisition of the Riversdale Anthracite Colliery and commence work to update the BFS;
- Cradle to continue to advance its Panda Hill Niobium Project;
- MZI to confirm its Keysbrook Minerals Sands Mine has achieved name plate for through put and recoveries;

- Venturex is finally undertaking exploration drilling in the Whim Creek region; and
- Kinetiko re-quoted again and agreement with Afro Energy to provide funding for a pilot plant.

The Fund held securities in 8 companies and cash, at quarter end, with a market value of \$1,411,359 (an increase of \$323,944 from the previous quarter).



## Commentary

The RBA official cash rate was 1.5% at quarter end, down from 1.75% previously and the Australian dollar (AUD) closed at US76.6 cents. Global equity markets recovered during the quarter after the shock of UKs exit from Brexit in June. The key economic driver was the speculation on the health of the US economy and thoughts on the FOMC raising rates. The expectations of a US rate hike grew across the quarter as Fed speakers disagreed on the size and timing of any tightening. The US dollar strengthened over the period and this hurt many commodity prices. Gold suffered as the USD rallied, but investors used any weakness to buy gold producer and developer shares. There was continued flow into precious metal ETFs and the LME metals remained weak. Oil rallied on hopes of a deal between Russia and OPEC on production cuts. Coal was the standout commodity with prices continuing the rally that started earlier in the year - they rose a further 30% in the quarter.

## 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

1. Please note that past performance is not necessarily a guide to future performance.
2. 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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