



AFM PERSEUS
FUND LIMITED
ACN 087 023 612

Investor Update

Quarterly Update
for period ending 31 March 2016

Quarter Highlights

- Norwest Energy announces change of Board Members
- MZI Resources opens its Keysbrook Mineral Sands Project

Key Performance Statistics

	31 March 2016	31 December 2015	30 September 2015
NTA after tax	\$1,896,015	\$1,906,125	\$1,874,830
NTA after tax per Share	\$0.3938	\$0.3959	\$0.3894
Percentage Gain/(Loss)	(0.5%)	1.7%	(4.1%)
Small Resources Index	16.7%	7.2%	(25.5%)

Portfolio Performance

AFM Perseus Fund Limited (“the Fund”) experienced a 0.5% decrease in the Net Tangible Asset (“NTA”) for the quarter, against the S&P ASX Small Resources Index which had an improvement of 16.7%.

The NTA value of the portfolio decreased slightly to \$1.896 million and the value per share at the end of the quarter was \$0.3938, after all allowances for fees and taxes.

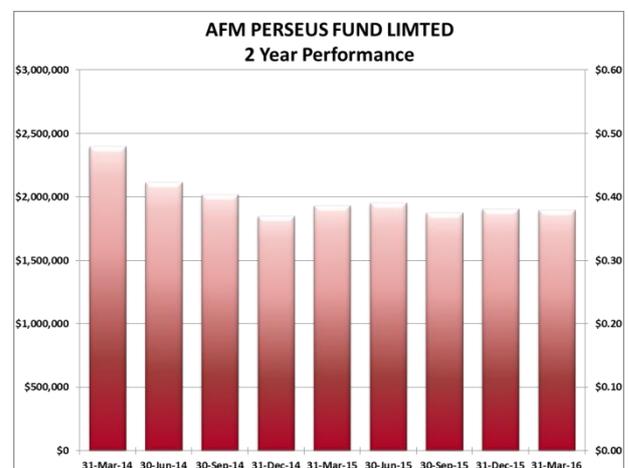
The top performing stock in the Fund’s portfolio continues to be the Cradle Resources investment. The company announced testwork on the Pilot Plant confirmed niobium recoveries were consistent with previous results and their DFS is progressing well with completion on track for April 2016. Cradle also announced the appointment of a new Non-Executive Director, Mr James Kelly to the Board and looks forward to his contribution to the Company’s next stage of development.

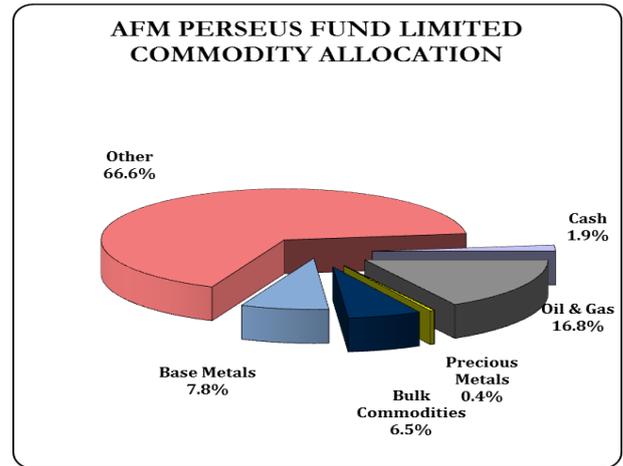
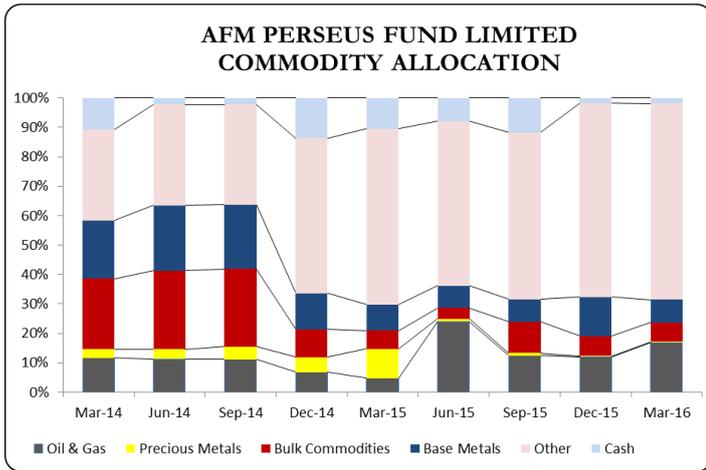
The Fund did not participate in any new investments during the period and Redstone Resources Options held by the Fund expired during the period, out-of-the-money.

MZI Resources officially opened its flagship Keysbrook Minerals Sands Project on Monday 4th April 2016. In October 2015 the Keysbrook Project successfully

commenced operations with sales of mineral sands products underway in December 2015 and is designed to produce over 95,000 tonnes of high value mineral sands products annually for export to a global customer base.

During the period Norwest Energy’s long standing CEO and Executive Director, Peter Munachen resigned and Ron Currie was appointed as a new Non-Executive Director so we hope to see a new perspective to the Board as the company looks to progress its suite of projects during these difficult market conditions.





At the end of the quarter, the Fund’s cash position stood at \$19,541 representing an increase in cash from the previous quarter. The geographic spread of the fund’s investments changed over the period due to the increase in value of the Cradle investment which now sees a concentration of 51% in

Australia and 46% in Africa respectively. The Fund held securities in 8 companies at quarter end, with a market value of \$984,588 (an increase of \$28,838 from the last quarter).

Commentary

The RBA official cash rate was maintained at 2% in the Quarter and the Australian dollar (AUD) drifted higher during March to close at 76.58 US cents.

High volatility has been the theme for 2016 year-to-date, with ASX resources plummeting in early January, before staging a strong recovery into March. Gold rose sharply as investors sought a safe haven and expectations of further US rate hikes declined. AUD gold continues to be a strong performer, averaging A\$1,630 for the Quarter. Iron Ore has surprised most, spiking above US\$60/dmt in March. Brent Crude began to make a slight recovery and the S&P/ASX 300 Index finished lower by the end of 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

- 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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