

AFM PERSEUS FUND LIMITED
ACN 087 023 612

EQUAL ACCESS SHARE BUY-BACK BOOKLET

IMPORTANT NOTICE

This Buy-Back Booklet is dated 6 April 2023 and has been prepared to assist Shareholders in understanding the proposed buy-back of Shares by AFM Perseus Fund Limited, subject to Shareholder approval pursuant to section 257C of the Corporations Act. This Buy-Back Booklet accompanies the Notice of Meeting and Acceptance Form in respect of the Buy-Back. You are encouraged to read and consider the Buy-Back Documents carefully.

In accordance with Sections 257E and 257F of the Corporations Act, a copy of the Buy-Back Documents has been lodged with ASIC. ASIC has not approved the Buy-Back Documents.

Investment decisions

The information set out in this Buy-Back Booklet (and within the other Buy-Back Documents) does not constitute investment or taxation advice or financial product advice, and is of a general nature and has been prepared without taking into account your individual investment objectives, financial situation, tax position or particular investment needs. This Buy-Back Booklet and all attachments to it are important documents. Before deciding whether to participate in the Buy-Back Offer, you should read the Buy-Back Booklet carefully. You should carefully consider the risks that impact on the Company in the context of your personal requirements (including your financial and taxation position) and seek professional investment, taxation, and/or financial advice from your relevant professional adviser prior to deciding whether to participate.

Forward looking statements

Certain statements contained herein may constitute 'forward looking statements' for the purposes of applicable securities laws. The Company undertakes no obligation to revise the forward looking statements included in this Buy-Back Booklet to reflect any future events or circumstances. The Company's actual financial performance could differ materially from the outcomes anticipated or expressed in or implied by these forward looking statements. Factors which could cause or contribute to such differences include the number of Shares bought back under the Buy-Back and general economic and trading conditions affecting the Company. Further information relating to the Company can be found at <https://argonautfundsmanagement.com/afm-perseus/>.

Eligibility to participate

The contents of this Buy-Back Booklet have not been submitted to any regulatory authority outside Australia. Shareholders who do not reside in Australia are advised to exercise caution in relation to any decision on whether to accept the Buy-Back Offer and seek independent professional advice.

Definitions and Interpretation

Capitalised words and expressions used in this Buy-Back Booklet are set out in the Glossary in Section 7 or elsewhere in this Buy-Back Booklet. Unless otherwise stated, all references to sums of money, \$ and dollars are to Australian currency.

LETTER TO SHAREHOLDERS

Dear Shareholders,

The directors of AFM Perseus Fund Limited are pleased to present Shareholders with a proposed equal access offer to buy back your shares in the Company. The Buy-Back Offer provides all Shareholders with the ability to sell their shares back to the Company at the net tangible asset (NTA) value of the Shares.

The Board recognises that many Shareholders have been invested in the Company from as early as 2003 without an opportunity to exit their investment. In the Company's Prospectus lodged in December 2020, the Board indicated its intention to provide an opportunity for Shareholders to exit the Company by the three-year anniversary of the offer under the Prospectus. The Buy-Back provides Shareholders with that opportunity.

Since the repositioning and "restart" of the Company in January 2020, the NTA value per Share has increased from 10 cents to 26.6 cents (as at 28 February 2023), whilst also returning a further 6 cents per Share in dividends over this time. Assuming the reinvestment of dividends, the total return over this same period has been 203%, strongly outperforming the Company's benchmark S&P ASX Small Resources Index by 168%.

Shareholders who accept the Buy-Back Offer will forego any potential benefits associated with the Company's deferred tax assets which were \$607,166 as at 28 February 2023 (equivalent to 7.30 cents per Share based on the current issued capital). As directed by the Company's auditors, the deferred tax assets are not recorded on the Company's balance sheet and are not included in the NTA per Share, but they are available to be offset against future gains in the Company's portfolio.

Directors Edward Rigg and David Franklyn have indicated that they do not intend to participate in the Buy-Back Offer (either directly or through entities that they control). Argonaut PCF Limited also does not intend to participate in the Buy-Back Offer. Argonaut PCF Limited is a wholly owned subsidiary of Argonaut Limited (ACN 109 326 418), an entity in which Edward Rigg is a substantial shareholder. Edward Rigg is also a director of Argonaut PCF Limited and Argonaut Limited.

This Buy-Back Booklet includes relevant information on the Company and the terms and conditions of the Buy-Back Offer. I recommend that you consider the Buy-Back Documents carefully and seek independent professional advice as required.

The General Meeting of Shareholders to vote on the resolution for the equal access share buy-back will be held on Tuesday, 2 May 2023. The deadline for the Acceptance Forms to participate in the Buy-Back is Wednesday, 17 May 2023. Shareholders electing to participate in the buy-back can expect to receive payment by Friday, 9 June 2023. Please refer to the indicative timetable for the Buy-Back Offer set out in Section 2 for further details.

On behalf of my fellow Directors, I thank you for your ongoing support.

Yours faithfully



David Franklyn
Executive Director

AFM Perseus Fund Limited

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1. PURPOSE OF THIS BUY-BACK BOOKLET

The purpose of this Buy-Back Booklet is to:

- (a) explain the Company's reasons to undertake the Buy-Back Offer;
- (b) describe the effect of the Buy-Back on the Company and the implications for Shareholders in accepting the Buy-Back Offer;
- (c) set out the terms and conditions of the Buy-Back Offer including the calculation of the Buy-Back Price; and
- (d) provide such information which is material to a Shareholder's decision on how to vote on the resolution in relation to the Buy-Back, and whether to accept the Buy-Back Offer.

Participation in the Buy-Back is not compulsory. If you are a Shareholder and you do not wish to participate in the Buy-Back, you do not need to do anything.

2. BUY-BACK OFFER TIMETABLE

The Buy-Back Offer is conditional upon Shareholders' approving the terms of the agreement under which the Company proposes to buy back Shares on an equal access basis as detailed in this Buy-Back Booklet.

The indicative timetable for the Buy-Back Offer is set out below. The Company reserves the right to vary these dates without notice.

Event	Date
Record date for determining Shareholders eligible to participate in the Buy-Back	Wednesday, 5 April 2023 (5:00 pm AWST)
Dispatch of Buy-Back Documents to Shareholders	Thursday, 6 April 2023
General Meeting of Shareholders'	Tuesday, 2 May 2023
Closing date for receipt of Acceptance Forms	Wednesday, 17 May 2023 (5:00 pm AWST)
Date on which the Buy-Back Price is determined (refer to Section 4.8)	Wednesday, 31 May 2023
Shares accepted under the Buy-Back Offer are cancelled, register updated, and payments distributed	Friday, 9 June 2023

The Company may, in its absolute discretion, vary the size of the Buy-Back or decide not to proceed with the Buy-Back at any time.

3. OVERVIEW

Why is the Company proposing the Buy-Back?	<p>The Company is proposing the Buy-Back to provide Shareholders with the ability to realise their investment in the Company by way of a cash payment equal to the NTA value of the Shares.</p> <p>In the Company's Prospectus lodged in December 2020, the Board indicated its intention to provide an opportunity for Shareholders to exit the Company by the three-year anniversary of the offer under the Prospectus. The Buy-Back provides Shareholders with that opportunity.</p> <p>The Buy-Back allows Shareholders to realise value in the short term, compared with the uncertainty of realising superior value in the future, considering there is no liquid market for the Shares. The Buy-Back provides Shareholders with an opportunity to invest in alternative, more liquid strategies. Shareholders may wish to explore investing in other Argonaut funds.</p>
Who can participate in the Buy-Back?	<p>Shareholders who hold Shares on the Record Date will be eligible to participate in the Buy-Back and will receive an Acceptance Form.</p>
How does the Buy-Back work?	<p>Clause 10.3 of the Company's Constitution provides that the Company may reduce its share capital by buying back shares in accordance with the Corporations Act, on such terms as may be determined by the Directors from time to time.</p> <p>The Buy-Back is an equal access buy-back for the purposes of section 257B(2) of the Corporations Act.</p> <p>The Buy-Back Offer relates to ordinary shares in the Company and offers are being made on an equal basis to every person who holds Shares on the Record Date in relation to the same percentage of Shares. Shareholders can accept the Buy-Back Offer for 100% of their Shares.</p> <p>The Buy-Back Offer and any contract formed on acceptance of that offer is conditional upon Shareholders' approving the terms of the agreement under which the Company proposes to buy back Shares on an equal access basis as detailed in this Buy-Back Booklet.</p> <p>Shareholders can elect to participate in the Buy-Back by completing the Acceptance Form.</p> <p>Completed Acceptance Forms must be returned before the Closing Date in accordance with the instructions set out in the Acceptance Form.</p>
What is the Buy-Back Price?	<p>The Buy-Back Price will be determined 10 Business Days' after the Closing Date.</p> <p>The proposed Buy-Back price will be equal to the Net Tangible Asset value per Share.</p> <p>Refer to Section 4.8 for further information.</p>

<p>What is the Buy-Back Offer period?</p>	<p>Unless withdrawn, the Buy-Back Offer will remain open for acceptances according to the indicative timetable outlined in Section 2.</p> <p>The indicative closing date of the Buy-Back Offer is 5:00 pm (AWST) on Wednesday, 17 May 2023.</p>
<p>How many Shares does the Buy-Back relate to?</p>	<p>Under the Buy-Back, Shareholders can accept the offer by the Company to buy-back 100% of their Shares at the Buy-Back Price, subject to the Board's discretion to limit the amount of Shares bought back. All Shares bought back under the Buy-Back will be cancelled.</p>
<p>Is it compulsory to participate in the Buy-Back?</p>	<p>Participation in the Buy-Back is not compulsory. If you are a Shareholder and you do not wish to participate in the Buy-Back, you do not need to do anything.</p> <p>The Directors make no recommendation regarding whether you should participate in the Buy-Back as this is an individual Shareholder decision.</p> <p>Directors Edward Rigg and David Franklyn have indicated that they do not intend to participate in the Buy-Back Offer (either directly or through entities that they control). Argonaut PCF Limited does not intend to participate in the Buy-Back Offer. Argonaut PCF Limited is a wholly owned subsidiary of Argonaut Limited (ACN 109 326 418), an entity in which Edward Rigg is a substantial shareholder. Edward Rigg is also a director of Argonaut PCF Limited and Argonaut Limited.</p>

4. BUY-BACK

4.1 Share buy-back

Under a buy-back, a company buys its own shares back from shareholders who elect to participate in the buy-back offer. There are different types of buy-back as prescribed by Division 2 of Part 2J.1 of the Corporations Act.

The shares bought back are subsequently cancelled, which reduces the total number of shares which the company has on issue by the number of shares bought back.

4.2 Equal Access Scheme

An equal access scheme is a type of buy-back. Section 257B(2) of the Corporations Act provides that an equal access scheme is a scheme that satisfies all of the following conditions:

- (a) the offers under the scheme must relate only to ordinary shares;
- (b) the offers must be made to every person who holds ordinary shares to buy back the same percentage of their ordinary shares;
- (c) all of those persons must have a reasonable opportunity to accept the offers made to them;
- (d) buy-back agreements must not be entered into until a specified time for acceptances of offers has closed; and
- (e) the terms of all the offers must be the same.

The Buy-Back complies with these conditions and therefore is an equal access scheme for the purposes of the Corporations Act.

Under section 257C of the Corporations Act, a company may not buy back more than 10% of its voting shares on issue in the preceding 12 months unless the terms of the buy-back agreement are approved by shareholders. The Notice of Meeting accompanying this Buy-Back Booklet sets out the ordinary resolution in relation to the Buy-Back.

4.3 Shareholder approval

The Buy-Back offer and any contract formed on acceptance of that offer is conditional upon Shareholders' approving the terms of the agreement under which the Company proposes to buy back Shares on an equal access basis pursuant to section 257C(1) of the Corporations Act, as detailed in this Buy-Back Booklet. The Notice of Meeting accompanying this Buy-Back Booklet sets out the ordinary resolution in relation to the Buy-Back.

4.4 Relevant information

Section 257G of the Corporations Act requires that the Company include with the offer to buy back Shares all the information known to the Company that is material to the decision of a Shareholder whether to accept the Buy-Back Offer. The Buy-Back Documents set out all relevant information known to the Company.

4.5 Overview of the Buy-Back

Clause 10.3 of the Company's Constitution provides that the Company may reduce its share capital by buying back shares in accordance with the Corporations Act, on such terms as may be determined by the Directors from time to time.

The directors of the Company have resolved to seek Shareholder approval for the terms of an agreement in relation to a proposed buy-back of up to 8,322,488 Shares.

Under the Buy-Back Offer, Shareholders may accept the offer to only sell 100% of their Shares back to the Company at the Buy-Back Price. All Shares bought back under the Equal Access Buy-Back will subsequently be cancelled.

Participation in the Buy-Back is voluntary and Shareholders can elect whether to sell their Shares under the Buy-Back or not. A Shareholder who does not wish to participate in the Buy-Back does not need to do anything.

The Company reserves the right to terminate, suspend or vary the terms of the Buy-Back at any time.

Shareholders should consult their own professional advisers (including tax advisers for specific taxation advice) in connection with participation in the Buy-Back in order to assess the impact on their own particular circumstances.

Further details of the terms of the agreement for the Buy-Back, and how to participate, are set out in Section 5.

4.6 Rationale for the Buy-Back

The Company is proposing to buy back its Shares in order to provide Shareholders with the ability to realise their investment in the Company by way of a cash payment equal to the NTA value of the Shares.

The Directors do not consider the Buy-Back as a means of returning excess capital to Shareholders. The Buy-Back allows Shareholders to realise value in the short term, compared with the uncertainty of realising superior value in the future, considering there is no liquid market for the Shares.

The Board recognises that many Shareholders have been invested in the Company from as early as 2003 without an opportunity to exit their investment. In the Prospectus lodged in December 2020, the Board indicated its intention to provide an opportunity for Shareholders to exit the Company by the three-year anniversary of the offer under the Prospectus. This Buy-Back provides Shareholders with that opportunity.

The Buy-Back provides Shareholders with an opportunity to invest in alternative, more liquid strategies. Shareholders may wish to explore investing in other Argonaut funds.

4.7 Eligible participants

Shareholders who hold Shares on the Record Date will be eligible to participate in the Buy-Back and will receive an Acceptance Form.

The Directors make no recommendation regarding whether you should participate in the Buy-Back as this is an individual Shareholder decision.

Directors Edward Rigg and David Franklyn have indicated that they do not intend to participate in the Buy-Back Offer (either directly or through entities that they control). Argonaut PCF Limited does not intend to participate in the Buy-Back Offer. Argonaut PCF Limited is a wholly owned subsidiary of Argonaut Limited (ACN 109 326 418), an entity in which Edward Rigg is a substantial shareholder. Edward Rigg is also a director of Argonaut PCF Limited and Argonaut Limited.

4.8 Buy-Back Price

The price of the Buy-Back will be equal to the net tangible asset value per Share calculated on the date being 10 Business Days' following the Closing Date.

As an unlisted investment company, the Company's assets are mainly listed equities and cash. The NTA per Share in respect of the Buy-Back will be calculated in the same manner as the ordinary month end NTA calculation undertaken by the Company.

The Company will not apply any discount to the NTA in relation to price at which the Company will buy back Shares. The Board will seek to ensure that the Company remains properly funded to continue its activities as may be required by the Company's investment strategy.

4.9 Deferred tax assets

Shareholders who accept the Buy-Back Offer will forego any potential benefits associated with the Company's deferred tax assets which were \$607,166 as at 28 February 2023. However, realisation of these deferred tax assets is dependent upon the future profitability of the Company.

As directed by the Company's auditors, the deferred tax assets are not recorded on the Company's balance sheet and are not included in the NTA per Share, but they are available to be offset against future gains in the Company's portfolio. As at 28 February 2023, the deferred tax assets were equal to 7.30 cents per Share based on the Company's current issued capital.

4.10 Buy-Back procedure

The Buy-Back will be implemented as follows:

- (a) Shareholders who hold Shares on the Record Date will receive an Acceptance Form providing them the ability to participate in the Buy-Back.
- (b) Unless withdrawn, the Buy-Back Offer will remain open for acceptance until 5:00 pm (AWST) on the Closing Date.
- (c) A Shareholder can submit an Acceptance Form to accept the Buy-Back Offer in respect of 100% of the Shares held by them on the Record Date. Trustees or nominees who hold a parcel of Shares on account of more than one beneficial holder will be able to accept the Buy-Back Offer on behalf of all relevant beneficial owners. Further information regarding shares held by trustees or nominees is set out in Section 5.6.
- (d) An agreement to buy back Shares under the Buy-Back Offer is only formed when the Company determines that you have validly accepted the Buy-Back Offer. The Company will notify you if your Acceptance Form has not been accepted.

- (e) All Shares for which a valid Buy-Back Form has been received and accepted by the Company before the Closing Date will be cancelled on the date set out in the indicative timetable set out in Section 2.
- (f) The consideration for the Buy-Back is expected to be paid by the Company within 10 Business Days' after the date the Shares bought back by the Company have been cancelled.

The timetable for the Buy-Back set out in Section 2 is indicative. Subject to law, the Company reserves the right to amend the timetable without prior notice to Shareholders.

4.11 How will the Buy-Back be funded?

The Buy-Back will be funded through the Company's existing cash holdings and from the sale of listed equity investments.

4.12 Effect of the Buy-Back

(a) Effect on the Company's Share capital

The Company has 8,322,488 Shares on issue as at the date of this Buy-Back Booklet. The Company may buy back up to 100% of the Company's issued Shares subject to the requirements of the Corporations Act. The precise number of Shares which are bought back and cancelled as part of the Buy-Back will, however, depend on the extent to which Shareholders participate in the Buy-Back.

(b) Effect on the Company's assets and liabilities and contributed equity

The Company's assets will decrease to the extent that Shareholders elect to participate in the Buy-Back. The precise impact on the Buy-Back cannot be determined until the Buy-Back Price and the size of the Buy-Back is known.

The maximum decrease in the Company's assets would be the Company's assets less the total amount to be paid to complete the Buy-Back. The Board considers that the Buy-Back will not adversely affect the Company's capacity to meet its existing and anticipated obligations and pay its debts as and when they fall due.

On completion of the Buy-Back, the contributed equity of the Company will be reduced by the amount required to complete the Buy-Back.

(c) Effect on the Company's creditors

Having regard to the Company's current, anticipated and contingent financial requirements, the Board has assessed that the Buy-Back will not adversely impact the rights of the Company's creditors or the ability of the Company to pay its debts as and when they fall due. The Buy-Back will be managed to ensure that the Company will have sufficient cash reserves to pay its creditors following the Buy-Back

Should the Board's assessment change for any reason, the Buy-Back will be suspended.

(d) **Effect on Shareholders**

Only Shareholders who participate in the Buy-Back will have their Shares purchased. The Buy-Back will have no effect on the number of Shares held by Shareholders who choose not to participate.

The Company has no partly paid Shares on issue and no convertible securities on issue.

(e) **Effect on control**

All of the Shares bought back under the Buy-Back will be cancelled. Consequently, the Buy-Back will reduce the total number of Shares on issue. Whilst the opportunity to participate for each Shareholder under the Buy-Back is equal, the percentage of the total issued Shares which may be bought back will depend on the level of acceptances by Shareholders. Accordingly, the effect of the Buy-Back on the control of the Company will not be known until the Buy-Back is completed.

4.13 Tax consequences

Shareholders should seek their own professional taxation advice in respect of participation in the Buy-Back Offer, in light of their own individual circumstances. The Company will not under any circumstance accept any responsibility, liability or loss to any other person in relation to the tax consequences of participating in the Buy-Back Offer.

4.14 Voluntary participation

Participation by shareholders in the Buy-Back is entirely voluntary.

If you are a Shareholder and you do not wish to participate in the Buy-Back, you do not need to do anything.

5. PARTICIPATION IN THE BUY-BACK OFFER

5.1 Terms and conditions of the Buy-Back agreement

(a) **Buy-Back Offer**

The Company offers to buy back Shares which are held in your name on the Record Date on the terms and conditions set out in this Buy-Back Booklet. If you accept the Buy-Back Offer, you may only do so in respect of all of your Shares.

(b) **Eligible Shareholders**

The Buy-Back Offer is being made to all Shareholders registered on the Record Date.

(c) **Buy-Back Price**

The Buy-Back price will be equal to the NTA value per Share calculated on the date being 10 Business Days' following the Closing Date.

(d) **Buy-Back limit**

The Company will buy back in aggregate not more than 8,322,488 Shares (**Buy-Back Limit**).

(e) **Offer Period**

Unless withdrawn, the Buy-Back Offer will remain open for acceptance until 5:00 pm (AWST) on the Closing Date, subject to any extension of that period made by the Board in its absolute discretion.

(f) **Payment**

Subject to the terms and conditions of the Buy-Back Offer, the consideration for the Buy-Back is expected to be paid by the Company within 10 Business Days' after the date the Shares bought back by the Company have been cancelled.

(g) **Withdrawal of Buy-Back Offer**

The Company may withdraw the Buy-Back Offer for any reason whatsoever at any time.

(h) **Termination, variation or suspension**

The Company reserves the right to terminate, suspend or vary the terms of the Buy-Back at any time.

(i) **No duty or other costs or brokerage**

The Company will pay all costs and expenses of the preparation, dispatch and circulation of the Buy-Back Documents and any duty payable in respect of the transfers of Shares to the Company under the Buy-Back. No brokerage is payable by you if you accept this Buy-Back Offer.

(j) **Governing law**

The Buy-Back Offer and any contract that results from the acceptance of the Buy-Back Offer are governed by the laws in force in Western Australia.

5.2 Acceptance Forms

An Acceptance Form can be used for each separate registered holding of Shares eligible to participate in the Buy-Back Offer. The Acceptance Forms will be dispatched to Shareholders eligible to participate in the Buy-Back Offer in accordance with the indicative timetable set out in Section 2.

If you are a Shareholder and you wish to participate in the Buy-Back Offer, you must submit a completed Acceptance Form prior to the Closing Date. If your Acceptance Form is accepted by the Company, your Shares will be bought back and cancelled subject to the terms and conditions set out in this Offer Booklet.

Once you have accepted the Buy-Back Offer, you will not be able to revoke your acceptance and the contract resulting from your acceptance will be binding on you, subject to any conditions of the Buy-Back Offer.

5.3 Effect of submitting an Acceptance Form

The effect of submitting an Acceptance Form before 5:00pm (AWST) on the Closing Date is as follows:

- (a) Submission of a duly completed Acceptance Form constitutes acceptance of the offer by the Company to buy back the Shares you have nominated on your Acceptance Form under the Buy-Back on the terms set out in the Buy-Back Documents.
- (b) Submission of an Acceptance Form does not, of itself, constitute a binding contract for the sale of Shares. Notwithstanding the submission of an Acceptance Form prior to the Closing Date, an agreement to buy back Shares under the Buy-Back Offer is only formed when the Company determines that you have validly accepted the Buy-Back Offer. The Company will notify you if your Acceptance Form has not been accepted.
- (c) By submitting an Acceptance Form you:
 - (i) agree to the terms and conditions set out in the Buy-Back Documents;
 - (ii) agree to sell to the Company the Shares as nominated on your Acceptance Form or such lesser number of Shares as the Board may determine under any scale back mechanism adopted by the Board;
 - (iii) agree that the Company may amend the indicative timetable for the Buy-Back as permitted by law and as described in this Buy-Back Booklet;
 - (iv) waive any requirement to receive further notice or communication from the Company of its acceptance or rejection of any Acceptance Form submitted by you;

- (v) represent and warrant to the Company that you are the registered holder of not less than the number of Shares in respect of which you have accepted the Buy-Back and that all such Shares are fully paid up, free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third-party rights and otherwise able to be sold freely by you;
- (vi) warrant that you are a person to whom the Buy-Back Offer may lawfully be made and are not a US Person or a resident of Canada;
- (vii) if you are a trustee or nominee having applied for the Buy-Back on behalf of some or all underlying beneficial holders on whose behalf you hold Shares, you warrant that such applications have been duly made in accordance with the instructions of the beneficial holder and/or the applicable trust or nominee arrangements and that applications for the Buy-Back on behalf of underlying beneficial holders does not constitute a breach of trust, contract or any applicable law;
- (viii) agree to appoint and authorise the Company (and its officers, agents or advisers) as your attorney and in your name and on your behalf to:
 - (A) complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary to make it valid;
 - (B) to make the Acceptance Form an effective acceptance of the Buy-Back Offer;
 - (C) to execute, at any time after your acceptance of this Buy-Back Offer, all forms, notices and instruments in respect of the Shares purchased by the Company; and/or
 - (D) to enable registration of the transfer to the Company of the Shares purchased by the Company and to complete a share transfer form on your behalf in this regard,and to have agreed not to revoke that authority during the Proxy Period referred to in paragraph (xii) ;
- (ix) undertake not to sell or offer to sell any Shares in respect of which you have submitted an Acceptance Form to any other person if, as a result, you will at any time after you submit your Application until the Closing Date hold fewer Shares than you have nominated to be bought back on your Acceptance Form;
- (x) acknowledge that neither the Company nor any other party involved in the Buy-Back has provided you with financial product advice, or any securities recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in the Buy-Back;

- (xi) authorise the Company to make payment to you in respect of the Shares nominated on your Acceptance Form under the Buy-Back;
 - (xii) appoint the Company or any nominee of the Company as your agent and attorney to exercise all the powers and rights attaching to the Shares nominated on your Acceptance Form and have agreed not to revoke that appointment during the period (**Proxy Period**) between the date of your acceptance of the Buy-Back Offer and the earlier of:
 - (A) the date on which the Company withdraws the Buy-Back Offer;
 - (B) the date on which the Buy-Back Offer, and any contract that results from acceptance of the Buy-Back Offer is terminated; and
 - (C) the date on which the Company is registered as the holder of the Shares;
 - (xiii) agree that damages is not an adequate remedy for breach of the covenants, undertakings, agreements, representations and warranties given by you in favour of the Company under the Buy-Back Documents;
 - (xiv) undertake that if you breach any of the covenants, undertakings, agreements, representations or warranties under the Buy-Back Documents you will indemnify the Company for all its costs or losses arising from the breach; and
 - (xv) agree that any obligation of the Company to buy back Shares nominated by you in your Acceptance Form is conditional on your compliance with the covenants, undertakings, agreements, representations and warranties in and otherwise subject to the Buy-Back Documents.
- (d) You will be taken to have submitted an Acceptance Form when the Share Registry receives your validly signed and completed Acceptance Form.
- (e) In accordance with section 257H(1) of the Corporations Act, once the Company enters into an agreement with you to buy back your Shares, all rights attaching to those Shares are suspended. The suspension is lifted if the agreement is terminated.

5.4 Scale backs and/or amendments

The Company reserves the right to impose a limit on the amount of Shares that can be bought back and the Directors reserve the right to scale back the applications on a pro rata basis.

The Company will notify shareholders of any scale backs or amendments prior to completion of the Buy-Back by releasing an announcement on the Company's website at <https://argonautfundsmanagement.com/afm-perseus/>.

5.5 No sale of Shares after acceptance

By submitting an Acceptance Form, you are warranting to the Company that at all times after your acceptance of the Buy-Back Offer, you are the registered holder of not less than the number of Shares nominated on your Acceptance Form to sell back to the Company and that all such Shares are fully paid up, free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third party rights and otherwise able to be sold freely by you.

Accordingly, once you have submitted an Acceptance Form in respect of your Shares, you should not sell or offer to sell those Shares before the Closing Date. If you have submitted an Acceptance Form, your Shares will be placed in a "subposition" in the Company's Share register. You will not be able to deal with those Shares until they have been released from the subposition.

5.6 Shares held by trustees and nominees

Trustees and nominees who hold Shares should inform the beneficial owners of the Shares about the Buy-Back. Trustees and nominees who hold Shares on behalf of more than one beneficial owner should aggregate all requests to participate in the Buy-Back received from beneficial owners and lodge one Acceptance Form in respect of those applications. The trustee/nominee will be required to submit a schedule of their underlying beneficial holders showing the record date balance, the total number of shares they hold, and the amount they are tendering on behalf of each beneficial holder.

It is the responsibility of the trustee or nominee to aggregate requests to participate from underlying beneficial owners. The Company will not engage in correspondence with underlying beneficial owners.

Any scale back that applies to Shares tendered by trustees and nominees will be performed on a registered shareholder basis. It is the responsibility of the trustee or nominee to aggregate all instructions received from any underlying beneficial owners and submit one combined Acceptance Form (if any) so that it is received by the Share Registry no later than 5:00pm (AWST) on the Closing Date.

5.7 Acceptance or rejection of Acceptance Forms

At any time, the Company may, in its discretion and to the extent permitted by law:

- (a) accept or reject any Acceptance Form, whether or not it complies with the Buy-Back Documents;
- (b) accept or reject an Acceptance Form not made on the terms and conditions set out in or submitted in accordance with the Buy-Back Documents.

6. ADDITIONAL INFORMATION

6.1 Overview

This section provides Shareholders with additional information to assist Shareholders to decide whether or not to participate in the Buy-Back.

6.2 Current status of the Company's activities

Argonaut Perseus Fund Limited is a public unlisted investment company investing in the Australian small resources sector, being those resource and mining services companies outside the S&P ASX 100 Index. The Company holds between 10 and 25 listed equity positions with a maximum cash weighting of 50%. The investment objective is to deliver an annualised return in excess of the S&P ASX Small Resources Index.

The investment manager is AFM Zeus Pty Ltd (ACN 099 813 073), corporate authorised representative of AFSL No. 224815) and investments are overseen by an investment committee comprising financial professionals a majority of whom are independent of the Board.

On 1 January 2020, AFM Perseus was repositioned with an expanded investment mandate and the Company raised \$655,634 in additional funds through a rights issue of Shares to existing Shareholders in the first quarter of 2021.

The Company's recent performance (as at 28 February 2023)¹ relative to its benchmark index is as follows:

	1-month	3-month	FY (to date)	12-month	Since 1 Jan 2020
AFM Perseus	-9.7%	-2.3%	5.4%	-5.2%	202.6%
S&P ASX Small Resources	-11.4%	-9.5%	4.5%	-14.1%	34.4%
Outperformance	1.7%	7.2%	0.9%	8.9%	168.2%

The Company's existing portfolio holdings as at 28 February 2023 are as follows:

- (a) Listed equities: 73%
- (b) Unlisted equities: 5%
- (c) Cash: 22%

Of the listed equity holdings, as at 28 February 2023, 42% of the portfolio was invested in the energy transition thematic, 30% in gold and 6% in other opportunities.

AFM Perseus' NTA per Share (as at 28 February 2023) is \$0.2661 which excludes the Company's \$607,166 in deferred tax losses (realised historical capital losses).

¹ Refer to the Company's website for further information on the Company's recent performance published after the date of this Buy-Back Booklet (available at <https://argonautfundsmgmt.com/afm-perseus/>).

The Company is likely to continue to exhibit volatility as it focuses on the small companies in the resources sector.

6.3 The Company's financial position

For up-to-date information regarding the Company's financial position including information about its portfolio investments, refer to reports and announcements made by the Company available at <https://argonautfundsmanagement.com/afm-perseus/>.

6.4 Advantages and Disadvantages of the Buy-Back

Advantages

The Board considers that the Buy-Back will provide the following advantages to Shareholders:

- (a) The Buy-Back will be undertaken on an equal access basis which provides all Shareholders an equal opportunity to sell Shares in proportion to their shareholding in the Company;
- (b) As the Shares are not listed on ASX or any other securities exchange, the opportunity and market for Shareholders to dispose of their Shares is limited. The Buy-Back provides an exit mechanism for those Shareholders who wish to sell their Shares back to the Company at the NTA per Share.
- (c) The Buy-Back allows Shareholders to realise value in the short term, compared with the uncertainty of realising superior value in the future, given there is no liquid market for the Shares. The Board considers that such a liquidity event will allow Shareholders to realise the appreciation of value of Shares held by the Shareholders, particularly since the repositioning of the Company on 1 January 2020.
- (d) There are no assurances regarding the future financial performance of the Company, NTA per Share, the payment of dividends by the Company, the price at which Shares may be sold or liquidity events. Shareholders may reduce their exposure to the risks associated with an ongoing investment in the Company.
- (e) There will be a lesser number of Shares on issue following the Buy-Back, and consequently the ownership interest in the Company of each Shareholder who does not accept the Buy-Back will increase together with an uplift of the net assets per Share for remaining Shareholders.
- (f) No transaction costs will be incurred by Shareholders who participate in the Buy-Back.

Disadvantages

The Board considers the potential disadvantages to Shareholders of the Buy-Back include:

- (a) The Buy-Back will reduce the Company's cash assets resulting in a reduction in Shareholders' funds. However, the Directors believe this will not prejudice the Company's ability to pay its creditors or the interests of Shareholders generally.

- (b) Once the Company enters into an agreement with a Shareholder to acquire their Shares, all rights attaching to purchased Shares are suspended, unless and until the Buy-Back agreement is terminated.
- (c) Shareholders who accept the Buy-Back Offer will cease to gain any benefits associated with an investment in the Company in respect of the Shares bought back, including in relation to future income or capital appreciation.
- (d) Shareholders who accept the Buy-Back Offer will forego any potential benefits associated with the Company's deferred tax assets which were \$607,166 as at 28 February 2023. However, realisation of these deferred tax assets is dependent upon the future profitability of the Company. As directed by the Company's auditor, the deferred tax assets are not recorded on the balance sheet and are not included in the NTA per Share, but they are available to be offset against future gains in the Company's portfolio. As at 28 February 2023, the deferred tax assets were equal to 7.30 cents per Share based on the current issued capital.
- (e) Depending on the level of acceptances under the Buy-Back Offer, the Company will be required to sell some or the majority of its portfolio holdings in order to fund the Buy-Back. Depending on the timing of these trades, the Company may incur losses.
- (f) As the Buy-Back will reduce the Company's cash assets, the Company may also have a reduced capacity to pay dividends to Shareholders in the future.
- (g) Shareholders will not know the Buy-Back Price until this is determined following the Closing Date, in accordance with the indicative timetable set out in Section 2.
- (h) All of the Shares bought back under the Buy-Back will be cancelled. Consequently, the Buy-Back will reduce the total number of Shares on issue. Whilst the opportunity to participate for each Shareholder under the Buy-Back is equal, the percentage of the total issued Shares which may be bought back will depend on the level of acceptances by Shareholders. The Buy-Back will have an impact on the voting power of those Shareholders who elect not to participate in the Buy-Back, given their percentage holding (relevant interest) in the Company will increase following the Buy-Back if other Shareholders elect to participate.

The Shareholders with beneficial interests of 5% or more in the Company are set out below.

Substantial Shareholder	Existing (pre Buy-Back)	
	Shares	%
Argonaut PCF Limited	1,584,621	19.04%
Kamira Investments Pty Ltd <The FW A/C>	765,018	9.19%
Alba Capital PTY LTD	711,522	8.55%
EGR Management Pty Ltd <Rigg Super Fund A/C>	667,583	8.02%
Chen DM Pty Ltd	544,169	6.54%
SDMO Australia Pty Ltd <The Botica Super Fund A/C>	537,634	6.46%

Ms Binbin Shi <The Yellow Stone Family A/C>	500,000	6.01%
Mrs Lan Xu	500,000	6.01%

The extent of the impact of the Buy-Back on the control of the Company will not be known until the Buy-Back is completed.

Given that the Company is following the buy-back provisions set out in the Corporations Act, the Buy-Back will not breach the takeovers provisions in section 606 on the basis that the Company will acquire a relevant interest in its own Shares.

6.5 Directors' interests

As at the date of this Buy-Back Booklet, the Directors, either directly or indirectly, have a relevant interest in the following Shares:

Director	Number of Shares	Percentage (%)
Edward Rigg ¹	667,583	8.02%
Glen Colgan	Nil	Nil
David Franklyn	189,892	2.28%
Greg Southee	18,317	0.22%

Notes:

1. Held by EGR Management ATF Rigg Super Fund A/C

No Director will receive any payment or benefit of any kind as a consequence of an acceptance of the Buy-Back Offer other than in their capacity as a Shareholder.

6.6 Directors' intentions

Directors Edward Rigg and David Franklyn have indicated that they do not intend to participate in the Buy-Back Offer (either directly or through entities that they control).

Argonaut PCF Limited does not intend to participate in the Buy-Back Offer. Argonaut PCF Limited is a wholly owned subsidiary of Argonaut Limited (ACN 109 326 418), an entity in which Edward Rigg is a substantial shareholder. Edward Rigg is also a director of Argonaut PCF Limited and Argonaut Limited. The Company is of the view that Edward Rigg (a related party of the Company) and Argonaut PCF Limited are associates for the purposes of the Corporations Act. Argonaut PCF Limited holds 1,584,621 Shares in the Company (equal to 19.04%) as at the Record Date.

The effect of the Buy-Back on the control of the Company will not be known until the Buy-Back is completed. However in light of the above stated intentions, the shareholding and voting power in the Company of these directors and substantial Shareholders are likely to increase following the Buy-Back.

6.7 Variation of timetable or termination the Buy-Back

While the Company does not anticipate varying any of the dates or times set out in the Buy-Back Documents, it reserves the right to vary them without prior notice

where lawful to do so. Any change will take effect from the time it is authorised by the Board and subject to the Corporations Act, will be announced by the Company as soon as practicable following the Board's authorisation.

Any such change will be taken to amend this Buy-Back Booklet (and the other Buy-Back Documents) accordingly.

The Company may also decide not to proceed with the Buy-Back. Without limitation, the Company reserves the right to terminate the Buy-Back Offer at any time.

6.8 Privacy

The Company is carrying out the Buy-Back in accordance with the Corporations Act. This involves the collection of personal information contained in Acceptance Forms to enable the Company to process acceptances. If Shareholders do not provide this information, the Company may be hindered in, or prevented from, processing their Acceptance Form.

The personal information collected by the Company will be disclosed to the Share Registry, to the Company's advisers in relation to the Buy-Back and to financial institutions in respect of payments to Shareholders in connection with the Buy-Back, or as required or authorised by law.

If Shareholders wish to access the individual information collected by the Company in relation to their shareholding, please contact the Share Registry on 1300 113 258 between 8:30am and 5:30pm (Sydney time) Monday to Friday.

6.9 Other material information

There is no information material to the making of a decision by a Shareholder whether or not to participate in the Buy-Back that is known to any of the Directors and which has not been previously disclosed to Shareholders, other than as disclosed in the Buy-Back Documents.

7. GLOSSARY

Capitalised words and expressions used in this Buy-Back Booklet have the following meanings (unless they are otherwise defined in the Buy-Back Booklet, or the context requires otherwise):

Acceptance Form means the acceptance form in relation to the Buy-Back Offer.

ASIC means the Australian Securities & Investments Commission.

AWST means Australian Western Standard Time as observed in Perth, Western Australia.

Board means the board of Directors of the Company

Buy-Back means the proposed buy-back of Shares by the Company, subject to Shareholder approval, as described in this Buy-Back Booklet.

Buy-Back Booklet means this document.

Buy-Back Documents means the Notice of Meeting, the Buy-Back Booklet and the Acceptance Form.

Buy-Back Limit has the meaning given in Section 5.1 (d).

Buy-Back Offer means the Company's offer in respect of the Buy-Back, the terms and conditions of which are set out in Section 5.

Buy-Back Price means the proposed price of the Buy-Back, as detailed in Section 4.8 .

Closing Date means the closing date of the Buy-Back Offer, as specified in the indicative timetable in Section 2 or such other date as the Board may decide.

Company means AFM Perseus Fund Limited (ACN 087 023 612).

Constitution means the constitution of the Company.

Corporations Act means *Corporations Act 2001 (Cth)*.

Director means a director of the Company.

Notice of Meeting means the notice of meeting sent to Shareholders together with a copy of this Buy-Back Booklet setting out the resolution seeking Shareholder approval in relation to the Buy-Back.

NTA means the net tangible assets of the Company.

Prospectus means the Company's prospectus dated 8 December 2020 for a non-renounceable rights issue of Shares on a 1:1 basis at an issue price of \$0.20 per Share.

Record Date means the date specified in the indicative timetable in Section 2, or such other date as the Board may decide.

Section means a section of this Buy-Back Booklet.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Registry means Advanced Share Registry Limited.

US Person has the meaning given by Regulation S under the *United States Securities Act 1933*.