

KATANA CAPITAL LIMITED
ACN 116 054 301

BONUS ISSUE PROSPECTUS

For a pro-rata bonus issue of one (1) free Option to acquire a Share in the capital of the Company (**Entitlement Option**) for every one (1) Share held by those Shareholders registered at the Record Date (exercisable at \$1.25 on or before the date that is 18 months from the date of issue) (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered as highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 6 February 2024 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered by this Prospectus should be considered as highly speculative.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser,

stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the

securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

For further information on overseas Shareholders please refer to Section 2.3.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 6.2 for further details.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for

the offer of Options issued under this Prospectus. The Company [and the Lead Manager/Broker] will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website (www.katanaasset.com/katana-capital-limited/). By making an application under the Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.katanaasset.com/katana-capital-limited/. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

As set out in Section 2.3, no application form is required for this Offer. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on 0402 339 443 during office hours or by emailing the Company at admin@katanaasset.com

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with

statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 8.

All references to time in this Prospectus are references to Australian Western Standard Time.

Privacy statement

The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

Use of Trademarks

This Prospectus includes the Company's registered and unregistered trademarks.

All other trademarks, tradenames and service marks appearing in this Prospectus are the property of their respective owners.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offer please call the Company Secretary on 0402 339 443.

CORPORATE DIRECTORY

Directors

Mr Dalton Gooding
Non-Executive Chair

Mr Ben Laird
Non-Executive Director

Mr Giuliano Sala Tenna
Non-Executive Director

Company Secretary

Mr Baden Bowen

Registered Office

Level 9, The Quadrant Building
1 William Street
PERTH WA 6000

Telephone: + 61 0402 339 443

Email: admin@katanaasset.com

Website: www.katanaasset.com

Share Registry*

Computershare Investor Services Pty Ltd
Level 17
221 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 9323 2000

Legal advisers

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor*

BDO (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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1. KEY OFFER INFORMATION

1.1 Timetable

Lodgement of Prospectus with the ASIC	6 February 2024
Lodgement of Prospectus and Appendix 3B with ASX	6 February 2024
Ex date	9 February 2024
Record Date for determining Entitlements	12 February 2024
Last day to issue the Entitlement Options and to lodge the Appendix 2A with ASX*	19 February 2024 (before noon AEST)
Quotation of Entitlement Options issued under the Offer	20 February 2024

*The Directors may extend this date in consultation with ASX.

1.2 Key statistics of the Offer

Options

Offer Price per Entitlement Option	Nil
Option Entitlement Ratio (based on Shares subscribed for)	1:1
Shares currently on issue ¹	32,689,198
Options currently on issue	Nil
Entitlement Options to be issued under the Offer ²	32,689,198
Gross proceeds of the issue of Options	Nil
Options on issue Post-Offer	32,689,198

Notes:

1. The Company is currently undertaking an on-market buy-back of its Shares. Shares bought back by the Company under this buy-back are subsequently cancelled. As a result of this, the number of Shares on issue may change prior to the record date.
2. Refer to Section 4.1 for the terms of the Entitlement Options.

1.3 Key Risk Factors

Prospective investors should be aware that subscribing for Securities involves a number of risks and an investment in the Company should be considered as highly speculative. The Company is a listed investment company and derives its income from its investments in other companies. The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are set out in Section 5.

1.4 Directors' Interests in Securities

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Entitlement under Offer	\$
Mr Dalton Gooding	98,291 ¹	98,291	Nil
Mr Ben Laird ²	Nil	Nil	Nil
Mr Giuliano Sala Tenna ³	Nil	Nil	Nil

Notes:

1. Held indirectly by Mr Gooding through Moulyinning Nominees Pty Ltd, an entity of which Mr Gooding is a director and shareholder.
2. Refer to the Company's Annual Report for the year ended 30 June 2023 released to the Company's ASX platform on 22 September 2023.

1.5 Details of Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Brad Shallard	4,948,757	15.14
Romano Sala Tenna	5,850,145	17.90

No change to the substantial holders is expected on completion of the Offer as the Offer involves the issue of Options only.

1.6 Effect on Control and dilution

The Offer will not have any effect on the control of the Company or dilute the interests of non-participating Shareholders, as the Offer involves the issue of Options only.

If Entitlement Options issued under the Offer are subsequently exercised and new Shares are issued, then the issue of those new Shares would dilute the holding of all Shareholders at that time. As the Entitlement Options to be issued under the Offer are intended to be quoted on ASX and able to be traded, the Company is not presently able to speculate whether the exercise of the Options could impact on the control of the Company.

2. DETAILS OF THE OFFER

2.1 The Offer

The Offer is being made as a pro-rata bonus offer of one (1) Option to acquire a Share in the capital of the Company (**Entitlement Option**) for every one (1) Share held by Shareholders registered at the Record Date (exercisable at \$1.25 on or before the date that is 18 months from the date of issue) (**Offer**). No amount is payable to receive the Entitlement Options under this Offer.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no Shares are issued prior to the Record Date) 32,689,198 Entitlement Options may be issued under the Offer. No funds will be raised from the issue of the Entitlement Options, however if the maximum number of Entitlement Options are subsequently exercised, the Company would receive raise approximately \$40,861,498.

The Entitlement Options will be issued on the terms set out in Section 4.1.

All of the Shares issued upon exercise of the Entitlement Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.2 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 3.

As this is a bonus issue of Entitlement Options, Eligible Shareholders are not required to apply for Entitlement Options under the Offer and, accordingly, there is no application form attached to this Prospectus for the Offer.

2.2 ASX listing

Application for Official Quotation of the Entitlement Options offered pursuant to this Prospectus will also be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Entitlement Options offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Entitlement Options.

The fact that ASX may grant Official Quotation to the Entitlement Options is not to be taken in any way as an indication of the merits of the Company or the Entitlement Options now offered for subscription.

2.3 Issue of Entitlement Options

As noted in Section 2.1, **no application form is required** and the Entitlement Options issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Holding statements for the Entitlement Options issued under the Offer will be mailed as soon as practicable after the issue.

2.4 Overseas shareholders

As at the date of this Prospectus, all of the Company's Shareholders are registered in Australia or New Zealand.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

New Zealand

The Entitlement Options are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

3. PURPOSE AND EFFECT OF THE OFFER

The primary purposes of the Offer is:

- (a) to reward Shareholders for continuing to support the Company;
- (b) to provide long-term supportive Shareholders a potential benefit of greater exposure to the potential future success of the Company;
- (c) to provide the Company with a potential source of additional capital if the Entitlement Options are exercised; and
- (d) to raise funds incrementally such that the Company may receive funds from the exercise of the Entitlement Options during the 18 month expiry period in which those Entitlement Options are able to be exercised and converted into Shares.

An additional purpose of the Offer is to remove any trading restrictions attaching to Shares issued on exercise of the Entitlement Options issued under the Offer, given that the Entitlement Options offered under the Offer are being issued with disclosure under this Prospectus.

No funds will be raised directly under the Offer as the Entitlement Options are being issued for nil consideration. Expenses of the Offer will be covered by the Company's existing working capital.

However, if all the Entitlement Options are exercised, the Company will receive approximately \$40,861,498 in aggregate, by virtue of payment of the exercise price. How any funds received on exercise of the Entitlement Options will be determined at the time of receipt, however is expected to be consistent with the Company's existing business operations.

3.2 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue ¹	32,689,198
Shares offered pursuant to the Offer	Nil
Total Shares on issue after completion of the Offer	32,689,198

Notes:

1. Refer to Section 4.2 for the terms of the Shares.

Options

	Number
Options currently on issue	Nil
Entitlement Options to be issued pursuant to the Offer ¹	32,689,198
Total Options on issue after completion of the Offer	32,689,198

Notes:

1. Refer to Section 4.1 for the terms of the Entitlement Options.

On completion of the Offer, assuming all Entitlements are accepted prior to the Record Date and the Entitlement Options are subsequently exercised, the Company's capital structure would consist of 65,378,396 Shares.

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

3.3 Financial effect of the Offer

The Entitlement Options to be issued pursuant to the Offer will be issued for no consideration. Accordingly, there will be no immediate effect on the Company's balance sheet. However, capital will be raised if the Entitlement Options are exercised, which will affect the Company's balance sheet.

The Company is unable to specify with any certainty the extent of any change to the balance sheet, given that there is no certainty if or when any of the Entitlement Options will be exercised.

The expenses of the Offer will be met from the Company's existing cash reserves. Accordingly, the Offer will have an effect on the Company's financial position, being a decrease in the Company's existing cash reserves.

4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

4.1 Terms of Entitlement Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one (1) Share upon exercise of the Entitlement Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Entitlement Option will be \$1.25 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is eighteen (18) months from the date of issue (**Expiry Date**). A Entitlement Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Entitlement Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Entitlement Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Entitlement Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Entitlement Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Entitlement Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Entitlement Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Entitlement Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Entitlement Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Entitlement Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Entitlement Options without exercising the Entitlement Options.

(k) **Change in exercise price**

An Entitlement Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Entitlement Option can be exercised.

(l) **Transferability**

The Entitlement Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

4.2 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares, being the underlying securities of the Entitlement Options being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. The Company's constitution permits the use of technology at general meetings of shareholders (including wholly virtual meetings), to the extent permitted under the Corporations Act, Listing Rules and applicable law.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend

reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5. RISK FACTORS

5.1 Introduction

The Entitlement Options offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 5, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Entitlement Options. This Section 5 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

5.2 Company specific

Risk Category	Risk
Investment Strategy risk	The success and profitability of the Company will largely depend on the Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Company and its Securities.
Manager risk	<p>The success and profitability of the Company depends almost entirely on the ability of the Manager to construct a Portfolio of investments that have the ability to increase in value over time. The past performance of the Manager is not necessarily a guide to future performance of the Company.</p> <p>Further, the success and profitability of the Company will largely depend on the Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. Should the Manager become unable to perform investment management services for</p>

Risk Category	Risk
	the Company or should there be significant key personnel changes at the Manager, the Company's investment activities may be disrupted and its performance negatively impacted. Even if the Company does not perform well, it may be difficult to remove the Manager.
Market risk	Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value.
Equity Risk	Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The Manager will seek to minimise market and economic risks but cannot eliminate them entirely.
Leverage risk	Whilst the Manager has historically never done this, the Manager is permitted to borrow on behalf of the Company and may use debt to increase the scale of the Portfolio of the Company. In addition, the use of Derivatives and Short Selling may have an effect similar to debt leverage in that it can magnify the gains and losses achieved in the Portfolio. Leverage gives rise to the possibility that Positions may have to be liquidated at a loss and not at a time of the Manager's choosing.
Derivative risk	Whilst the Company and Manager have historically never used Derivatives, the Company may use Derivatives (both Exchange Traded and Over-the-Counter) for risk and portfolio management purposes and to take opportunities to increase returns. Investments in Derivatives may cause losses associated with changes in market conditions (such as fluctuations in interest rates, equity prices or exchange rates). Also, investments in Derivatives may cause losses associated with the value of the Derivative failing to move in line with the underlying Security or as expected. Derivative transactions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction.
Short Selling risk	<p>Whilst the Company and Manager have not historically engaged in Short Selling, there are inherent risks associated with Short Selling. Short Selling involves borrowing Securities which are then sold. Short Selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a Security may appreciate. Additionally, there is a risk that the Securities lender may request return of the Securities. These risks may give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Manager's choosing.</p> <p>Short Selling can be seen as a form of leverage and may</p>

Risk Category	Risk
	<p>magnify the gains and losses achieved in the Portfolio. While Short Selling may be used to manage certain risk exposures in the Portfolio and increase returns, it may also have a significantly increased adverse impact on its returns.</p> <p>The use of Short Selling may cause losses associated with changes in market conditions (such as fluctuations in interest rates, equity prices or exchange rates). Also, changes in the value of a Short Position may not correlate perfectly with the underlying asset.</p> <p>Short Positions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction. Short Positions may also be subject to liquidity risk or counterparty risk. Depending on market conditions, Short Positions can be costly or difficult to reverse.</p> <p>Short Selling exposes the Portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the Securities lender and that positions may have to be liquidated at a loss and not at a time of the Manager's choosing.</p>
<p>Foreign issuer and market risk</p>	<p>The Company's Investment Strategy is focused on investing in Securities both in Australia and overseas.</p> <p>Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than domestic investments.</p> <p>Investments in foreign companies may decline in value because of sovereign, political, economic or market instability; the absence of accurate information about the companies; risks of unfavourable government actions such as expropriation and nationalisation. Other countries may have different legal systems, taxation regimes, auditing and accounting standards with less governmental regulation and transparency. These risks may be higher when investing in emerging markets.</p> <p>The Company aims to minimise this risk through the Manager's careful analysis of each Security the Company invests in.</p>
<p>Currency risk</p>	<p>Whilst the Manager has historically only invested in Australian dollars, investing in assets (Long and Short Positions) denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the Value of the Portfolio's investments measured in Australian dollars. For example, if an equity investment is denominated in a foreign currency and that currency depreciates in value against the Australian dollar, the value of that investment may depreciate when translated into Australian dollars and the Portfolio may suffer a loss as a result, notwithstanding that the</p>

Risk Category	Risk
	<p>underlying equity has appreciated in value in its currency of denomination.</p> <p>The Manager will actively manage currency exposures to protect and enhance Australian dollar returns. Natural hedging (e.g. borrowing in a foreign currency to hedge non-Australian dollar exposures) may be employed. The Manager may also use Derivatives to hedge currency exposures.</p>
<p>Counterparty and Collateral Risk</p>	<p>The Company uses the services of several prime brokers for its financing, derivative products and to facilitate the lending of Securities to short sell. The Company will be required to maintain assets with the prime brokers as Collateral for such services. As such, the Company may be exposed to certain risks in respect of that Collateral. Risks include risk of loss resulting from the insolvency or bankruptcy of a prime broker.</p> <p>When the Company enters into an arrangement that requires it to deliver Collateral or other credit support to a counterparty, the Company will be exposed to the following additional risks in respect of that Collateral. The Company:</p> <ul style="list-style-type: none"> (a) may be required to post upfront margin/Collateral with the counterparty (whether cash or other securities). The Company will need to have sufficient liquid assets to satisfy this obligation; (b) may, from time-to-time if the value of the arrangements moves against it, be required to post additional Collateral with the counterparty. The Company will need to have sufficient liquid assets to satisfy such calls, and in the event it fails to do so, the counterparty may have the right to terminate such arrangements and will be subject to credit risk on the counterparty. <p>In the event the counterparty becomes insolvent at a time it holds margin/Collateral posted with it by the Company, the Company will be an unsecured creditor of the counterparty, and will rank behind other preferred creditors such as secured creditors and other creditors mandatorily preferred by law.</p> <p>The Company may seek to limit this risk by moving a portion of the Company's assets to an independent third party Custodian. The Custodian will not be permitted to borrow, lend, charge, rehypothecate, dispose of or otherwise use for its benefit any investment held in custody on behalf of the Company.</p>
<p>Default risk</p>	<p>Investment in Securities and financial instruments generally involves third parties as custodial, prime broker and counter parties to contracts. Use of third parties carries risk of default and failure to secure custody which could adversely affect the value of the Company.</p> <p>There is a risk of loss resulting from the insolvency or</p>

Risk Category	Risk
	<p>bankruptcy of a prime broker or counterparty used by the Manager. The Manager aims to keep this risk to a minimum by monitoring the counterparties and may engage an independent third party custodian. The Custodian will not be permitted to borrow, lend, charge, rehypothecate, dispose of or otherwise use for its benefit any investment held in custody on behalf of the Company.</p> <p>The Company uses the services of the prime broker and outsources key operational functions including investment management, custody, execution, registry services, administration and accounting to a number of third party service providers.</p> <p>There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards which are expected by the Company, causing loss to the Company. The use of third party service providers carries risk of default which could adversely affect the value of the Company. This includes a risk that the Custodian fails to secure custody of the Company's assets resulting in a loss.</p>
Liquidity risk	<p>The Company is exposed to liquidity risk in relation to the investments within its Portfolio. If a Security cannot be bought or sold quickly enough to minimise potential loss, the Company may have difficulty satisfying its commitments, including those associated with financial instruments.</p> <p>The Company's Securities are also exposed to liquidity risk. The ability of an investor in the Company to sell their Securities on the ASX will depend on the turnover or liquidity of the Securities at the time of sale. Therefore, investors may not be able to sell their Securities at the time, in the volumes, or at the price they desire.</p> <p>The Manager will seek to minimise liquidity risks by:</p> <ul style="list-style-type: none"> (a) monitoring significant exposure to illiquid or thinly traded financial instruments; and (b) being aware of liquidity when constructing and managing the Portfolio.
Small cap investment risk	<p>Securities of smaller companies involve greater risk than those of larger, more established companies. This is because smaller companies may be in earlier stages of development, may be dependent on a small number of products or services, may lack substantial capital reserves and/or do not have proven track records. Small cap companies may be more adversely affected by poor economic or market conditions, and may be traded in low volumes, which may increase volatility and liquidity risks.</p>

Risk Category	Risk
Portfolio turnover risk	<p>The Manager may adjust the Portfolio as considered advisable in view of prevailing or anticipated market conditions and the Company's investment objective, and there is no limitation on the length of time Securities must be held, directly or indirectly, by the Company prior to being sold. Portfolio turnover rate will not be a limiting factor and will vary from year to year. Higher portfolio turnover rates involve correspondingly higher transaction costs, which are borne directly or indirectly by the Company. In addition, the Company may realise significant short-term and long-term capital gains.</p>
Compensation fee structure risk	<p>The Manager may receive compensation based on the Portfolio's performance. Performance Fee arrangements may create an incentive for the Manager to make more speculative or higher risk investments than would be the case in the absence of a fee based on the performance of the Portfolio.</p> <p>As at 21 August 2023, the Manager and its associates held in excess of a 30% interest in the issued capital of the Company. Accordingly, the incentive for the Manager to make more speculative or higher risk investments is mitigated by the Manager's substantial interest in the performance of the Company.</p>
Regulatory risk	<p>All investments carry the risk that their value may be affected by changes in laws and regulations especially taxation laws. Regulatory risk includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which the Company holds investments.</p>
Concentration risk	<p>The Company's typical portfolio is expected to hold 50 to 60 Positions, which represents moderate investment concentration. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility.</p>
Interest rate risk	<p>Interest rate movements may adversely affect the value of the Company through their effect on the price of a Security and the cost of borrowing. The Company is exposed to movements in Australian interest rates as well as movements to interest rates in each jurisdiction it holds investments.</p>
Climate Risk	<p>There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:</p> <p>(a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental</p>

Risk Category	Risk
	<p>damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and</p> <p>(b) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.</p>
Related party risk	<p>The Company has a number of key contractual relationships with related parties. If these relationships breakdown and the related party agreements are terminated, there is a risk that the Company may not be able to find a satisfactory replacement.</p> <p>Further, the operations of the Company will require involvement of related parties and other third parties. With respect to these persons and despite applying best practice in terms of pre-contracting due diligence, the Company is unable to completely avoid the risk of:</p> <p>(a) financial failure or default by a participant in any agreement to which the Company may become a party; and/or</p> <p>(b) insolvency, default on performance or delivery by any operators, contractors or service providers.</p> <p>There is also a risk that where the Company has engaged a contractor who is a related party, the contract between the contractor and the Company may terminate for reasons outside of the control of the Company. This may then result in the termination of the contract between the Company and the contractor and the impact the Company's position, performance and reputation.</p>

5.3 General risks

Risk Category	Risk
Economic	General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's investment activities, as well as on its ability to fund those activities.
Market conditions	Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market

Risk Category	Risk
	<p>conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) interest rates and inflation rates; (d) changes in investor sentiment toward particular market sectors; (e) the demand for, and supply of, capital; and (f) terrorism or other hostilities. <p>The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in investment fund stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p>
Litigation risks	<p>The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.</p>
Dividends	<p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.</p>
Taxation	<p>The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Entitlement Options under this Prospectus.</p>
Reliance on key personnel	<p>The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if</p>

Risk Category	Risk
	one or more of these employees cease their employment.
Economic conditions and other global or national issues	<p>General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, development and production activities, as well as on its ability to fund those activities.</p> <p>General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.</p>
Global Conflicts	<p>The ongoing military and political conflicts around the world (Global Conflicts) are impacting global economic markets. The nature and extent of the effect of the Global Conflicts on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the Global Conflicts.</p> <p>The Directors are continuing to closely monitor the potential secondary and tertiary macroeconomic impacts of the unfolding events, including the changing pricing of commodity and energy markets and the potential of cyber activity impacting governments and businesses. Further, any governmental or industry measures taken in response to the Global Conflicts, including limitations on travel and changes to import/export restrictions and arrangements involving the relevant countries may adversely impact the Company's operations and are likely to be beyond the control of the Company.</p> <p>The Company is monitoring the situation closely and considers the impact of the Global Conflicts on the Company's business and financial performance to, at this stage, be limited. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.</p>

5.4 Speculative investment

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Entitlement Options.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the Entitlement Options offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Entitlement Options.

Before deciding whether to subscribe for Entitlement Options under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

6. ADDITIONAL INFORMATION

6.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
2 February 2024	Change of Director's Interest Notice D Gooding
1 February 2024	Update - Notification of buy-back - KAT
1 February 2024	Notification of cessation of securities - KAT

Date	Description of Announcement
31 January 2024	Update – Notification of buy-back – KAT
30 January 2024	Update – Notification of buy-back – KAT
29 January 2024	Update – Notification of buy-back – KAT
25 January 2024	Update - Dividend/Distribution – KAT
12 January 2024	Net Tangible Asset Backing 31 December 2023
8 January 2024	Update – Notification of buy-back – KAT
3 January 2024	Dividend/Distribution – KAT
2 January 2024	Update – Notification of buy-back – KAT
2 January 2024	Notification of buy-back – KAT
2 January 2024	Notification of cessation of securities – KAT
29 December 2023	Daily share buy-back notice - Appendix 3E
20 December 2023	Daily share buy-back notice - Appendix 3E
14 December 2023	Net Tangible Asset Backing 30 November 2023
7 December 2023	Daily share buy-back notice - Appendix 3E
4 December 2023	Daily share buy-back notice - Appendix 3E
1 December 2023	Notification of cessation of securities – KAT
1 December 2023	Daily share buy-back notice - Appendix 3E
30 November 2023	Daily share buy-back notice - Appendix 3E
17 November 2023	Daily share buy-back notice - Appendix 3E
16 November 2023	Results of Annual General Meeting
16 November 2023	AGM Address to Shareholders
15 November 2023	Daily share buy-back notice - Appendix 3E
13 November 2023	Net Tangible Asset Backing 31 October 2023
13 November 2023	Daily share buy-back notice - Appendix 3E
3 November 2023	Change of Director's Interest Notice D Gooding
3 November 2023	Daily share buy-back notice - Appendix 3E
2 November 2023	Daily share buy-back notice - Appendix 3E
1 November 2023	Notification of cessation of securities - KAT
30 October 2023	Daily share buy-back notice - Appendix 3E
27 October 2023	Update - Dividend/Distribution - KAT
13 October 2023	Notice of Annual General Meeting/Proxy Form
12 October 2023	Net Tangible Asset Backing 30 September 2023
10 October 2023	Daily share buy-back notice - Appendix 3E
9 October 2023	Daily share buy-back notice - Appendix 3E
5 October 2023	Daily share buy-back notice - Appendix 3E

Date	Description of Announcement
3 October 2023	Dividend/Distribution - KAT
2 October 2023	Notification of cessation of securities - KAT
2 October 2023	Daily share buy-back notice - Appendix 3E
29 September 2023	Daily share buy-back notice - Appendix 3E
28 September 2023	Daily share buy-back notice - Appendix 3E
26 September 2023	Daily share buy-back notice - Appendix 3E
25 September 2023	Daily share buy-back notice - Appendix 3E
22 September 2023	Corporate Governance Disclosure 2023
22 September 2023	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.katanaasset.com/katana-capital-limited/.

6.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$1.17	25 January 2024
Lowest	\$1.11	6-18 December 2023
Last	\$1.16	5 February 2024

The Entitlement Options are not currently quoted on ASX.

6.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

(d) as an inducement to become, or to qualify as, a Director; or

(e) for services provided in connection with:

(i) the formation or promotion of the Company; or

(i) the Offer.

Security holdings

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set in Section 1.4.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive Directors. Remuneration includes salaries and superannuation payments made to Directors.

Director	FY ending 30 June 2024	FY ending 30 June 2023	FY ending 30 June 2022
Mr Dalton Gooding	77,350	77,350	76,650
Benjamin Laird	44,200	44,200	10,950
Giuliano Sala Tenna	44,200	44,200	43,800

6.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (f) the formation or promotion of the Company; or
- (g) the Offer.

Steinepreis Paganin has acted as the legal advisers to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$7,199 (excluding GST and disbursements) for legal services provided to the Company.

6.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement

included in this Prospectus with the consent of that party as specified in this Section; and

- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the legal advisers to the Company in this Prospectus.

6.7 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$72,604 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	49,398
Legal fees	10,000
Miscellaneous	10,000
Total	72,604

7. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

8. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at Section 1 (unless extended).

Company means Katana Capital Limited (ACN 116 054 301).

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Custodian means the custodian appointed by the Company from time to time.

Directors means the directors of the Company as at the date of this Prospectus.

Derivatives means a security, such as an equity swap, currency forward, contract for difference, option, or futures contract whose value depends on the performance of an underlying asset and includes Exchange Traded Derivatives and Over-the-counter Derivatives.

Eligible Shareholder means a Shareholder as at the Record Date who is eligible to participate in the Offer.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement Option means an Option issued on the terms set out in Section 4.1.

Exercise Price means the exercise price of the Entitlement Options being \$1.25.

Exchange Traded Derivative means a Derivative that is quoted and may be traded on a regulated exchange.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia.

Investment Strategy means the strategy to be used by the Manager in relation to the Portfolio.

Long Position means holding either physically or via a Derivative, a positive amount of an asset in the expectation that the value of that asset will appreciate.

Manager means the manager of the Portfolio appointed under the terms of the Management Agreement, Katana Asset Management Ltd (AFSL 288412) (ACN 106 327 495).

Management Agreement means the agreement between the Company and Katana Asset Management Ltd (AFSL 288412) (ACN 106 327 495) dated 15 October 2020.

NAV or **Net Asset Value** means the value of the Company's total assets less the value of any liabilities.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Over-the-counter Derivative means a derivative that is not quoted on a regulated exchange and so may only be traded in an unregulated or over-the-counter fashion.

Performance Fee means the performance fees payable to the Manager in accordance with the Management Agreement.

Portfolio means the portfolio of investments of the Company constructed by the Manager.

Position means Short Position and/or Long Position.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at Section 1.

Section means a section of this Prospectus.

Securities means Shares and/or Options as the context requires.

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

Shareholder means a holder of a Share.

Short Position means holding, either physically or via a Derivative, a negative amount of an asset in the expectation that the value of that asset will decrease.

Short Selling or **Shorting** means selling an investment (which has been borrowed from another party) with the intention of buying it back at a later date. Short Selling also includes achieving this outcome through the use of Derivatives.

Value of the Portfolio means the aggregate sum of the gross value of all investments, monies, assets and liabilities (excluding borrowings undertaken for gearing purposes) forming part of the Portfolio less any liabilities attributable to an investment or the Portfolio incurred or accrued on or before the date of the

calculation (including but not limited to any unpaid purchase consideration, accrued legal or other expenses, brokerage and stamp duty). Liabilities incurred by the Company due to the use of borrowings undertaken for gearing purposes are not deducted from the Value of the Portfolio. Accordingly, investments acquired through the use of borrowings will increase the Value of the Portfolio by the value of those investments.

WST means Western Standard Time as observed in Perth, Western Australia.