

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to the entire Circular, including this cover page, its annexures, the Notice of General Meeting and Form of Proxy attached to it, unless specifically defined where used, or the context indicates a contrary intention.

### ACTION REQUIRED BY SHAREHOLDERS:

1. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION TO TAKE IN RELATION TO THIS CIRCULAR, PLEASE CONSULT YOUR CSDP, BROKER, BANKER, ATTORNEY, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.
2. IF YOU HAVE DISPOSED OF ALL YOUR SHARES, PLEASE FORWARD THIS CIRCULAR TO THE PURCHASER OF SUCH SHARES OR TO THE CSDP, BROKER, BANKER OR OTHER AGENT THROUGH WHOM THE DISPOSAL WAS EFFECTED.
3. SHAREHOLDERS ARE REFERRED TO PAGE 2 OF THIS CIRCULAR, WHICH SETS OUT THE ACTION REQUIRED BY THEM.

**Montauk does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any Shareholder to notify such Shareholder of the General Meeting, notice of which is contained in and forms part of this Circular.**



**MONTAUK HOLDINGS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 2010/017811/06)  
Share code: MNK ISIN: ZAE000197455  
("Montauk" or the "Company")

## CIRCULAR TO SHAREHOLDERS

### relating to:

- the approval of the Distribution, in terms of which Montauk will distribute the Distribution Shares to Shareholders by way of a distribution *in specie*, which will constitute the disposal of the greater part of the assets or undertaking of Montauk in terms of section 112 of the Companies Act and therefore requires the approval of the TRP and the approval of the Shareholders by way of a special resolution, in compliance with the provisions of section 115 of the Companies Act. The Distribution is expected to be in the ratio of one Montauk Renewables Share for every one Share held by a Shareholder; and
- the delisting of all Shares from the Main Board of the JSE if the Distribution is successfully implemented;

### and incorporating:

- a Notice of General Meeting;
- a Form of Proxy (grey) for purposes of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders who have selected Own-name Registration only); and
- Forms of Declarations and Undertakings in terms of section 64FA of the Income Tax Act for Dividends Tax purposes.

### Investment Bank and Sponsor



### Independent Expert



### South African Legal Advisers



### Date of issue: Monday, 16 November 2020

This Circular is available in English only. Copies may be obtained during normal business hours from the registered office of Montauk, whose address is set out in the "Corporate Information" section of this Circular from Monday, 16 November 2020 until Tuesday, 15 December 2020 (both days inclusive). A copy of this Circular will also be available on Montauk's website ([www.montaukenergy.com](http://www.montaukenergy.com)).

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## CORPORATE INFORMATION AND ADVISERS

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### Directors

JA Copelyn (*Chairman*)\*  
SF McClain  
KA Van Asdalan  
MH Ahmed\*##  
MA Jacobson\*  
NB Jappie\*##  
BS Raynor\*##  
TG Govender\*

\* *non-executive*

# *independent*

### Date and place of incorporation

31 August 2010  
Republic of South Africa

### Company Secretary and registered address

HCI Managerial Services Proprietary Limited  
(Registration number 1996/017874/07)  
Suite 801  
76 Regent Road  
Sea Point  
Cape Town, 8005  
(PO Box 5251, Cape Town, 8000)  
(Telephone number +27 (0)21 481 7560)

### Transfer Secretaries

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196  
(Private Bag X9000, Saxonwold, 2132)

### Investment Bank and Sponsor

Investec Bank Limited  
(Registration number 1969/004763/06)  
100 Grayston Drive  
Sandown  
Sandton, 2196  
(PO Box 765700, Sandton, 2146)

### South African Legal Adviser

Edward Nathan Sonnenbergs Incorporated  
(Registration number 2006/018200/21)  
1 North Wharf Square  
Loop Street  
Foreshore  
Cape Town, 8001  
(PO Box 2293, Cape Town, 8000)

### Independent Expert

Mazars Corporate Finance Proprietary Limited  
(Registration number 2003/029561/07)  
54 Glenhove Road  
Melrose Estate  
Johannesburg, 2196  
(PO Box 6697, Johannesburg, 2000)

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## ACTION REQUIRED BY SHAREHOLDERS

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**The definitions and interpretations commencing on page 6 of this Circular apply to the whole of this Circular, including this action required by Shareholders section, its annexures, the Notice of General Meeting and Form of Proxy attached to it, unless specifically defined where used, or the context indicates a contrary intention.**

This Circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what actions to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all of your Shares, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker, attorney or other agent through whom the disposal was effected.

**The General Meeting will be held on Tuesday, 15 December 2020 at 14:00, at which General Meeting Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the resolutions set out in the Notice of General Meeting attached to this Circular.**

As a consequence of the impact of the COVID-19 pandemic and the restrictions placed on public gatherings as outlined in the regulations that were issued in terms of section 27(2) of the Disaster Management Act (2002), in the interests of the health and safety of its shareholders and Directors, Montauk suggests that Shareholders consider not attending in person the General Meeting to be held at Suite 801, The Point, 76 Regent Road, Sea Point, Cape Town. Shareholders should note that the General Meeting will also be accessible through electronic communication, as permitted by the JSE and in terms of the provisions of the Companies Act and Montauk's MOI, for those Shareholders who elect not to attend the General Meeting in person.

Shareholders will be liable for their own network charges and such charges will not be paid by Montauk nor its service providers. Neither Montauk nor its service providers can be held accountable in the case of loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages or the like which would prevent shareholders from voting or participating in the meeting through electronic communication.

### **I. DEMATERIALIZED SHAREHOLDERS WHO ARE NOT OWN-NAME DEMATERIALIZED SHAREHOLDERS**

#### **I.1 Voting at the General Meeting**

- I.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.
- I.1.2 If your Broker or CSDP has not contacted you, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.
- I.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.
- I.1.4 **You should not complete the attached Form of Proxy (grey).**

#### **I.2 Attendance and representation at the General Meeting**

- I.2.1 In accordance with the custody agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:
  - I.2.1.1 attend, speak and vote at the General Meeting; or
  - I.2.1.2 send a proxy to represent you at the General Meeting.
- I.2.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to attend, speak and vote at the General Meeting.

#### **I.3 Participation and voting at the General Meeting through electronic communication**

- I.3.1 Should you wish to participate and vote through electronic communication, you should request the necessary letter of representation from your broker/CSDP and submit a copy thereof to the Transfer Secretaries at proxy@computershare.co.za by no later than 14:00 on Friday, 11 December 2020 in order to obtain the necessary log in credentials, and to allow the Transfer Secretaries to make the necessary arrangements. Shareholders are encouraged to submit their votes by proxy before the General Meeting.

## 2. **CERTIFICATED SHAREHOLDERS AND DEMATERIALIZED SHAREHOLDERS WHO ARE OWN-NAME DEMATERIALIZED SHAREHOLDERS**

### 2.1 **Voting and attendance at the General Meeting**

- 2.1.1 You may attend the General Meeting and vote at the General Meeting in person or through electronic communication.
- 2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (grey) in accordance with the instructions contained therein and lodging it or posting it to the Transfer Secretaries or the Company Secretary, to be received by them, for administrative purposes, by no later than 14:00 on Friday, 11 December 2020 or thereafter by handing such form to the chairperson of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the proxy exercises any rights of the Shareholder at such General Meeting.

#### **Company Secretary**

HCI Managerial Services Proprietary Limited  
Suite 801  
76 Regent Road  
Sea Point  
Cape Town, 8005  
(PO Box 5251, Cape Town, 8000)

#### **Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
Johannesburg, 2196  
(Private Bag X9000, Saxonwold, 2132)  
(proxy@computershare.co.za)

### 2.2 **Participation and voting at the General Meeting through electronic communication**

- 2.2.1 Should you wish to participate and vote through electronic communication, you should contact the Transfer Secretaries at proxy@computershare.co.za as soon as possible and by no later than 14:00 on Friday, 11 December 2020 for the General Meeting to obtain log in credentials, in order to ensure that there is no delay in providing access to such Shareholders to the General Meeting. Proof of identification will be required before such Shareholders are provided with usernames and passwords.

## 3. **IMPORTANT LEGAL NOTICES, DISCLAIMERS AND MATTERS RELATING TO FOREIGN SHAREHOLDERS**

- 3.1 This Circular has been prepared by the Company for the purposes of complying with the laws of South Africa and is subject to applicable laws and regulations, including but not limited to the Companies Act and the Companies Regulations and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa. The cost of the preparation of this Circular will be borne by the Company.
- 3.2 The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.
- 3.3 The Distribution of the Distribution Shares to shareholders not resident in South Africa ("**Foreign Shareholders**") may be affected by the laws of such Foreign Shareholders' relevant jurisdiction. Foreign Shareholders should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements.
- 3.4 It is the responsibility of any Foreign Shareholder (including, without limitation, nominees, agents and trustees for such persons) to satisfy themselves as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. Foreign Shareholders are obliged to observe the applicable legal requirements of their relevant jurisdictions.
- 3.5 Foreign Shareholders who are not entitled to receive Distribution Shares pursuant to the Distribution should dispose of their Shares such that they are no longer reflected as a holder of Shares on the Distribution Record Date, or alternatively, to the extent lawful under the applicable laws of the relevant territory, require the applicable CSDP and/or nominees, agents and trustees for such persons receiving the Distribution Shares on behalf of the Shareholder to approach the Transfer Secretaries to dispose of the Distribution Shares on behalf of and for the benefit of the relevant Foreign Shareholder as soon as is reasonably practical after the implementation of the Distribution.

- 3.6 Montauk reserves the right, but shall not be obliged, to treat as invalid any distribution of Distribution Shares in the Distribution which appears to Montauk or its advisors or agents to have been executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction or if Montauk believes or its advisors or agents believe that the same may violate applicable legal or regulatory requirements.
- 3.7 This Circular is not intended to, and does not, constitute or form part of an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction other than South Africa. This Circular does not constitute a prospectus or a prospectus equivalent document. Shareholders are advised to read this Circular with care. Any decision to approve the Distribution or any other response to the proposals should be made only on the basis of the information in this Circular.
- 3.8 Any Shareholder who is in doubt as to his or her position, including, without limitation, his or her tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.
- 3.9 This Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities in connection with the US Offering. Any offers, solicitations or offers to buy, or any sales of securities in the US Offering will be made in accordance with the registration requirements of the Securities Act.

#### 4. **SHAREHOLDERS' REQUIRED DIVIDENDS TAX DECLARATIONS AND UNDERTAKINGS**

Shareholders are advised to duly complete and sign the relevant required Form of Declaration and Undertaking (as applicable), attached to this Circular, and for administrative purposes to submit same to Montauk before 23:59 on Monday, 4 January 2021.

**IF YOU ARE THE REGISTERED HOLDER OF THE SHARES BUT NOT THE BENEFICIAL OWNER OR THE DULY AUTHORISED AGENT OF THE BENEFICIAL OWNER, KINDLY PROCURE THAT THE BENEFICIAL OWNER DULY COMPLETES AND SIGNS THE REQUIRED FORM OF DECLARATION AND UNDERTAKING (AS APPLICABLE), ATTACHED TO THIS CIRCULAR, AND SUBMIT SUCH COMPLETED AND SIGNED FORM OF DECLARATION AND UNDERTAKING BY THE BENEFICIAL OWNER TO MONTAUK BEFORE 23:59 ON MONDAY, 4 JANUARY 2021. IF THESE FORMS ARE NOT PROVIDED ON A TIMEOUS BASIS (REFER 4.8.3.3.1 BELOW), THE NUMBER OF MONTAUK RENEWABLES TAX WITHHOLDING SHARES WILL BE DETERMINED AT THE FULL RATE OF DIVIDENDS TAX WHICH AT THE LAST PRACTICABLE DATE IS 20%.**

##### 4.1 **If you are exempt from Dividends Tax**

You must complete Form I of the Forms of Declarations and Undertakings and return such form to Montauk in the manner set out in that form to be received by no later than 23:59 on Monday, 4 January 2021.

##### 4.2 **If you are subject to Dividends Tax at a reduced rate**

You must complete Form II of the Forms of Declarations and Undertakings and return such form to Montauk in the manner set out in that form to be received by no later than 23:59 on Monday, 4 January 2021.

##### 4.3 **If you are not exempt from Dividends Tax and not subject to Dividends Tax at a reduced rate**

You must complete Form III of the Forms of Declarations and Undertakings and return such form to Montauk in the manner set out in that form to be received by no later than 23:59 on Monday, 4 January 2021.

#### 5. **SHAREHOLDERS' APPRAISAL RIGHTS**

Shareholders who wish to exercise their rights in terms of section 164 and/or section 115 of the Companies Act, in relation to the Distribution, are referred to **Annexure 3** of this Circular.

#### 6. **TAKEOVER REGULATION PANEL APPROVAL**

No approval of any South African regulatory body is required to complete the Distribution other than the TRP and the South African Reserve Bank. The issue by the TRP of a compliance certificate, in accordance with section 121(b) of the Companies Act, to Montauk in respect of the Distribution is a condition precedent to the Distribution. Montauk will seek to obtain a compliance certificate from the TRP if the Distribution is approved by Shareholders as contemplated in this Circular. The South African Reserve Bank has given approval for the Montauk Group to pursue a listing on the NASDAQ with a secondary inward listing on the JSE. Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of affected transactions, such as the Distribution, when it approves such transactions.

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## SALIENT DATES AND TIMES

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**The definitions and interpretations commencing on page 6 apply to these salient dates and times.**

### Salient dates and times

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Notice of General Meeting record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to receive notice of the General Meeting on Circular incorporating the Notice of General Meeting and Form of Proxy ( <i>grey</i> ), distributed to Shareholders on	Fri, 6 November 2020
Announcement of distribution of Circular and notice convening the General Meeting released on SENS on	Mon, 16 November 2020
Announcement of distribution of Circular and notice convening the General Meeting published in the South African press on	Mon, 16 November 2020
Last day to trade Shares in order to be recorded in the Register to vote at the General Meeting (see note 4 below) on	Tue, 17 November 2020
General Meeting record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to attend and participate in the General Meeting and to vote thereat, by close of trade on	Tue, 1 December 2020
For administrative reasons, Forms of Proxy ( <i>grey</i> ) in respect of the General Meeting to be lodged at or received via post by the Transfer Secretaries or Company Secretary by no later than 14:00 on	Fri, 4 December 2020
Forms of Proxy ( <i>grey</i> ) in respect of the General Meeting to be handed to the chairperson of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the proxy exercises any rights of the Shareholder at the General Meeting on	Fri, 11 December 2020
Last date and time for Shareholders to give notice to Montauk objecting, in terms of section 164(3) of the Companies Act, to the Special Resolution approving the Distribution for purposes of the Appraisal Rights by 14:00 on	Tue, 15 December 2020
General Meeting held at 14:00 on	Tue, 15 December 2020
Results of the General Meeting published on SENS on	Tue, 15 December 2020
Results of the General Meeting published in the South African press on	Thu, 17 December 2020
If the Distribution is approved by Shareholders: Last date on which Shareholders who voted against the Special Resolution approving the Distribution may require Montauk to seek court approval in terms of section 115(3)(a), but only if the Special Resolution was opposed by at least 15% of the voting rights exercised thereon	Wed, 23 December 2020
Last date on which Shareholders who voted against the Special Resolution approving the Distribution may make application to the court in terms of section 115(3)(b) of the Companies Act	Thu, 31 December 2020
Last date for Montauk to send objecting Shareholders notice of the adoption of the Special Resolution approving the Distribution, in terms of section 164 of the Companies Act	Thu, 31 December 2020
Last day for Shareholders to submit for administrative purposes the relevant required Forms of Declarations and Undertakings to Montauk	Mon, 4 January 2021

**The timing of the Distribution will immediately follow the completion of the Listing, expected to take place on or about 18 January 2021, provided the conditions to the Distribution are satisfied by this time. The detailed timetable will be announced in due course.**

### Notes:

1. All dates and times indicated above are South African Standard Time.
2. The above dates and times are subject to amendment at the discretion of Montauk. Any such amendment will be released on SENS and published in the South African press.
3. The above dates may be amended to the extent that any Shareholders exercise their appraisal rights in terms of section 164 of the Companies Act.
4. Shareholders should note that, as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trade takes place three Business Days after such trade. Therefore, Shareholders who acquire Shares after the last day to trade in order to be recorded in the Register will not be able to participate and vote at the General Meeting. Furthermore, share certificates for Shares may not be dematerialised or rematerialised after the last day to trade in order to be recorded in the Register and the record date to participate, attend and vote at the General Meeting (the record date being included).

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and vice versa, words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the words and expressions in the first column have the meanings stated opposite them in the second column.

“\$”	US dollar;
“Appraisal Rights”	the rights afforded to Shareholders in terms of section 164 of the Companies Act, as set out in <b>Annexure 3</b> to this Circular;
“Authorised Dealer”	a person authorised to deal in foreign exchange as contemplated in the Exchange Control Regulations of the South African Reserve Bank;
“Board” or “Directors”	the directors of Montauk from time to time, comprising, as at the Last Practicable Date, of those persons whose names appear in the “Corporate Information” section of this Circular;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day, other than a Saturday, Sunday or public holiday in South Africa;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	Shares which have not yet been Dematerialised, title to which is represented by a share certificate or other Document of Title;
“Circular”	this bound document, dated Monday, 16 November 2020, including annexures and enclosures hereto;
“Common Monetary Area”	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Eswatini;
“Companies Act”	the Companies Act, 2008 (Act No. 71 of 2008), as amended;
“Companies Regulations”	the Companies Regulations, 2011, promulgated under the Companies Act, as amended;
“Company Secretary”	HCI Managerial Services Proprietary Limited, a private company incorporated under the laws of South Africa, with registration number 1996/017874/07, particulars of which appear in the “Corporate Information” section of this Circular;
“Consortium Agreement”	the Consortium Agreement concluded or to be concluded between certain directors and Shareholders of the Company, including affiliated entities of JA Copelyn and TG Govender, whereby such parties agree to act in concert with respect to certain voting matters relating to Montauk Renewables Shares and provide the other parties thereto certain pre-emptive rights with respect to any potential sale of Montauk Renewables Shares;
“Corporate Restructure”	a corporate reorganisation in which Montauk USA will transfer all of its shares of Montauk Energy Holdings LLC to Montauk Renewables in exchange for all of the outstanding shares of Montauk Renewables, Montauk USA will distribute all of the shares of Montauk Renewables to Montauk, and Montauk Renewables will assume the position as the top tier US wholly-owned subsidiary of Montauk replacing Montauk USA in this position and resulting in Montauk Renewables holding all of the business and assets of the Montauk Group;
“CSDP”	a central securities depository participant registered in terms of the Financial Markets Act, as amended, with whom a beneficial holder of shares holds a dematerialised share account;
“Delisting”	the delisting of Montauk from the Main Board of the JSE, which is anticipated to occur in the first quarter of 2021;
“Demand”	means a valid demand made in terms of section 164(5) of the Companies Act, by a Shareholder in terms of which such Shareholder demands that Montauk pay such Shareholder the fair value for all of the Shares which such Shareholder holds;
“Dematerialised Shareholders”	those Shareholders who hold Dematerialised Shares;

<b>“Dematerialised Shares”</b>	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
<b>“Distribution”</b>	the distribution <i>in specie</i> by Montauk of the Distribution Shares to its Shareholders as at the Distribution Record Date, subject to the withholding by Montauk of the Withholding Shares, as contemplated in paragraph 4 of this Circular;
<b>“Distribution Completion Date”</b>	the date on which the Distribution has been completed and the Distribution Shares are acquired by the Shareholders, registered as such on the Distribution Record Date, which is anticipated to be in the first quarter of 2021;
<b>“Distribution Conditions”</b>	the conditions precedent to the Distribution as set out in paragraph 4.2 of this Circular;
<b>“Distribution Record Date”</b>	the date on which a Shareholder must be registered in the Register in order to be eligible to participate in the Distribution, which is anticipated to be in the first quarter of 2021;
<b>“Distribution Shares”</b>	all of the Montauk Renewables Shares less the Withholding Shares;
<b>“Dividends Tax”</b>	dividends tax in terms of the Income Tax Act;
<b>“Documents of Title”</b>	share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares acceptable to Montauk;
<b>“DTA”</b>	agreement for the avoidance of double taxation;
<b>“Exchange Control Regulations”</b>	the South African Exchange Control Regulations, promulgated in terms of the South African Currency and Exchanges Act, 1933 (Act No. 9 of 1933), as amended;
<b>“Financial Markets Act”</b>	the Financial Markets Act, 2012 (Act No. 19 of 2012), as amended;
<b>“Form of Declaration and Undertaking” or “Forms of Declarations and Undertakings”</b>	Forms I, II and III (collectively or individually, as the case may be) containing declarations and undertakings in terms of section 64FA of the Income Tax Act for use by Shareholders to inform Montauk of such Shareholder’s Dividends Tax status;
<b>“Form of Proxy”</b>	for purposes of the General Meeting, the form of proxy ( <i>grey</i> ) for use only by Certificated Shareholders and Own-name Registered Dematerialised Shareholders;
<b>“Form S-1”</b>	a registration statement on Form S-1 filed by Montauk Renewables with the SEC under the Securities Act to register the offer and sale of shares of common stock of Montauk Renewables in the US Offering;
<b>“General Meeting”</b>	the general meeting of Shareholders to be held at Suite 801, The Point, 76 Regent Road, Sea Point, Cape Town and which will also be accessible through electronic communication, as permitted by the JSE and in terms of the provisions of the Companies Act and Montauk’s MOI, for those Shareholders who elect not to attend the general meeting in person, on Tuesday, 15 December 2020 at 14:00, convened in terms of the Notice of General Meeting enclosed and forming part of this Circular; together with any reconvened general meeting held as a result of the adjournment or postponement of that general meeting;
<b>“IFRS”</b>	the International Financial Reporting Standards as issued from time to time by the International Accounting Standards Board or its successor body as adopted or applied in South Africa;
<b>“Income Tax Act”</b>	the Income Tax Act, 1962 (Act No. 58 of 1962), as amended;
<b>“Independent Board”</b>	collectively, MH Ahmed, NB Jappie and BS Raynor; being those Directors who have been appointed as the independent board for purposes of the Companies Act and the Companies Regulations;
<b>“Independent Expert”</b>	Mazars Corporate Finance Proprietary Limited, with registration number 2003/029561/07, a company incorporated under the laws of South Africa, particulars of which appear in the “Corporate Information” section of the Circular;
<b>“Independent Expert Report”</b>	the report prepared by the Independent Expert on the Distribution, in accordance with the provisions of the Companies Act and the Companies Regulations, a copy of which are annexed to this Circular as <b>Annexure 2</b> ;
<b>“JSE”</b>	JSE Limited, a public company incorporated under the laws of South Africa, with registration number 2005/022939/06, which is licensed as an exchange in terms of the Financial Markets Act;

<b>“Last Practicable Date”</b>	the last practicable date before finalisation of this Circular, which date was 9 November 2020;
<b>“Legal Adviser”</b>	Edward Nathan Sonnenbergs Incorporated, a company incorporated under the laws of South Africa, with registration number 2006/018200/21, particulars of which appear in the “Corporate Information” section of the Circular;
<b>“Listing”</b>	the primary listing of Montauk Renewables on the NASDAQ and secondary inward listing on the Main Board of the JSE;
<b>“Listings Requirements”</b>	the Listings Requirements of the JSE;
<b>“MOI”</b>	the memorandum of incorporation of Montauk;
<b>“Montauk” or “the Company”</b>	Montauk Holdings Limited (registration number: 2010/017811/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, the issued ordinary share capital of which is listed on the JSE that serves as the parent holding company for its operating and non-operating subsidiaries within the Montauk Group;
<b>“Montauk Energy Holdings”</b>	Montauk Energy Holdings, LLC, a US limited liability company formed under the laws of the State of Delaware and the principal wholly-owned operating subsidiary of Montauk prior to the Distribution;
<b>“Montauk Group”</b>	Montauk and its Subsidiaries from time to time;
<b>“Montauk Renewables”</b>	Montauk Renewables, Inc., a US corporation formed under the laws of the State of Delaware and a newly formed entity, which is not part of the Montauk Group at present, and will become part of the Montauk Group following the Corporate Restructure and whose shares will be distributed to the Shareholders in the Distribution following the Corporate Restructure;
<b>“Montauk Renewables Appraisal Right Shares”</b>	those Montauk Renewables Shares (if any) withheld by Montauk in relation to any Shareholder who has delivered its Demand;
<b>“Montauk Renewables Shares”</b>	Shares of common stock, par value \$0.01 (USD) per share, of Montauk Renewables, which shall be distributed to the Shareholders in accordance with the terms and conditions of the Distribution;
<b>“Montauk Renewables Tax Withholding Shares”</b>	those Montauk Renewables Shares (if any) which are withheld by Montauk in relation to a particular Shareholder in terms of the Distribution, to enable it to settle the Dividends Tax liability arising from the Distribution to such Shareholder, in terms of the Income Tax Act;
<b>“Montauk USA”</b>	Montauk Holdings USA, LLC, a US limited liability company formed under the laws of the State of Delaware and the top tier US holding company for the Montauk Group prior to the Corporate Restructure;
<b>“NASDAQ”</b>	the NASDAQ Stock Market;
<b>“Non-Resident Shareholders”</b>	a Shareholder who is not considered to be an ordinary resident in South Africa in terms of the Exchange Control Regulations;
<b>“Notice of General Meeting”</b>	the notice of the General Meeting of Shareholders, forming part of this Circular;
<b>“NYSE”</b>	The New York Stock Exchange;
<b>“Own-name Registration” or “Own-name Registered”</b>	Shareholders who hold Shares that have been Dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
<b>“Rand” or “R”</b>	South African Rand;
<b>“Transaction Implementation Agreement”</b>	means the agreement described in paragraph 7.2.1
<b>“Register”</b>	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
<b>“SARS”</b>	the South African Revenue Service;
<b>“SEC”</b>	the US Securities and Exchange Commission;
<b>“Securities Act”</b>	US Securities Act of 1933, as amended;
<b>“SENS”</b>	the Stock Exchange News Service of the JSE;

<b>"Shares"</b>	ordinary no par value shares in the issued share capital of Montauk, being 138 312 713 Montauk ordinary shares at the Last Practicable Date;
<b>"Shareholders"</b>	the registered holders of Shares as appearing on the Register;
<b>"South Africa Standard Time"</b>	two hours ahead of Coordinated Universal Time;
<b>"South Africa"</b>	the Republic of South Africa;
<b>"Special Resolution"</b>	Special Resolution number 1 required to be approved by Shareholders in order to implement and give effect to the Distribution;
<b>"Strate"</b>	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, being a licensed central securities depository in terms of section 1 of the Financial Markets Act and the entity that manages the electronic custody, clearing and settlement environment for all share transactions concluded on the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
<b>"STT Act"</b>	the Securities Transfer Tax Act, 2007 (Act No. 25 of 2007), as amended;
<b>"STT"</b>	securities transfer tax;
<b>"Subsidiary"</b>	a "subsidiary" as defined in the Companies Act;
<b>"Transfer Secretaries"</b>	Computershare Investor Services Proprietary Limited, a private company incorporated under the laws of South Africa, with registration number 2004/003647/07, particulars of which appear in the "Corporate Information" section of the Circular;
<b>"TRP"</b>	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
<b>"US"</b>	the United States of America;
<b>"US Offering"</b>	The public offering in the US of (i) up to \$20 million (USD) of new Montauk Renewables Shares and (ii) a certain number of Montauk Renewables Tax Withholding Shares (if applicable) to be completed pursuant to the Form S-1 and substantially concurrently with the Distribution and the Listing; and
<b>"Withholding Shares"</b>	collectively, the Montauk Renewables Tax Withholding Shares and the Montauk Renewables Appraisal Right Shares.

The terms "acting in concert", "related", "inter-related" and "acquiring party" shall bear the meanings in this Circular as ascribed to them in the Companies Act.



## **MONTAUK HOLDINGS LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 2010/017811/06)

Share code: MNK ISIN: ZAE000197455

("Montauk" or the "Company")

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### **Directors:**

JA Copelyn (*Chairman*)\*

SF McClain

KA Van Asdalan

MH Ahmed\*#

MA Jacobson\*

NB Jappie\*#

BS Raynor\*#

TG Govender\*

\* non-executive

# independent

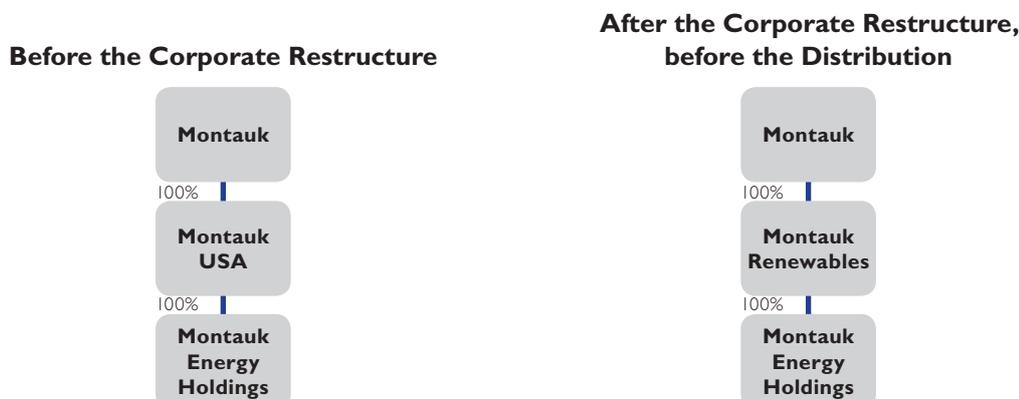
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## **CIRCULAR TO SHAREHOLDERS**

### **I. INTRODUCTION AND PURPOSE OF THIS CIRCULAR**

- 1.1 On 31 October 2018, Montauk announced plans for the complete legal and structural separation of the Company's operations from Montauk pursuant to the Corporate Restructure and Distribution. On 14 October 2020, Montauk announced the re-commencement of this process.
- 1.2 The Corporate Restructure will result in Montauk Renewables becoming a wholly-owned subsidiary of Montauk and becoming the top tier holding company of the Montauk Group. Following the Corporate Restructure, Montauk will effect the Distribution of the Distribution Shares and, in turn, Montauk Renewables intends to complete the US Offering and Listing.
- 1.3 The Corporate Restructure, Distribution, US Offering and Listing will be achieved through the following steps:
  - Step 1: Montauk USA will transfer to Montauk Renewables all of the issued and outstanding equity securities of Montauk Energy Holdings in exchange for all of the issued and outstanding shares of common stock of Montauk Renewables. Subsequently, Montauk USA will be the sole shareholder of Montauk Renewables and Montauk Energy Holdings will be a wholly-owned subsidiary of Montauk Renewables.
  - Step 2: Montauk USA will distribute all of the issued and outstanding shares of common stock of Montauk Renewables to Montauk USA's sole shareholder, Montauk, *in specie*. Subsequently, Montauk Renewables will be a direct wholly-owned subsidiary of Montauk and Montauk USA will cease to own any assets.
  - Step 3: After the distribution by Montauk USA of the shares in Montauk Renewables to Montauk, Montauk will transfer all of the membership interests of Montauk USA to a third party for future liquidation and dissolution.
  - Step 4: Montauk Renewables will obtain a primary listing on NASDAQ and will be inward listed on the JSE. Immediately thereafter, Montauk will distribute all of the issued and outstanding shares of common stock of Montauk Renewables it holds to the Shareholders *in specie* (subject to withholding of the Withholding Shares). Each one Share of Montauk outstanding on the Distribution Record Date, is expected to entitle the holder thereof to receive one share of Montauk Renewables. Montauk Renewables have entered into a Transaction Implementation Agreement with Montauk that will govern the Corporate Restructure, the Distribution, and Montauk Renewables' relationship with Montauk following the Corporate Restructure.

- 1.4 The Corporate Restructure, Distribution, US Offering and Listing are subject to the satisfaction, or the Board's waiver, of a number of conditions precedent as set out in paragraph 4.2 of this Circular. In addition, Montauk has the right not to implement the Distribution if, at any time, the Board determines, in its sole and absolute discretion, that the Distribution is not in the best interests of Montauk or its Shareholders or is otherwise not advisable. If the Distribution is not implemented, the US Offering and Listing will similarly not be completed. See paragraph 4.2 for more details on the Distribution Conditions.



- 1.5 Montauk intends to effect the Distribution of all of its equity interest in Montauk Renewables, consisting of the Distribution Shares, to Shareholders by way of a distribution *in specie*, having regard to their respective shareholding in Montauk as of the Distribution Record Date. Shareholders are expected to receive one Montauk Renewables Share for every one Share held by any such Shareholder on the Distribution Record Date, subject to the withholding by Montauk of the Withholding Shares.
- 1.6 Shareholder approval is required in connection with the Distribution in terms of sections 112 and 115 of the Companies Act as the Distribution will constitute the disposal of the greater part of Montauk's assets or undertaking. Accordingly, appraisal rights in terms of section 164 of the Companies Act will be applicable in connection with the Distribution. Pursuant to the implementation of the Distribution and settlement of all taxes and costs associated with the Distribution and after disposing of Montauk USA, Montauk will hold no significant assets or operations and it is expected that its Shares will have no value. Accordingly, Shareholders are also requested to approve the delisting of Montauk from the Main Board of the JSE.
- 1.7 Following the Distribution, US Offering and disposal by Montauk of the Withholding Shares (if applicable), Montauk will not own any equity interest in Montauk Renewables and Montauk Renewables will be an independent US company that will be listed on the NASDAQ and inward listed on the Main Board of the JSE. The South African Reserve Bank has given approval for the Montauk Group to pursue a listing on the NASDAQ with a secondary inward listing on the JSE.
- 1.8 The business and operations of the Montauk Group following the Distribution will be substantially the same in all material respects as the business and operations of the Montauk Group prior to the Distribution. Given that Montauk has been listed on the Main Board of the JSE since 8 December 2014, all relevant disclosures relating to the Montauk Group are available in the public domain. There will be no material reduction to the information relating to the Montauk Group that is not already available to Shareholders in the public domain.
- 1.9 After the Distribution, US Offering and the Listing, Montauk Renewables will be subject to the US federal securities laws, including the reporting requirements of the SEC. Montauk Renewables will report its consolidated financial results in US dollars and in accordance with US generally accepted accounting principles (GAAP). Montauk Renewables will be required to file reports on Forms 10-K, 10-Q and 8-K with the SEC and comply with the proxy rules applicable to a US public company.
- 1.10 After the Distribution and payment of the fractional shares as noted in paragraph 4.3.2 below, Montauk USA will no longer be recognised in the financial statements of Montauk. An amount of cash, which is not expected to exceed R5 million (R0.04 per Share), will, however, be retained for the Company's ongoing costs, expenses, fees, penalties, taxes or other liabilities or obligations. Any remaining cash, to the extent not required for the Company's ongoing or anticipated costs, expenses, fees, penalties, taxes and other liabilities or obligations, will be distributed to Shareholders on a *pro-rata* basis in due course upon its liquidation, deregistration or otherwise, subject to applicable laws and withholding obligations. The Company does not expect to distribute any cash to Shareholders pursuant to the prior sentence.

- 1.11 The impact of the Distribution will be a reduction in Montauk's net asset value by approximately \$123.3 million and net asset value per share by approximately \$0.9 based on figures as at 30 September 2020. Going forward, Montauk earnings will no longer reflect the earnings attributable to Montauk USA and will merely reflect any costs expected to be incurred leading up to the liquidation of Montauk.
- 1.12 After the Listing, holders of Montauk Renewable Shares who hold their shares on the JSE will be able to effect trades of the Montauk Renewable Shares on the NASDAQ subject to Exchange Control Regulations.
- 1.13 The purpose of this Circular is to:
  - 1.13.1 provide Shareholders with the relevant information relating to the Distribution and the Corporate Restructure so as to enable Shareholders to make an informed decision in respect of the resolutions set out in the Notice of the General Meeting enclosed with this Circular; and
  - 1.13.2 convene the General Meeting of Shareholders in order to consider and, if deemed fit, approve the resolutions authorising the Distribution and the Delisting.

## 2. **RATIONALE FOR THE DISTRIBUTION, THE CORPORATE RESTRUCTURE AND THE LISTING**

- 2.1 The Board is pursuing the Corporate Restructure, the Distribution, the US Offering and the Listing to raise the profile of Montauk's operations in the US by obtaining a primary listing on a stock exchange in the country where the core operations are located. In particular, the market for renewable natural gas generated from landfill methane, which generation comprises Montauk's primary business, is not currently well-developed in South Africa, due to various reasons, most notably quality constraints in respect of existing landfill sites.
- 2.2 The lack of public and market awareness in South Africa regarding this sector diminishes Montauk's ability to raise capital in South Africa. The Board believes that access to a liquid and informed US equity market will be of great benefit to Montauk's operations as a potential future source of funding for growth, including through acquisitions, new developments, and redevelopments of existing sites.

## 3. **THE BUSINESS OF MONTAUK AND MONTAUK RENEWABLES POST THE DISTRIBUTION**

- 3.1 Immediately following the Distribution, Montauk Shareholders will hold the Distribution Shares and Shares in Montauk. Following the disposal by Montauk of the Withholding Shares (if any) and settlement of taxes and other costs associated with the Distribution, Montauk will hold no significant assets or operations, and it is expected that its Shares will have no value. Refer to paragraph 5.2 for further details on Montauk post the Distribution.
- 3.2 Montauk Renewables will continue the operations conducted by the Montauk Group prior to the Distribution, but as an independent US publicly traded company. The Montauk Board of Directors and current executive management team of the Company is expected to continue to serve in the same capacities with Montauk Renewables. Montauk Renewables will continue to be a fully integrated renewable energy company specialising in the management, recovery and conversion of biogas from waste into renewable energy.

## 4. **THE DISTRIBUTION**

### 4.1 **Overview**

- 4.1.1 As of the Distribution Record Date, Montauk is expected to hold 138 312 713 Montauk Renewables Shares, comprising 100% of the issued and outstanding share capital of Montauk Renewables.
- 4.1.2 In the Distribution, Montauk will distribute Montauk Renewables Shares, being all of the Montauk Renewables Shares less the Withholding Shares, to Shareholders by way of a distribution *in specie* having regard to their respective shareholding in Montauk as at the Distribution Record Date. Shareholders are expected to receive one Montauk Renewables Share for every one Share of Montauk held by any such Shareholder on the Distribution Record Date. To the extent that a different ratio is agreed by Montauk Renewables and Montauk prior to the Distribution, such final ratio will be communicated to Shareholders in the Distribution finalisation announcement.
- 4.1.3 Should any Shareholder exercise its appraisal rights in terms of section 164 of the Companies Act, such Shareholder will no longer be entitled to receive Montauk Renewables Shares in terms of the Distribution and, subject to compliance with the requirements in section 164 of the Companies Act, Montauk will purchase such Shareholder's Shares at the fair value for all of the Shares held by that Shareholder. Accordingly, the Montauk Renewables Appraisal Right Shares which were due to be distributed *in specie* to such Shareholders (had they not elected to exercise their appraisal rights) will be retained by Montauk and may be sold by Montauk in order to, *inter alia*, settle the purchase price payable to such Shareholders for their Shares.

4.1.4 The distribution of the Montauk Renewables Shares by Montauk to Shareholders will give rise to a liability for Dividends Tax in accordance with the Income Tax Act in the event that any beneficial owner of Shares does not qualify for an exemption from the Dividends Tax. Montauk will withhold the relevant Montauk Renewables Tax Withholding Shares in relation to a particular Shareholder in order to enable Montauk to make payment of such liability for Dividends Tax to the South African Revenue Service.

## 4.2 **Distribution Conditions**

The Distribution is subject to the fulfilment or waiver by Montauk (to the extent legally permissible) of the following outstanding Distribution Conditions:

- 4.2.1 the Shareholders shall have approved the Distribution in terms of sections 112 and 115 of the Companies Act, by the requisite majority of Shareholders at the General Meeting voting in favour of the resolutions approving the Distribution, provided that this Distribution Condition shall not be fulfilled if Shareholders holding, in aggregate, 1% of the issued Shares (or such other number as the Board may determine), vote against the Special Resolution approving the Distribution and exercise their appraisal rights by giving notice objecting to such Special Resolution in accordance with section 164(3) of the Companies Act and delivering valid Demands in accordance with sections 164(5) of the Companies Act;
- 4.2.2 the Corporate Restructure shall have been fully and finally implemented;
- 4.2.3 the Company and Montauk Renewables shall have adopted and approved the new certificate of incorporation and bylaws of Montauk Renewables and, as of immediately prior to the Distribution, Montauk Renewables shall have issued to the Company a total number of Montauk Renewables Shares equal to the product of (a) the total number of Shares held by Montauk Shareholders as of the Distribution Record Date *multiplied* by (b) the exchange ratio set forth in paragraph 4.1.2 above;
- 4.2.4 the actions and filings necessary or appropriate under applicable US and South African Laws and the rules and regulations thereunder will have been taken or made, and, where applicable, have become effective or been accepted by the applicable governmental authority;
- 4.2.5 the Board shall have authorised and approved the Distribution and not withdrawn such authorisation and approval, and shall have declared the dividend *in specie* of Montauk Renewables Shares to Shareholders;
- 4.2.6 the TRP shall have issued a compliance certificate, in accordance with section 121(b) of the Companies Act, to Montauk in respect of the Distribution;
- 4.2.7 Montauk Renewables Shares shall have been accepted for listing on the NASDAQ, subject to official notice of issuance;
- 4.2.8 Montauk Renewables Shares shall have been accepted for a secondary inward listing on the Main Board of the JSE;
- 4.2.9 no order, interdict, injunction or decree issued by any court or governmental authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the Distribution shall be in effect, and no other event outside the control of Montauk shall have occurred or failed to occur that prevents the consummation of the Distribution;
- 4.2.10 no other events or developments shall have occurred prior to the Distribution Completion Date that, in the judgement of the Board either (a) make it inadvisable to effect the Corporate Restructure, the Distribution or the transactions contemplated by the Transaction Implementation Agreement and the ancillary agreements thereto or (b) result in the Corporate Restructure, the Distribution or the transactions contemplated by the Transaction Implementation Agreement and the ancillary agreements thereto having a material adverse effect on Montauk or its Shareholders;
- 4.2.11 all other ancillary agreements to the Transaction Implementation Agreement (including the Share Exchange Agreement and the Montauk USA Wind-Up Agreement) will have been duly executed and delivered by the applicable parties thereto; and
- 4.2.12 the South African Reserve Bank (or an Authorised Dealer) having granted its unconditional approval for the Distribution, or such approval having been granted subject to conditions acceptable to the Board.

#### 4.3 Fractions

- 4.3.1 No fractional shares of Montauk Renewables Shares will be distributed in connection with the Distribution. In accordance with the standard JSE rounding convention, the number of Montauk Renewables Shares to be received by a Shareholder will be rounded down to the nearest whole number resulting in allocations of whole securities.
- 4.3.2 *In lieu* of a fractional Montauk Renewables Share, Shareholders will be paid an amount with reference to such Shareholder's fractional entitlement and the cash value determined in accordance with the Listings Requirements. This cash value must, in the event that it is a new listing with no trading having taken place, be based on the issue price or estimated issue price, less 10%. An announcement of this cash value will be released on SENS in accordance with the timetable to be included in the Distribution finalisation announcement.
- 4.3.3 The accounts of each registered Shareholder entitled to a fractional share will be credited with the cash value due to them pursuant to the cash value announcement on the first business day post the Distribution Completion Date. In relation to Shareholders holding Shares through a bank, Broker or other nominee, such Shareholders' bank, Broker or nominee will receive, on their behalf, their cash value. No interest will be paid on any cash paid *in lieu* of a fractional share.

#### 4.4 The implementation date of the Distribution

The Distribution will be implemented after the Distribution Conditions are fulfilled or waived (as the case may be) on the Distribution Completion Date, which is anticipated to be in the first quarter of 2021.

#### 4.5 Classification of the Distribution

The Distribution will involve the disposal of substantially all of the assets and business of Montauk and therefore constitute a disposal of the greater part of the assets or undertaking of Montauk in terms of section 112 of the Companies Act. As a result, the Distribution requires the approval of the TRP and the approval of the Shareholders by way of a Special Resolution, in compliance with the provisions of section 115 of the Companies Act. Please refer to **Annexure 3** for a copy of section 115.

#### 4.6 Shareholders' appraisal rights

- 4.6.1 Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act. This paragraph 4.6 only provides a summary of the provisions relating to Shareholders' Appraisal Rights in terms of section 164 of the Companies Act, the full provisions of which are contained in **Annexure 3** to this Circular.
- 4.6.2 Shareholders who wish to exercise their Appraisal Rights in terms of the aforementioned section of the Companies Act are required, before the Special Resolution to approve the Distribution is voted on at the General Meeting, to give notice to Montauk in writing objecting to the Special Resolution in terms of section 164(3) of the Companies Act. A vote against the Distribution at the General Meeting in person or by proxy will not, on its own, be sufficient to satisfy the requirements for exercise by a Shareholder of its Appraisal Rights and a Shareholder must comply with all of the requirements of section 164 of the Companies Act should they wish to exercise their Appraisal Rights.
- 4.6.3 Within 10 Business Days after Montauk has adopted the Special Resolution, Montauk must send a notice to each Shareholder who gave Montauk the notice referred to in paragraph 4.6.2 of this Circular and has neither withdrawn that notice nor voted in favour of the Special Resolution, informing them that the Special Resolution has been adopted. A failure to vote against the Distribution at the General Meeting in person or by proxy will constitute a waiver of your Appraisal Rights.
- 4.6.4 A Shareholder who gave written notice to Montauk in terms paragraph 4.6.2 (and has not withdrawn that notice) and who has complied with all the procedural requirements set out in section 164 of the Companies Act may, in terms of sections 164(5) to 164(8) of the Companies Act, if the Special Resolution is adopted, deliver a written notice to Montauk demanding that Montauk pay to that Shareholder the fair value for all the Shares held by that Shareholder. The Demand must be delivered:
- within 20 Business Days after receipt of the notice from Montauk referred to in paragraph 4.6.3 of this Circular; or
  - if the Shareholder does not receive the notice from Montauk referred to in paragraph 4.6.3 of this Circular, within 20 Business Days after learning that the Special Resolution has been adopted.
- 4.6.5 The Demand above must also be delivered to the TRP and must set out:

1. the dissenting Shareholder's name and address;
  2. the number of Shares in respect of which the dissenting Shareholder seeks payment; and
  3. a demand for payment of the fair value of those Shares. The fair value of the Shares is determined as at the date on which, and the time immediately before, the Special Resolution was adopted.
- 4.6.6 A dissenting Shareholder may withdraw its Demand before Montauk makes an offer in accordance with section 164(11) of the Companies Act or if Montauk fails to make such an offer. If a dissenting Shareholder voluntarily withdraws its Demand, it will cease to be a dissenting Shareholder.
- 4.6.7 If Montauk receives a Demand and such Demand is not withdrawn by the dissenting Shareholder before the Distribution Completion Date, Montauk shall, in accordance with section 164(11) of the Companies Act, within five Business Days of the Distribution Completion Date, make an offer to the dissenting Shareholder to purchase such dissenting Shareholder's Shares.
- 4.6.8 Montauk's offer made in accordance with section 164(11) of the Companies Act will, in accordance with the requirements of section 164(12)(b) of the Companies Act, lapse if it is not accepted by the dissenting Shareholder within thirty Business Days after it was made.
- 4.6.9 A dissenting Shareholder that, pursuant to the exercise of its Appraisal Rights, has sent a Demand to Montauk has no further rights in respect of the Shares in respect of which it has made such Demand, other than to be paid the fair value of such Shares, and will be excluded from the Distribution, unless:
1. that dissenting Shareholder withdraws that Demand before Montauk makes an offer in accordance with section 164(11) of the Companies Act or allows any offer made by Montauk to lapse;
  2. Montauk fails to make an offer in accordance with section 164(11) of the Companies Act and that dissenting Shareholder withdraws its Demand; or
  3. Montauk revokes the Special Resolution by a subsequent special resolution, in which case that dissenting Shareholder's rights in respect of the relevant Shares shall, in terms of section 164(10) of the Companies Act, be reinstated without interruption.
- 4.6.10 A dissenting Shareholder who accepts an offer made in terms of section 164(11) of the Companies Act (including where a dissenting Shareholder is ordered to do so by a Court in accordance with section 164(15)(c)(v)) will not participate in the Distribution.
- 4.6.11 A dissenting Shareholder who considers the offer made by Montauk in accordance with section 164(11) of the Companies Act to be inadequate, may, in accordance with section 164(14) of the Companies Act, apply to a Court to determine a fair value in respect of the Shares that are the subject of the Demand, and an order requiring Montauk to pay the dissenting Shareholder the fair value so determined.
- 4.6.12 If, pursuant to the order of the Court, a dissenting Shareholder tenders its Shares to Montauk, such dissenting Shareholder will not participate in the Distribution.
- 4.6.13 A copy of section 164 of the Companies Act, which sets out the Appraisal Rights, is included in **Annexure 3** to this Circular.

#### 4.7 Implementation of Distribution

- 4.7.1 If you hold Shares in certificated form you should pay special attention to the provisions of the following paragraph since Montauk Renewables will not issue any individual Montauk Renewables Share certificates in relation to the Distribution Shares. In order to receive your Montauk Renewables Shares in dematerialised form, you will be required to move into a dematerialised environment or, if you do not wish to receive your Montauk Renewables Shares in dematerialised form, you will receive a statement of allocation from the Transfer Secretaries in respect of your Montauk Renewables Shares. If you are in any doubt as to what action you should take, please consult your Broker, CSDP, banker, attorney or other professional adviser.
- 4.7.2 For the purposes of the Distribution, Shareholders will receive their respective Montauk Renewables Shares in dematerialised form only. Accordingly, all Certificated Shareholders who wish to receive their Distribution Shares must appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the Distribution Shares on their behalf. Should a Certificated Shareholder not appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive Distribution Shares on their behalf, they will be issued with a statement of allocation representing their Montauk Renewables Shares by the Transfer Secretaries. Such Shareholders can instruct the Transfer Secretaries to transfer their Montauk Renewables Shares represented by the statement of allocation to their appointed CSDP.

## 4.8 Tax considerations relating to the Distribution

- 4.8.1 The following is a general description of certain aspects of South African tax considerations relating to the Distribution as at the date of the Circular. It is not intended to be, nor should it be considered as legal or taxation advice. Tax legislation is subject to frequent change and accordingly the comments as set out below may be subject to change, possibly with retrospective effect. Shareholders should consult their own professional advisers with regard to the tax implications arising in respect of the Distribution. Montauk makes no representation and gives no warranty or undertaking, express or implied, and accepts no responsibility for the accuracy or completeness of the information contained in this section.
- 4.8.2 The Distribution will constitute a distribution *in specie* by Montauk of the Distribution Shares to its Shareholders, having regard to their respective shareholdings in Montauk as at the Distribution Record Date, subject to the withholding by Montauk of the Withholding Shares, as contemplated in paragraph 4 of this Circular.
- 4.8.3 Material South African Income Tax consequences of the Distribution
- 4.8.3.1 **Distribution of Montauk Renewables Shares**
- 4.8.3.1.1 The distribution of the Distribution Shares by Montauk to its Shareholders will constitute a “dividend” as defined in the Income Tax Act. Such dividend will be subject to South African income tax in the hands of each Shareholder, unless the dividend is exempt from South African income tax in terms of section 10(1)(k)(i) of the Income Tax Act. In terms of section 10(1)(k)(i) of the Income Tax Act, a “dividend” as defined in section 1 of the Income Tax Act which is received by or accrues to any Shareholder during any year of assessment is exempt from income tax, subject to certain exclusions.
- 4.8.3.1.2 For purposes of the capital gains tax (“CGT”) provisions contained in the Eighth Schedule to the Income Tax Act, Shareholders will be deemed to have acquired the Distribution Shares for an amount of expenditure equal to the market value of such shares on the date of the Distribution for purposes of determining the “base cost” (as such term is defined in the Eighth Schedule to the Income Tax Act) of the relevant Distribution Shares.
- 4.8.3.1.3 Any Shareholder who holds the Distribution Shares as trading stock will be deemed to have acquired the Distribution Shares at a cost equal to the market value of such shares on the date of the *in specie* distribution of such shares for purposes of the trading stock provisions contained in the Income Tax Act.
- 4.8.3.1.4 Montauk will notify Shareholders of the market value of the Distribution Shares by way of an announcement to be released on SENS in due course.
- 4.8.3.1.5 The Distribution should not have an impact on the “base cost” (as such term is defined in the Eighth Schedule to the Income Tax Act) of the Shares held by Shareholders.
- 4.8.3.1.6 Shareholders are advised to consult their own professional advisers to ascertain whether the abovementioned provisions or any other provisions of the Income Tax Act will apply in relation to the Distribution.
- 4.8.3.1.7 Shareholders who do not constitute a “resident” as defined in the Income Tax Act are advised to consult their own professional advisers to ascertain the South African tax treatment and the tax treatment of the Distribution in their country of residence, having regard to any applicable double taxation agreement between South Africa and their country of residence.
- 4.8.3.2 **Securities transfer tax**
- 4.8.3.2.1 In terms of the STT Act, to the extent that the Distribution Shares are listed on the JSE, STT will be payable on the transfer of the Distribution Shares to Shareholders pursuant to the Distribution. The amount of STT to be imposed will be calculated as 0.25% of the closing price of the Distribution Shares on the Distribution Record Date.

- 4.8.3.2.2 The CSDP of the relevant Shareholder will be liable for the STT payable in respect of the transfer of the Distribution Shares distributed pursuant to the Distribution.
- 4.8.3.2.3 In terms of the STT Act, the CSDP of the relevant Shareholder is, however, entitled to recover the amount of STT payable from the Shareholder to whom Distribution Shares are distributed pursuant to the Distribution.
- 4.8.3.2.4 Accordingly, the STT payable on the transfer of the Distribution Shares distributed to a Shareholder pursuant to the Distribution, will be automatically debited by such Shareholder's CSDP to such Shareholder's banking account maintained with such Shareholder's CSDP. Against such debit being made:
  - 4.8.3.2.4.1 the CSDP will credit the securities account of such Shareholder with the Distribution Shares to which such Shareholder is entitled pursuant to the Distribution; and
  - 4.8.3.2.4.2 the CSDP will either pay the STT concerned to the Transfer Secretaries who will in turn pay the STT concerned to SARS on behalf of the CSDP of the relevant Shareholder or the CSDP will pay STT concerned directly to SARS, in which case the CSDP must provide the Transfer Secretaries with proof of payment of the STT concerned to SARS.
- 4.8.3.2.5 Should any transfer of Distribution Shares to a Shareholder pursuant to the Distribution qualify for an exemption from STT in terms of the STT Act, such Shareholder must contact the Transfer Secretaries or their CSDP before the Distribution in line with the timetable to be communicated in order to ensure that there will be no debit in respect of STT to such Shareholder's banking account in accordance with paragraph 4.8.3.2.

#### 4.8.3.3 **Dividends Tax**

- 4.8.3.3.1 The distribution of the Montauk Renewables Shares will constitute a "dividend" as defined in the Income Tax Act. The Distribution will give rise to a liability for Dividends Tax at the full rate in accordance with the Income Tax Act, unless the beneficial owner of Shares qualifies for an exemption from Dividends Tax or is subject to a reduced rate of Dividends Tax with reference to the application of an applicable DTA entered into by South Africa, and such beneficial owner has by Distribution Record Date, submitted to Montauk both the required declaration and written undertaking, in such form as may be prescribed by the Commissioner for SARS.
- 4.8.3.3.2 In the event that any beneficial owner of the Shares does not qualify for an exemption from Dividends Tax or is subject to a reduced rate of Dividends Tax, Montauk will withhold the relevant Montauk Renewables Tax Withholding Shares in relation to a particular Shareholder in order to enable it to dispose of such Distribution Shares so as to make payment of such liability for Dividends Tax. It is accordingly imperative that Montauk timeously be provided with the required declarations and undertakings by Shareholders in order that Montauk may, with accuracy, determine the number of Montauk Renewables Tax Withholding Shares to be withheld from each respective Shareholder. To the extent that Montauk is not timeously provided with the written declarations and undertakings by beneficial owners, a liability for Dividends Tax at the full rate in accordance with the Income Tax Act will be triggered in respect of the Distribution to such beneficial owners.
- 4.8.3.3.3 Shareholders are advised to complete the relevant required Form of Declaration and Undertaking attached to this Circular and submit same to Montauk for administrative purposes, before 23:59 on Monday, 4 January 2021.
- 4.8.3.3.4 Montauk intends to dispose of the Montauk Renewables Tax Withholding Shares in an orderly manner on the market or through a broker as soon as reasonably practical after the implementation of the Distribution or by such

other manner as approved by the Board at the best price that can reasonably be obtained at the time of sale. To the extent that the Company is not able to settle the Dividend Tax liability by the date when payment thereof is due in accordance with applicable laws, whether due to not being in a position to dispose of the Montauk Renewables Tax Withholding Shares in time, or otherwise, Montauk Renewables intends to advance a loan on terms acceptable to the Company with a face value not exceeding US\$5 million so as to enable the Company to settle the Dividend Tax obligation. Should the Dividend Tax liability associated with the Distribution exceed US\$5 million, then the Company intends to sell such number of Montauk Renewables Tax Withholding Shares in terms of the US Offering so as to enable it to make payment of such Dividend Tax liability to the South African Revenue Service in accordance with applicable laws. The sales price and timing of the disposition of the Montauk Renewables Tax Withholding Shares is subject to market and other conditions and there can be no assurances as to when the disposition may be completed.

## 5. FINANCIAL INFORMATION

### 5.1 Historical financial information of Montauk

5.1.1 Extracts of the consolidated historical financial information of Montauk for the financial periods ended 31 December 2019, 31 March 2019, 31 March 2018 and 31 March 2017 are annexed hereto as **Annexure I**. The unaudited interim results of Montauk for the six months ended 30 June 2020 have also been released and are available on Montauk's website at <http://montaukenergy.com/investor-relations/>.

5.1.2 Copies of the aforementioned historical financial information of Montauk will also be available for inspection by Shareholders during normal business hours at the registered office of Montauk and at the Johannesburg office of the Sponsor from Monday, 16 November 2020 until Tuesday, 15 December 2020 (both days inclusive) and will be available on Montauk's website, <http://montaukenergy.com/investor-relations/>.

### 5.2 Montauk Group after the Distribution

5.2.1 As at the Last Practicable Date, Montauk has no significant assets other than the equity securities of Montauk USA. After the Corporate Restructure, the only significant asset held by Montauk will be its shares in Montauk Renewables and the equity interests of Montauk USA (until such time as they are disposed of after the Distribution). The statement of financial position of the Company as at 31 December 2019 reflected the following non-material items other than the investment: trade and other receivables of \$0.002 million, cash and cash equivalents of \$0.015 million, trade and other payables of \$0.118 million and a taxation liability of \$0.001 million. This statement of financial position is included on page 28 of Montauk's 2019 integrated annual report that is available on Montauk's website ([www.montaukenergy.com](http://www.montaukenergy.com)).

5.2.2 After the Distribution, all of the net assets required for the Montauk Group's operations will be held by Montauk Renewables with the exception of cash which will be retained by Montauk to meet ongoing or anticipated costs, expenses, fees, penalties, taxes or other liabilities or obligations until Montauk is deregistered, liquidated or otherwise elects to cease to conduct any business. Montauk will continue trading as an unlisted public company in terms of the Companies Act until the Company is liquidated, deregistered or otherwise, which *inter alia* would require annual financial statements to be published within six months of Montauk's financial year-end. Any excess cash not utilised for the Company's ongoing or anticipated costs, expenses, fees, penalties, taxes or other liabilities or obligations will be distributed to Shareholders on a *pro-rata* basis in due course upon its liquidation, deregistration or otherwise, subject to applicable laws and withholding obligations.

5.2.3 Your rights as a Shareholder of Montauk and the powers of the Board are currently governed by South African law and Montauk's MOI. As a result of the Distribution and the related transactions, you will become a stockholder of Montauk Renewables, and your rights and the powers of Montauk Renewables' board of directors will be governed by the laws of the state of Delaware in the US and Montauk Renewables' certificate of incorporation and bylaws as they will be in effect upon the completion of the Distribution.

- 5.2.4 Many of the principal attributes of the Shares and the Montauk Renewables Shares will be similar. However, there are differences between what your rights are under South African law in respect of the Shares and what they will be after the Distribution under Delaware law in respect of the Montauk Renewables Shares. In addition, there are differences between the constitutional documents of Montauk and Montauk Renewables as they will be in effect after the Distribution, especially as it relates to changes (i) that are required by South African law (i.e., certain provisions of the Montauk constitutional documents will not be replicated in the Montauk Renewables certificate of incorporation and bylaws because Delaware law would not permit such replication, and certain provisions will be included in the Montauk Renewables certificate of incorporation and bylaws although they were not in the Montauk constitutional documents because Delaware law requires such provisions to be included in the certificate of incorporation and bylaws of a Delaware corporation or to provide for provisions customarily provided in respect of publicly-traded Delaware corporations), or (ii) that are necessary in order to preserve the current rights of Shareholders and powers of the Board of Directors of Montauk following the Distribution.
- 5.2.5 After the Corporate Restructure, US Offering and Listing, Montauk Renewables and its stockholders will be subject to the US federal securities laws, including the reporting requirements of the SEC, the mandates of the Sarbanes-Oxley Act of 2002 and the applicable corporate governance rules of the NASDAQ. Montauk Renewables will report its consolidated financial results in US dollars and in accordance with GAAP. Montauk Renewables will be required to file reports on Forms 10-K, 10-Q and 8-K with the SEC and comply with the proxy rules applicable to a US public company.

### 5.3 **Montauk Renewables Capital Stock**

- 5.3.1 The following description summarises certain important terms of Montauk Renewables Shares and certain provisions of Montauk Renewables' certificate of incorporation and bylaws, as they are expected to be in effect following the Distribution and US Offering.
- 5.3.2 The holders of Montauk Renewables Shares are entitled to one vote per share on any matter to be voted upon by stockholders, including the election of directors. An election of directors of Montauk Renewables by the stockholders shall be determined by a plurality of the votes cast by the stockholders present in person or represented by proxy at the meeting and entitled to vote on the election. There will be no cumulative voting in the election of directors. The holders of a majority of Montauk Renewables Shares issued and outstanding constitute a quorum at all meetings of stockholders for the transaction of business. Except as otherwise provided by law, Montauk Renewables' certificate of incorporation and bylaws, and subject to the rights of any holders of preferred stock (if any), if a quorum is present, matters will be decided by the affirmative vote of a majority of Montauk Renewables Shares present in person or represented by proxy and entitled to vote on the matter.
- 5.3.3 The holders of Montauk Renewables Shares are entitled to dividends if, as, and when declared by its board of directors, from funds legally available therefor, subject to certain contractual limitations on Montauk Renewables' ability to declare and pay dividends or the preferential dividend rights of outstanding preferred stock (if any).
- 5.3.4 Upon any voluntary or involuntary liquidation, dissolution, or winding up of Montauk Renewables' affairs, the holders of Montauk Renewables Shares are entitled to share ratably in all assets remaining after payment of creditors and subject to prior distribution rights of Montauk Renewables' outstanding preferred stock (if any).
- 5.3.5 No holder of Montauk Renewables Shares will have any pre-emptive or other subscription rights for any Montauk Renewables Shares issued in the future. In addition, no conversion, redemption or sinking fund provisions apply to Montauk Renewables Shares, and Montauk Renewables Shares are not liable to further call or assessment by Montauk Renewables or subject to any restriction on alienability, except as required by law.
- 5.3.6 Montauk Renewables' board of directors will be authorised, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by Montauk Renewables stockholders. Montauk Renewables' board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or

action by Montauk Renewables stockholders. Montauk Renewables' board of directors may authorise the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of Montauk Renewables Shares. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in control and might adversely affect the market price of Montauk Renewables Shares and the voting and other rights of the Montauk Renewables stockholders. Montauk Renewables has no current plan to issue any shares of preferred stock.

5.3.7 Certain provisions of Montauk Renewables' certificate of incorporation and bylaws, and Delaware law could have anti-takeover effects and may delay, deter or prevent a tender offer or takeover attempt that a Montauk Renewables stockholder might consider to be in its best interests. Examples of such provisions include, but are not limited to the following:

5.3.7.1 Delaware law corporate takeover laws generally prohibit a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder unless a corporation affirmatively opts out of such provision in its certificate of incorporation or bylaws. Montauk Renewables' certificate of incorporation and bylaws will not contain a provision electing to opt-out of such provisions. This could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire Montauk Renewables.

5.3.7.2 Montauk Renewables' board of directors will have the authority to designate and issue preferred stock with voting or other rights or preferences that could delay, defer or prevent any attempt to acquire or control Montauk Renewables.

5.3.7.3 Montauk Renewables' board of directors will be divided into three classes, with the number of directors in each class to be as nearly equal as possible and with staggered three-year terms of the three classes. With this structure, only approximately one-third of the members of Montauk Renewables' board of directors is elected each year. This classification of directors has the effect of making it more difficult for stockholders to change the composition of Montauk Renewables' board of directors. The classified board will begin to phase out beginning with each director whose term expires at the 2028 annual meeting of stockholders (expected to be Montauk Renewables' eighth annual meeting). Beginning with the 2030 annual meeting of stockholders (expected to be Montauk Renewables' tenth annual meeting), all of the members of Montauk Renewables' board of directors will be subject to annual election.

5.3.7.4 All vacancies created in Montauk Renewables' board of directors resulting from any increase in the authorised number of directors, or the death, resignation, retirement, disqualification, removal from office or other cause will generally be filled solely by the affirmative vote of a majority of the remaining directors of Montauk Renewables' board of directors then in office, other than in connection with a future issuance of preferred stock. Any director appointed to fill a vacancy on Montauk Renewables' board of directors will be appointed for the full term of the class of directors in which the new directorship was created or the vacancy occurred, if applicable, and until such director's successor will have been duly elected and qualified or until his or her earlier resignation or removal. No decrease in the number of directors will shorten the terms of any incumbent director. Vacancies described in this paragraph are subject to any rights of any holders of preferred stock issued in the future to elect directors and fill vacancies on Montauk Renewables' board of directors.

While Montauk Renewables' board of directors is classified, directors may be removed by the affirmative vote of holders of 66 2/3% of the voting power of the outstanding Montauk Renewables Shares entitled to vote generally in the election of directors voting together as a single class, but only for cause. Following such time as Montauk Renewables' board of directors is no longer classified, directors may be removed with or without cause by the affirmative vote of holders of a majority of the voting power of the outstanding Montauk Renewables Shares entitled to vote generally in the election of directors, voting together as a single class.

Vacancies and removals described in this paragraph are subject to any rights of any holders of preferred stock issued in the future to elect and remove directors and fill vacancies on Montauk Renewables' board of directors.

5.3.7.5 Montauk Renewables' certificate of incorporation and bylaws contain certain procedural provisions that delay, deter or prevent a takeover attempt, including advance notice procedures for stockholders seeking to nominate candidates for election to Montauk Renewables' board of directors or for proposing matters which can be acted upon at stockholders' meetings, providing that special meetings of stockholders may be called by the Chairman of Montauk Renewables' board of directors or by Montauk Renewables' board of directors, and prohibiting stockholder action by written consent *in lieu* of a meeting, except if such consent is unanimous.

5.3.7.6 Generally, amendments to Montauk Renewables' certificate of incorporation will require the approval of Montauk Renewables' board of directors and an affirmative vote of a majority of the outstanding stock entitled to vote thereon, and a majority of the outstanding stock of each class entitled to vote thereon as a class. However, prior to the conclusion of the 2030 annual meeting of Montauk Renewables' stockholders, an amendment to certain provisions Montauk Renewables' certificate of incorporation that relate to (a) the number, election and terms of our directors, (b) the nomination of director candidates, (c) newly created directorships and vacancies, (d) the removal of Montauk Renewables' directors, (e) the exculpation of Montauk Renewables' directors from personal liability for certain breaches of fiduciary duty, and (f) the indemnification of Montauk Renewables' directors will require the affirmative vote of at least 66 2/3% of the voting power of all shares of capital stock entitled to vote generally in the election of directors then outstanding, voting together as a single class. Montauk Renewables' certificate of incorporation will provide that the Montauk Renewables' board of directors is expressly authorised to adopt, amend or repeal Montauk Renewables' bylaws. After the conclusion of the 2030 annual meeting of stockholders, all amendments to Montauk Renewables' certificate of incorporation will require the approval of Montauk Renewables' board of directors and an affirmative vote of a majority of the outstanding capital stock entitled to vote thereon, and a majority of the outstanding capital stock of each class entitled to vote thereon as a class.

Generally, amendments to Montauk Renewables' bylaws will require the approval of either (a) the affirmative vote of a majority of the outstanding capital stock entitled to vote thereon or (b) the Montauk Renewables' board of directors, provided that no amendment adopted by Montauk Renewables' board of directors may vary or conflict with any amendment adopted by Montauk Renewables' stockholders. However, Montauk Renewables' certificate of incorporation and bylaws will provide that Montauk Renewables' stockholders may amend certain provisions of Montauk Renewables' bylaws that relate to (a) the classification of directors, (b) the removal of directors, only with the approval of at least 66 2/3% of the voting power of all shares of capital stock entitled to vote generally in the election of directors then outstanding, voting together as a single class. After the conclusion of the 2030 annual meeting stockholders, all amendments to the Montauk Renewables bylaws will require either (a) the affirmative vote of a majority of outstanding capital stock entitled to vote thereon or (b) the approval of Montauk Renewables' board of directors, provided that no amendment adopted by Montauk Renewables' board of directors may vary or conflict with any amendment adopted by Montauk Renewables' stockholders.

5.3.7.7 Montauk Renewables may issue additional shares of common stock or preferred stock without stockholder approval, subject to applicable rules of the NASDAQ and the Delaware law, for a variety of corporate purposes, including future public or private offerings to raise additional capital, corporate acquisitions, and employee benefit plans and equity grants. The existence of unissued and unreserved Montauk Renewables Shares and preferred stock may enable Montauk Renewables to issue shares to persons who are friendly to current management, which could discourage an attempt to obtain control of Montauk Renewables by means of a proxy contest, tender offer, merger or otherwise. We will not solicit approval of stockholders for issuance of Montauk Renewables Shares or preferred stock unless Montauk Renewables' board of directors believes that approval is advisable or is required by the NASDAQ or Delaware law.

- 5.3.8 Unless Montauk Renewables consents to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or if the Court Chancery does not have jurisdiction, the US federal district court for the District of Delaware) will be, the sole and exclusive forum for any derivative action or proceeding brought on Montauk Renewables' behalf; any action asserting a claim of breach of fiduciary duty owed by any directors, officers, or other employees to Montauk Renewables or to its stockholders; any action asserting a claim against Montauk Renewables arising pursuant to Delaware law, Montauk Renewables' certificate of incorporation or bylaws; or any action asserting a claim against Montauk Renewables that is governed by the internal affairs doctrine. Furthermore, unless Montauk Renewables selects or consents to the selection of an alternative forum, the federal district courts of the US shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring an interest in any Montauk Renewables securities shall be deemed to have notice of and to have consented to the forum provisions in Montauk Renewables' certificate of incorporation.
- 5.3.9 Montauk Renewables' transfer agent and registrar for Montauk Renewables Shares is expected to be Computershare Investor Services.

## 6. SUMMARY COMPARISON OF CERTAIN NASDAQ AND JSE LISTINGS REQUIREMENTS

A summary comparison of certain of the requirements for primary listings on the NASDAQ and the JSE is set forth in **Annexure 5** of this Circular. Given that the JSE listing of Montauk Renewables will be a secondary inward listing, Montauk Renewables will not be subject to all of the Listings Requirements and will comply with the continuing obligations as set out in paragraph 18.19 of section 18 of the Listings Requirements.

## 7. INFORMATION RELATING TO MONTAUK

### 7.1 Share capital

The authorised and issued Share capital of Montauk before (as at the Last Practicable Date) and after the Distribution, are set out below:

	Number of Shares	\$'000
<b>Authorised</b>		
ordinary Shares with no par value	200 000 000	–
<b>Issued</b>		
ordinary shares with no par value	138 312 713	168 797
ordinary shares held in treasury	–	–

### 7.2 Material contracts

Montauk has entered into a Transaction Implementation Agreement with Montauk Renewables and Montauk USA related to the Corporate Restructure and the Distribution. This agreement and the ancillary agreements and other documents contemplated thereby (including the Share Exchange Agreement and the Montauk USA Wind-Up Agreement) govern the relationship among Montauk, Montauk USA and Montauk Renewables prior to and after the Distribution Completion Date. Pursuant to these agreements Montauk Renewables will agree to assume liabilities relating to the operation of Montauk's business prior to the Distribution. The key terms have been highlighted below. Any material changes will be communicated to Shareholders in line with regulatory requirements.

#### 7.2.1 Transaction Implementation Agreement

*This agreement was executed on 6 November 2020. This agreement sets forth the agreement among Montauk, Montauk USA and Montauk Renewables regarding the principal actions to be taken in connection with the Corporate Restructure and the Distribution.*

*Intercompany arrangements: All agreements, arrangements, commitments and understandings, including any intercompany accounts payable or accounts receivable, between Montauk Renewables and its Subsidiaries (which, after completion of the Corporate Restructure, will include Montauk Energy Holdings), on the one hand, and Montauk, on the other hand, will terminate effective as of the Distribution, except specified agreements and arrangements that are intended to survive the Distribution as expressly set forth in the Transaction Implementation Agreement.*

*The Distribution: The agreement governs Montauk and Montauk Renewables' respective rights and obligations regarding the proposed Distribution. Prior to the Distribution, Montauk will deliver all the issued Montauk Renewables Shares to the distribution agent. Following the Distribution Completion Date, the distribution agent will electronically deliver the Montauk Renewables Shares to Montauk Shareholders based on the distribution ratio.*

*Conditions: The conditions to the Distribution are set out in paragraph 4.2 above.*

*Exchange of information: Each of Montauk and Montauk Renewables agrees to provide the other (subject to limitations to comply with applicable law, privilege or other confidentiality obligations) with information in its possession or under its control to the extent that such information is required to comply with its obligations under the Transaction Implementation Agreement or such information relates to Montauk Energy Holdings' employees or is required to comply with any obligation imposed by any governmental authority (including, but not limited to, any obligation relating to withholding, reporting, or remitting any tax that may be due to any governmental authority with respect to any Montauk Energy Holdings employee). Montauk further agrees to keep all confidential and proprietary information concerning the Montauk Group in strict confidence, subject to limited disclosure to the extent disclosure is required by applicable law.*

*Termination: The Board, in its sole and absolute discretion, may terminate the Transaction Implementation Agreement and the transactions contemplated thereby at any time prior to the Distribution.*

*Release: Each of Montauk and Montauk Renewables, on behalf of itself and its respective Subsidiaries (which, in the case of Montauk Renewables, includes Montauk Energy Holdings and the Montauk Group), releases the other from liabilities arising prior to the Distribution.*

*Other Matters: The Transaction Implementation Agreement requires each of Montauk, Montauk USA and Montauk Renewables to use commercially reasonable efforts to obtain consents, approvals and amendments required to complete the Corporate Restructure and the Distribution, including using commercially reasonable efforts to terminate all guarantees or pledges or to cause a member of its respective group, as applicable, to be substituted in all respects for any guarantee or pledge of the other entity.*

#### 7.2.2 Share Exchange Agreement

*This agreement was executed on 6 November 2020 by Montauk USA, Montauk Renewables and the sole stockholder of Montauk Renewables. This agreement governs Step 1 of the Corporate Restructure, as detailed in paragraph 1.3 of this Circular and the transactions contemplated by the Share Exchange Agreement shall take place at least one day prior to the Distribution Record Date.*

#### 7.2.3 Montauk USA Wind-Up Agreement

*This agreement was executed on 6 November 2020 by Montauk, Montauk Renewables and a designated US employee of Montauk Renewables who is not an executive officer of Montauk Renewables (the "Designated Liquidator"). This agreement governs the transfer of all of the issued and outstanding equity securities of Montauk USA to such third party following the distribution by Montauk USA of the Montauk Renewables shares to Montauk. Pursuant to this agreement, the Designated Liquidator and its designees will conduct the wind up and dissolution of Montauk USA no earlier than 1 January, 2022 in accordance with the terms of Montauk USA's operating agreement and the Delaware Limited Liability Company Act.*

## 8. INFORMATION RELATING TO THE DIRECTORS AND PRESCRIBED OFFICERS

### 8.1 Directors and prescribed officers' interests in Shares

The table below sets out the direct and indirect beneficial interests of the Board of Directors (and their associates), including any Directors who may have resigned during the last 18 months and the direct and indirect beneficial interest of the prescribed officers of the Company, in Shares, as at the Last Practicable Date:

Director/ prescribed officer	Direct Beneficial	Indirect Beneficial	Associate	Total	Percentage of Shares held
JA Copelyn	–	6,705,348	–	6,705,348	4.85%
SF McClain	512,211	–	–	512,211	0.37%
KA Van Asdalan <sup>1</sup>	–	–	–	–	–
MH Ahmed	–	–	–	–	–
MA Jacobson	1,460,040	–	–	1,460,040	1.06%
NB Jappie	–	–	–	–	–
BS Raynor <sup>2</sup>	775,078	–	–	775,078	0.59%
TG Govender <sup>3</sup>	247,805	–	17,278,332	17,526,137	12.67%
J Shaw	–	–	–	–	–
SE Hill	646,000	–	–	646,000	0.47%
JA Cirolì	–	–	–	–	–
All current Directors and executive officers as a group (11 people)	3,421,134	6,705,348	17,278,332	27,624,814	19.97%
ML Ryan <sup>4</sup>	798,405	–	–	798,405	0.58%
<b>Total</b>	<b>4,219,539</b>	<b>–</b>	<b>–</b>	<b>28,423,219</b>	<b>20.55%</b>

#### Notes:

- KA Van Asdalan was appointed as an executive Director effective on 1 October 2019.
- Includes shares held by Mr. Raynor's spouse.
- TG Govender was appointed as a non-executive Director effective on 5 September 2018. TG Govender's and his associates' Montauk Renewables Shares shall be subject to the Consortium Agreement.
- ML Ryan resigned as an executive Director effective from 30 September 2019.

### 8.2 Ownership of entities/groups holding more than 5% of Montauk Shares

As at the Last Practicable Date, the following Shareholders are direct or indirect beneficial owners of 5% or more of the issued Shares. This information is based on information furnished to us or otherwise based on information available to us as at the Last Practicable Date:

Entity	Direct Beneficial	Indirect Beneficial	Associate	Total	Percentage of Shares held
Rivetprops 47 Pty Ltd <sup>1</sup>	27,480,181	–	–	27,480,181	19.87%
Circumference Investments Pty Ltd <sup>1</sup>	16,282,009	–	–	16,282,009	11.77%
Majorshelf 183 Pty Ltd <sup>2</sup>	17,278,332	–	–	17,278,332	12.49%
CFB Clean Energy Capital Ltd	12,170,268	–	–	12,170,268	8.80%
Nport Investment Holdings (Pty) Ltd	7,784,772	–	–	7,784,772	5.63%
Chearsley Investments Pty Ltd <sup>1</sup>	7,154,770	–	–	7,154,770	5.17%
<b>Total</b>	<b>88,150,332</b>	<b>–</b>	<b>–</b>	<b>88,150,332</b>	<b>58.56%</b>

#### Notes:

- JA Copelyn is the sole director of these entities, which are all party to the Consortium Agreement.
- These shares are included in paragraph 8.1 as associate shares of TG Govender and are subject to the Consortium Agreement.

### 8.3 Directors' dealings in Shares

The trades by the Directors of Montauk in Shares for the six-month period until the Last Practicable Date, are set out below:

Date	Name	Volume	Price	Buy/sell
23 June 2020	MA Jacobson	723 597	R35.50	Sell
2 June 2020	MA Jacobson	72 640	R42.54	Sell
1 June 2020	MA Jacobson	3 763	R44.50	Sell

### 8.4 Service contracts of executive Directors

There are no material particulars of an abnormal nature in respect of Directors of Montauk service contracts which require specific disclosure. There were no other service contracts of Directors of Montauk amended during the six-month period prior to the Last Practicable Date.

## 9. OPTIONS

If the Distribution is approved and provided that all of the Distribution Conditions are fulfilled or waived (as the case may be), each outstanding option to acquire Shares, whether vested or unvested, in terms of the Montauk Holdings Limited Employee Restricted Share Plan approved by Montauk Shareholders on 29 October 2015 will be cancelled, with effect from the Distribution Completion Date, in its entirety without payment to the holder of such option.

## 10. GENERAL MEETING AND VOTING

- 10.1 The General Meeting will be held on Tuesday, 15 December 2020 at 14:00, at which General Meeting Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the resolutions set out in the Notice of General Meeting attached to this Circular.
- 10.2 As a consequence of the impact of the COVID-19 pandemic and the restrictions placed on public gatherings as outlined in the regulations that were issued in terms of Section 27(2) of the Disaster Management Act (2002), in the interests of the health and safety of its Shareholders and Directors, Montauk suggests that Shareholders consider not attending in person the General Meeting to be held at Suite 801, The Point, 76 Regent Road, Sea Point, Cape Town. Shareholders should note that the General Meeting will also be accessible through electronic communication, as permitted by the JSE and in terms of the provisions of the Companies Act and Montauk's MOI, for those Shareholders who elect not to attend the General Meeting in person.
- 10.3 Certificated Shareholders and Dematerialised Shareholders with "own name" registration who wish to participate and vote through electronic communication should contact the Transfer Secretaries at proxy@computershare.co.za as soon as possible and by no later than 14:00 on Friday, 11 December 2020 for the General Meeting to obtain log in credentials, in order to ensure that there is no delay in providing access to such Shareholders to the General Meeting. Proof of identification will be required before such Shareholders are provided with usernames and passwords.
- 10.4 Dematerialised Shareholders other than "own name" registrations who wish to participate and vote through electronic communication, should request the necessary letter of representation from their Broker/CSDP and submit a copy thereof to the Transfer Secretaries at proxy@computershare.co.za as soon as possible, but not later than 14:00 on Friday, 11 December 2020 in order to obtain the necessary log in credentials, and to allow the Transfer Secretaries to make the necessary arrangements. Shareholders are encouraged to submit their votes by proxy before the meeting.
- 10.5 Shareholders will be liable for their own network charges and such charges will not be paid by Montauk nor its service providers. Neither Montauk nor its service providers can be held accountable in the case of loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages or the like which would prevent Shareholders from voting or participating in the meeting through electronic communication.
- 10.6 A notice convening the General Meeting is attached hereto and forms part of this Circular and contains the resolutions to be considered at the General Meeting. Full details of the action required by Shareholders are set out in the "Action required by Shareholders" section of this Circular.
- 10.7 The ordinary resolution for the approval of the Delisting in terms of the Listings Requirements, set out in the Notice of General Meeting, is subject to more than 50% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting, being cast in favour thereof.

10.8 The Special Resolution for the approval of the Distribution in terms of section 115 of the Companies Act, set out in the Notice of General Meeting, is subject to at least 75% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting, being cast in favour thereof. For the purposes of the Special Resolution, abstentions are not treated as votes cast and will have no effect on the outcome of the Special Resolution. It is noted that in terms of section 115(4) of the Companies Act, any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them will not be taken into account for purposes of calculating the percentage of voting rights:

10.8.1 required to be present or actually present in determining whether the quorum requirements for the Special Resolution approving the Distribution has been satisfied; or

10.8.2 required to be voted in support of the Special Resolution approving the Distribution or actually voted in respect thereof.

Since there is no acquiring party in relation to the Distribution, all Shareholders are entitled to vote with regard to the Special Resolution approving the Distribution.

10.9 The ordinary resolution for the approval of the Directors' authority to do all such things, sign all such documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to the resolutions set out in the Notice of General Meeting, is subject to more than 50% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting, being cast in favour thereof.

## 11. THE INDEPENDENT EXPERT REPORT

11.1 The Independent Expert Report on the Distribution, prepared in accordance with the provisions of the Companies Act and the Companies Regulations, is reproduced in **Annexure 2** to this Circular.

11.2 Having considered the terms and conditions of the Distribution and based on the conditions set out in the Independent Expert Report on the Distribution, the Independent Expert has concluded that the terms and conditions of the Distribution are both fair and reasonable to Shareholders, as each of these terms is defined in the Companies Regulations.

## 12. THE VIEWS OF THE INDEPENDENT BOARD IN RELATION TO THE DISTRIBUTION

12.1 In accordance with the Companies Regulations, the Board has appointed the Independent Board comprising of independent non-executive Directors of Montauk. The Independent Board has appointed the Independent Expert to compile a report on the Distribution.

12.2 The Independent Board, after due consideration of the Independent Expert Report on the Distribution, has determined that it will place reliance on the valuations performed by the Independent Expert for purposes of reaching its own opinion regarding the Distribution, as contemplated in regulation 110(3)(b) of the Companies Regulations. The Independent Board has formed a view of the fair value range of the shares in Montauk Renewables, which accords with the range contained in the Independent Expert's Report, in considering its opinion and recommendation.

12.3 The Independent Board is not aware of any factors which are difficult to quantify or are unquantifiable (as contemplated in Companies Regulation 110(6)) and has not taken any such factors into account, in forming its opinion.

12.4 The Independent Board, taking into account the report of the Independent Expert in relation to the Distribution, has considered the terms and conditions of the Distribution and the members of the Independent Board are unanimously of the opinion that the terms and conditions thereof are fair and reasonable to Shareholders and, accordingly, recommend that Shareholders vote in favour of the resolutions to be proposed at the General Meeting relating to the approval of the Distribution.

## 13. DIRECTORS' VOTING INTENTIONS

The Directors of Montauk, in their personal capacities, intend to vote the Shares beneficially owned by them in favour of the resolutions to be proposed at the General Meeting.

## 14. BOARD'S RESPONSIBILITY STATEMENT

The Directors, whose names appear in the "Corporate Information and Advisors" section, collectively and individually accept full responsibility for the accuracy of the information given in this Circular, and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular false or misleading, and that they have made all reasonable inquiries to ascertain such facts, and that this Circular contains all information required by law and the Listings Requirements.

## 15. **INDEPENDENT BOARD'S RESPONSIBILITY STATEMENT**

Except to the extent that the Directors have accepted responsibility in paragraph 14 of this Circular, the Independent Board accepts full responsibility for the accuracy of the information given in this Circular and certify that, to the best of its knowledge and belief, there are no other facts the omission of which would make any statement in this Circular false or misleading, and that they have made all reasonable inquiries to ascertain such facts, and that this Circular contains all information required by law and the Listings Requirements.

## 16. **ADVISERS' CONSENTS**

Each of the advisers, whose name appears in the "*Corporate information*" section of this Circular, has consented in writing to act in the capacities stated and to the inclusion of their names and, where applicable, to the inclusion of their reports in this Circular in the form and context in which they appear and has not withdrawn their consents prior to the publication of this Circular.

## 17. **MATERIAL CHANGES**

The Directors report that since the publication of the unaudited condensed interim results for the six months ended 30 June 2020, being the last published information, there have been no material changes to Montauk.

## 18. **SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS**

The following is a summary of the Exchange Control Regulations insofar as they have application to the Shareholders in terms of the Distribution. This summary is not comprehensive and is intended as a guide only. If Shareholders have any doubts regarding their obligations in terms of the Exchange Control Regulations, they are advised to consult their professional advisors.

### 18.1 **General**

18.1.1 In terms of the current South African exchange control policy, South African exchange control residents will be required to hold Montauk Renewables Shares on the JSE, unless (i) a specific exchange control dispensation applies to a particular South African exchange control resident which will permit same to hold Montauk Renewables Shares on NASDAQ; or (ii) a South African exchange control resident has obtained the necessary prior exchange control approval to hold Montauk Renewables shares on NASDAQ.

18.1.2 As regards disposals by South African exchange control residents of Montauk Renewables Shares subsequent to the Distribution, it is noted that South African exchange control policy does not currently prohibit a South African resident shareholder from disposing of its shares to a foreign investor. The current requirements in respect of a future sale of Montauk Renewables shares by a South African resident shareholder subsequent to the Distribution are as follows: (i) the purchase price payable for the Montauk Renewables Shares must constitute an arm's length price and (ii) the purchase price so paid must be remitted to South Africa within the time periods prescribed in terms of South African exchange control rules and regulations.

### 18.2 **Residents of the Common Monetary Area**

In the case of:

18.2.1 Certificated Shareholders whose registered addresses in the Register are within the Common Monetary Area and whose Document(s) of Title are not restrictively endorsed in terms of the Exchange Control Regulations, Montauk Renewables Shares will be transferred to a nominee account with the Transfer Secretaries and such Shareholders will receive a statement of allocation from the Transfer Secretaries in respect of their Montauk Renewables Shares; or

18.2.2 Dematerialised Shareholders whose registered addresses in the Register are within the Common Monetary Area and who have not been restrictively endorsed in terms of the Exchange Control Regulations, Montauk Renewables Shares will be transferred directly to the accounts nominated for the relevant Shareholders by their duly appointed CSDP or Broker in terms of the provisions of the custody agreement with their CSDP or Broker.

### 18.3 **Emigrants from the Common Monetary Area**

In the case of Shareholders who are emigrants from the Common Monetary Area and whose registered addresses are outside the Common Monetary Area, the Montauk Renewables Shares distributed will:

18.3.1 in the case of Certificated Shareholders whose Document(s) of Title have been restrictively endorsed under the Exchange Control Regulations, be endorsed "non-resident" and deposited with the Authorised Dealer in foreign exchange in South Africa controlling such Certificated Shareholders' blocked assets in terms of the Exchange Control Regulations. It will be incumbent on the Shareholder concerned to approach the Authorised Dealer controlling such Certificated Shareholders' blocked assets and instruct the Authorised Dealer accordingly; or

18.3.2 in the case of Dematerialised Shareholders, be transferred to the emigrant blocked accounts of the Shareholders held at the CSDP of the Authorised Dealer controlling the particular emigrants' blocked assets, or the CSDP contracted by such an Authorised Dealer, under the auspices of the controlling Authorised Dealer.

The CSDP or Broker must ensure that all requirements of the Exchange Control Regulations are adhered to in respect of their clients falling into this category of investor; whether their Montauk Renewables Shares are held in certificated or dematerialised form.

#### 18.4 **All other non-residents of the Common Monetary Area**

The Montauk Renewables Shares accruing to Non-Resident Shareholders whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area will:

18.4.1 in the case of Certificated Shareholders, whose Document(s) of Title have been restrictively endorsed under the Exchange Control Regulations, be deposited with an Authorised Dealer nominated by such Non-Resident Shareholder. It will be incumbent on the Non-Resident Shareholder concerned to nominate the Authorised Dealer and instruct the Authorised Dealer accordingly; or

18.4.2 in the case of Dematerialised Shareholders, be credited by their duly appointed CSDP or Broker directly to the accounts nominated by the Non-Resident Shareholders in terms of the provisions of the custody agreement with his/her/its CSDP or Broker.

#### 18.5 **Information not provided**

If the information regarding the Authorised Dealer is not given or instructions are not given as required, the Montauk Renewables Shares distributed will be held by the Transfer Secretaries for the benefit of those Shareholders concerned, pending receipt of the necessary information or instructions.

### 19. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the registered office of Montauk and at the Johannesburg office of the Sponsor and on Montauk's website ([www.montaukenergy.com](http://www.montaukenergy.com)), from Monday, 16 November 2020, until Tuesday, 15 December 2020 (both days inclusive):

- 19.1 the MOI of Montauk and the memoranda of incorporation of its Subsidiaries;
- 19.2 the full historical financial information of Montauk for the financial periods ended 31 December 2019, 31 March 2019, 31 March 2018 and 31 March 2017 as reproduced in **Annexure I**;
- 19.3 the Independent Experts Report, as reproduced in **Annexure 2**;
- 19.4 the written consents from each of the advisers referred to in paragraph 16;
- 19.5 the Transaction Implementation Agreement, as referenced in paragraph 7.2.1;
- 19.6 the Share Exchange Agreement, as referenced in paragraph 7.2.2;
- 19.7 the Montauk USA Wind-Up Agreement as referenced in paragraph 7.2.3;
- 19.8 the approval letter issued by the TRP in respect of the Circular; and
- 19.9 a signed copy of this Circular and all annexures hereto.

#### **SIGNED ON 16 NOVEMBER 2020**

##### **KA Van Asdalan**

Duly authorised on behalf of the Montauk Board of Directors

#### **SIGNED ON 16 NOVEMBER 2020 BY THE INDEPENDENT BOARD OF MONTAUK**

**MH Ahmed**

**NB Jappie**

**BS Raynor**

## HISTORICAL FINANCIAL INFORMATION OF MONTAUK FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2019, 31 MARCH 2019, 31 MARCH 2018, AND 31 MARCH 2017

The definitions and interpretations commencing on page 6 of this Circular apply to this Annexure I.

### STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 DECEMBER 2019 AND THE YEARS ENDED 31 MARCH 2019, 31 MARCH 2018 AND 31 MARCH 2017

	31 Dec 2019 \$'000	31 Mar 2019 \$'000	31 Mar 2018 \$'000	31 Mar 2017 \$'000
Revenue	73 960	118 975	109 149	89 133
Other operating expenses and income	(54 078)	(69 156)	(55 826)	(51 667)
Depreciation and amortisation	(15 087)	(17 652)	(14 905)	(16 151)
Other income	1 568	1 290	3 537	811
Investment income	14	79	42	37
Investment surplus	94	–	–	–
Finance costs	(3 968)	(4 924)	(2 074)	(4 177)
Share of losses of joint arrangements	–	(224)	–	–
Loss on extinguishment of borrowings	–	–	(1 611)	–
Asset impairments	(922)	(2 375)	–	(2 237)
<b>Profit/(loss) before taxation</b>	<b>1 581</b>	<b>26 013</b>	<b>38 312</b>	<b>15 749</b>
Taxation	772	(5 888)	(16 037)	26 376
<b>Profit/(loss) for the year</b>	<b>2 353</b>	<b>20 125</b>	<b>22 275</b>	<b>42 125</b>
<b>Other comprehensive income/(loss) net of tax:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
<i>Foreign currency translation differences</i>	(4)	464	109	52
<b>Total comprehensive income/(loss) for the year</b>	<b>2 349</b>	<b>20 589</b>	<b>22 384</b>	<b>42 177</b>
Profit attributable to:				
Equity holders of the parent	2 353	20 125	22 275	42 125
Total comprehensive income attributable to:				
Equity holders of the parent	2 349	20 589	22 384	42 177
Earnings per share (cents)	1.72	14.76	16.39	31.08
Diluted earnings per share (cents)	1.71	14.58	16.18	30.87

## STATEMENTS OF FINANCIAL POSITION

FOR THE PERIOD ENDED

	31 Dec 2019 \$'000	31 Mar 2019 \$'000	31 Mar 2018 \$'000	31 Mar 2017 \$'000
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>216 220</b>	<b>197 630</b>	<b>162 883</b>	<b>156 960</b>
Property, plant and equipment	184 636	165 243	130 396	101 330
Intangible assets	21 201	23 153	19 275	23 398
Right-of-use assets	769	–	–	–
Goodwill	60	60	–	–
Deferred taxation	8 745	7 722	11 742	26 825
Other financial assets	243	487	527	4 185
Non-current receivables	566	965	943	1 222
<b>Current assets</b>	<b>27 668</b>	<b>64 167</b>	<b>39 832</b>	<b>33 042</b>
Inventories	4 994	4 505	2 603	1 053
Other financial assets	388	391	29	3 582
Trade and other receivables	11 753	11 461	8 028	8 785
Taxation	730	–	–	–
Cash and cash equivalents	9 803	47 810	29 172	19 622
Disposal group assets held for sale	–	1 096	–	770
<b>Total assets</b>	<b>243 888</b>	<b>262 893</b>	<b>202 715</b>	<b>190 772</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>	<b>154 155</b>	<b>151 460</b>	<b>141 605</b>	<b>122 729</b>
Ordinary share capital	168 597	167 621	167 231	166 863
Common control reserve	2 910	2 910	2 910	2 910
Other reserves	3 194	3 198	2 734	2 625
Accumulated losses	(20 546)	(22 269)	(31 270)	(49 669)
Equity attributable to equity holders of the parent	154 155	151 460	141 605	122 729
<b>Non-current liabilities</b>	<b>66 660</b>	<b>78 184</b>	<b>41 544</b>	<b>42 052</b>
Borrowings	57 256	69 975	36 208	35 837
Lease liabilities	511	–	–	–
Long-term provisions	5 928	5 505	5 336	6 215
Financial liabilities	2 965	2 704	–	–
<b>Current liabilities</b>	<b>23 073</b>	<b>33 249</b>	<b>19 566</b>	<b>25 592</b>
Trade and other payables	12 145	13 408	10 342	11 869
Financial liabilities	588	290	129	8
Current portion of borrowings	9 310	18 279	6 699	11 433
Lease liabilities	269	–	–	–
Taxation	260	469	742	450
Provisions	501	803	1 654	1 832
Disposal group held for sale	–	–	–	399
<b>Total equity and liabilities</b>	<b>243 888</b>	<b>262 893</b>	<b>202 715</b>	<b>190 772</b>

## STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 DECEMBER 2019 AND THE YEARS ENDED 31 MARCH 2019, 31 MARCH 2018 AND 31 MARCH 2017

	Share capital \$'000	Common control reserve \$'000	Other reserves \$'000	Accumulated losses \$'000	Total \$'000
<b>Balance at 31 March 2016</b>	<b>166 202</b>	<b>2 910</b>	<b>2 573</b>	<b>(92 432)</b>	<b>79 253</b>
<b>Current operations</b>					
Total comprehensive income	–	–	52	42 125	42 177
Equity-settled share-based payments	661	–	–	638	1 299
<b>Balance at 31 March 2017</b>	<b>166 863</b>	<b>2 910</b>	<b>2 625</b>	<b>(49 669)</b>	<b>122 729</b>
<b>Current operations</b>					
Total comprehensive income	–	–	109	22 275	22 384
Equity-settled share-based payments	368	–	–	333	701
Dividends paid	–	–	–	(4 209)	(4 209)
<b>Balance at 31 March 2018</b>	<b>167 231</b>	<b>2 910</b>	<b>2 734</b>	<b>(31 270)</b>	<b>141 605</b>
<b>Current operations</b>					
Total comprehensive income	–	–	464	20 125	20 589
Equity-settled share-based payments	390	–	–	215	605
Dividends paid	–	–	–	(11 339)	(11 339)
<b>Balance at 31 March 2019</b>	<b>167 621</b>	<b>2 910</b>	<b>3 198</b>	<b>(22 269)</b>	<b>151 460</b>
<b>Current operations</b>					
Total comprehensive (loss)/income	–	–	(4)	2 353	2 349
Equity-settled share-based payments	976	–	–	(555)	421
Effects of changes in holding	–	–	–	(75)	(75)
<b>Balance at 31 December 2019</b>	<b>168 597</b>	<b>2 910</b>	<b>3 194</b>	<b>(20 546)</b>	<b>154 155</b>

## STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2019 AND THE YEARS ENDED 31 MARCH 2019, 31 MARCH 2018 AND 31 MARCH 2017

	31 Dec 2019 \$'000	31 Mar 2019 \$'000	31 Mar 2018 \$'000	31 Mar 2017 \$'000
<b>Cash flows from operating activities</b>	<b>16 241</b>	<b>38 701</b>	<b>48 105</b>	<b>25 374</b>
Cash generated/(utilised) by operations	22 574	52 563	59 219	40 063
Investment income	14	79	42	37
Changes in working capital	(2 391)	(7 532)	(7 626)	(10 764)
<b>Cash generated/(utilised) by operating activities</b>	<b>20 197</b>	<b>45 110</b>	<b>51 635</b>	<b>29 336</b>
Finance costs	(3 528)	(3 292)	(2 244)	(3 962)
Taxation paid	(428)	(3 117)	(1 286)	–
<b>Cash flows from investing activities</b>	<b>(31 231)</b>	<b>(54 147)</b>	<b>(28 238)</b>	<b>(6 788)</b>
Business combinations	–	(12 980)	–	–
Investment in joint arrangements	–	(1 320)	–	–
Disposal of investments	300	–	–	–
Disposal of other financial assets	–	–	7 759	1 602
Decrease in non-current receivables	378	(22)	270	727
Proceeds from insurance recovery	30	401	350	–
Intangible assets				
– Additions	–	(100)	(951)	–
– Disposals	–	1 050	1 964	850
– Refunds	–	–	–	4 843
Property, plant and equipment				
– Additions	(31 939)	(41 176)	(37 920)	(15 236)
– Disposals	–	–	290	426
<b>Cash flows from financing activities</b>	<b>(23 017)</b>	<b>33 623</b>	<b>(10 429)</b>	<b>(9 024)</b>
Dividends paid	–	(11 339)	(4 209)	–
Debt issuance costs	(638)	(2 101)	(814)	(32)
Change in non-controlling interest	(75)	–	–	–
Debt extinguishment costs	–	–	(1 127)	–
Repayment of lease liabilities	(252)	–	–	–
Long-term funding repaid	(50 250)	(67 437)	(53 546)	(11 292)
Long-term funding raised	28 198	114 500	49 267	2 300
<b>Cash and cash equivalents</b>				
Movements	(38 007)	18 177	9 438	9 562
At the beginning of the period	47 810	29 172	19 622	10 010
Foreign exchange difference	–	461	112	50
<b>At the end of the period</b>	<b>9 803</b>	<b>47 810</b>	<b>29 172</b>	<b>19 622</b>

## NOTES TO THE FINANCIAL STATEMENTS

### I. ACCOUNTING POLICIES

This summary of the principal accounting policies of the Montauk Holdings Limited Group is presented to assist with the evaluation of the consolidated annual financial statements.

#### a) Basis of preparation

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee, the South African Companies Act, No. 71 of 2008, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited. The consolidated annual financial statements are presented in US Dollars. The consolidated annual financial statements have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments as described in the accounting policies below. The accounting policies are consistent with that applied in the previous period. The Company adopted IFRS 16 in the current period. Refer to note 3 for the impact on the consolidated annual financial statements.

#### b) Chief operating decision-maker

Operating information is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the executive committee.

The Company considers every site to individually constitute an operating segment as revenue is earned, results are reviewed by the chief operating decision-maker and discrete financial information is available on that basis.

The Company has aggregated all operating segments into one reportable segment, renewable energy. The renewable energy portfolio consists of renewable electric generation ("REG") and renewable natural gas ("RNG"), which are both forms of renewable energy. These products are generated from natural gas extracted from landfill sites utilising the same technology. RNG can be sold in the form of gas or converted to REG and sold as such. The process of gas extraction is the same for both products. Environmental attributes are considered by-products of each of RNG and REG and not generated through a separate process. The customers for RNG and REG products are similar, as both products are sold to local utility entities, councils or similar entities. Both products are distributed and sold through shared grid infrastructure to the abovementioned customers. The regulatory environment for the various sites are significantly similar, regardless of the products sold.

#### c) Basis of consolidation

The consolidated annual financial statements include the financial information of subsidiaries.

##### i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company records its investment in subsidiaries at cost less any impairment charges. These interests include any intergroup loans receivable, which represent by nature a further investment in the subsidiary.

##### ii) Joint arrangements

Investments in joint arrangements are initially recognised at cost and its post-acquisition results incorporated in the financial statements using the equity method of accounting. Joint arrangements' accounting policies are changed, where necessary, to ensure consistency with the policies adopted by the Group. The Group's investments in joint arrangements include goodwill (net of any accumulated impairment loss) identified on acquisition.

##### iii) Goodwill

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. Each of those CGUs is identified in accordance with the basis on which the businesses are managed from both a business type and geographical basis.

The carrying amount of goodwill in respect of joint arrangements is included in the carrying value of the investment in the joint arrangement.

**d) Foreign exchange**

**i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated annual financial statements are presented in US Dollars, which is the Group's presentation currency.

**ii) Transactions and balances**

The financial statements for each Group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date with the resulting translation differences recognised in profit or loss.

**e) Business combinations**

**i) Subsidiaries**

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition- by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

**ii) Common control transactions**

Acquisitions of subsidiaries which do not result in a change of control of the subsidiaries are accounted for as common control transactions. The excess of the cost of the acquisition over the Group's interest in the carrying value of the identifiable assets and liabilities of the acquired entity is carried as a non-distributable reserve in the consolidated results.

**f) Property, plant and equipment**

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

**i) Depreciation**

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost, less the estimated residual value of each asset over its expected useful life as follows:

Land and buildings	10 – 50 years
Leasehold improvements	Period of the lease
Other equipment and vehicles	3 – 10 years
Plant and machinery	5 – 12½ years

**ii) Capitalisation of borrowing costs**

Direct financing costs incurred, before tax, on major capital projects during the period of development or construction that necessarily take a substantial period of time to be developed for their intended use are capitalised up to the time of completion of the project.

**g) Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost is usually determined as the amount paid by the Group.

Amortisation is recognised together with depreciation in profit or loss.

Intangible assets with indefinite lives are not amortised but are subject to annual reviews for impairment.

## **i) Emission allowances**

Emission allowances consist of credits that need to be applied to nitrogen oxide ("NOx") emissions from internal combustion engines. These engines emit levels of NOx for which specific allowances are required in certain regions of states in the United States of America. The allowances available for use each period are capped at a level necessary for ozone attainment per the National Ambient Air Quality Standards. Certain assets acquired through the acquisition of a subsidiary, by Montauk Energy Holdings LLC, qualify for NOx allowances. These have been recognised at fair value at the date of acquisition, have indefinite useful lives and, as a result, are not amortised. These assets are tested annually for impairment. There is currently no indicator for impairment.

Intangible assets with finite lives are amortised over their estimated useful economic lives and only tested for impairment where there is an indicator of impairment. The Directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

## **i) Gas rights**

Gas rights are amortised using the depletion straight-line basis over the gas rights' term.

## **ii) Interconnection**

The interconnection intangible asset is the exclusive right to utilise an interconnection line between the operating plant and a utility substation to transmit produced electricity and natural gas. Included in that right is full maintenance provided on this line by the utility.

## **h) Financial assets and financial liabilities**

Financial assets and financial liabilities are initially recognised at fair value plus any directly attributable transaction costs (transaction costs are not included on initial recognition for financial instruments carried at fair value through profit or loss).

Financial assets consist of cash, contractual rights to receive cash or another financial asset, or contractual rights to exchange financial instruments with another entity on potentially favourable terms.

Financial liabilities are recognised when there is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms.

## **i) Trade and other receivables**

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less an allowance for expected credit losses. An allowance for expected credit losses is established using the simplified approach in IFRS 9 – thereby recognising lifetime expected credit losses. The lifetime expected credit losses is determined by taking into account historical loss rates, adjusted for future expected changes to the economic indicators relevant to the entity.

## **ii) Financial liabilities at amortised cost**

### *Trade payables*

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

### *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost using the effective interest rate method and include accrued interest.

## **iii) Financial liabilities at fair value through profit or loss**

### *Earn-out*

Provision is made for the acquisition date fair value of contingent consideration transferred in accordance with business combination guidance. The contingent consideration consists of multiple potential payments that are based on future earnings of acquired entities during predetermined measurement periods.

## **iv) Cash and cash equivalents**

Cash and cash equivalents are carried at cost and include cash in hand, bank deposits and bank overdrafts.

## **v) Fair value**

If the market for a financial asset is not active, and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

**vi) Impairment**

Impairment testing of trade receivables is described in note (h)(i) above.

**i) Derivative financial assets and financial liabilities**

The Group enters into energy price and interest rate derivatives in the ordinary course of business in order to hedge its exposure to energy price and interest rate fluctuations. The Group does not apply hedge accounting and all fair value movements are recognised immediately in profit or loss.

**j) Inventories**

Inventories are stated at the lower of cost or net realisable value.

**k) Renewable Identification Numbers (“RINs”)**

The Group generates RINs through its production and sale of renewable natural gas (“RNG”) used for transportation purposes as prescribed under the Renewable Fuel Standard (“RFS”) administered by the United States Environmental Protection Agency. The RINs that the Group generates are able to be separated and sold independent from the energy produced, therefore no cost is allocated to the RIN when it is generated.

**l) Employee share incentive schemes**

The Group grants shares and share appreciation rights to employees in terms of the Montauk Holdings Restricted Stock Plan and the Montauk Holdings Share Appreciation Rights Scheme, respectively. In terms of IFRS 2 these instruments are fair valued at the date of grant and the fair value determined on the date of grant is recognised as an expense over the relevant vesting period.

**m) Impairment**

This policy covers all assets except inventories (see note (j)) and financial assets (see note (h)). Impairment reviews are performed by comparing the carrying value of the asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market-based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written down by any impairment amount, the loss is recognised in profit or loss in the period in which it is incurred.

Intangible non-current assets with an indefinite life are tested annually for impairment. Assets subject to amortisation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

**n) Provisions**

**i) Asset retirement obligations**

Long-term environmental obligations are based on the Group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure, in view of the uncertainty of estimating the potential future proceeds.

Expenditure on plant and equipment for pollution control is capitalised and depreciated over the useful lives of the assets whilst the cost of ongoing current programmes to prevent and control pollution and to rehabilitate the environment is charged against income as incurred.

**o) Disposal group assets held for sale**

Items classified as disposal group assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Such disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use.

**p) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable when the relevant performance obligations are satisfied. The detailed revenue recognition policies can be found in note 19 to the financial statements.

**i) Interest income**

Interest income is recognised using the effective interest rate method. When a receivable is impaired the Group reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate and records the discount as interest income.

**ii) Dividend income**

Dividend income is recognised when the right to receive payment is established.

**q) Leases**

**i) The Group is the lessee – IFRS 16**

IFRS 16 was adopted on 1 April 2019 without restatement of comparative results. Refer to note 3 for an explanation of the transition method and practical expedients applied on the date of adoption. The following policies apply subsequent to the date of initial application, 1 April 2019:

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- there is an identified asset;
- the Group obtains substantially all the economic benefits from use of the asset; and
- the Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset and not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are predetermined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low-value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition the carrying value of the lease liability includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option; and
- any penalties payable for terminating the lease if the term of the lease has been estimated on the basis of a termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments is dependent on whether a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated terms increase the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease, with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it allocates any amount of the contractual payments to and account separately for any services provided by the supplier, as part of the contract.

## **ii) The Group is the lessee – IAS 17 (comparative periods)**

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

## **r) Income tax**

Tax is recognised in the statement of comprehensive income or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The Group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full using the statement of financial position liability method in respect of all temporary differences arising between the tax bases of assets and liabilities, and their carrying values in the consolidated financial statements.

Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised. Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is measured on a non-discounted basis.

## **s) Employee benefits**

### **i) Leave entitlement**

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability to the employees for annual leave up to the financial year-end date. This liability is included in "provisions" in the statement of financial position.

**ii) Bonus plans**

The Group recognises a liability and an expense for incentive compensation bonuses awarded based on the achievement of Group and personnel goals where contractually obliged or where there is a past practice that has created a constructive obligation. An accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at period-end.

**2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Principles of critical accounting estimates and assumptions

**i) Income taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

During the prior period management reviewed the probability that its loss carry-forwards will be utilised in the near future. Using the current financial period operations as a base for production and operating expenses, together with available commodity and attribute pricing, management conservatively projected a five-year earnings forecast on a monthly basis. Based on the projected results and future board-approved development projects, management projected full utilisation of the loss carry-forwards well in advance of any expiration. Refer to note 6 for the deferred tax asset raised.

### 3. NEW STANDARDS ADOPTED AS AT 1 APRIL 2019

Standard	Details
IFRS 16 Leases	<b>Transition Method and Practical Expedients Utilised</b>

On 1 April 2019 the Company adopted IFRS 16 Leases. This is a new standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows, applying IAS 7 Statement of Cash Flows. In connection with the adoption of this guidance the Company has completed an assessment resulting in an accumulation of all of its leasing arrangements and has validated the information for accuracy and completeness. Upon adoption of the new lease guidance, management recorded a right-of-use asset and lease liability, each in the amount of \$1 012 000, on the Company's consolidated statement of financial position for various types of operating leases, including office space and other equipment. This amount is equivalent to the aggregate future minimum lease payments on a discounted basis. The Company has also elected to apply the package of transitional practical expedients of the new lease guidance by allowing the Company to not: (1) reassess if expired or existing contracts are, or contain, leases; (2) reassess lease classification for any expired or existing leases; and (3) reassess initial direct costs for any existing leases. The Company has included the enhanced disclosures required by this guidance in its consolidated financial statements for the period ended 31 December 2019 (see note 3).

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 April 2019:

	<b>2019</b> <b>\$'000</b>
Right-of-use assets	1 012
Lease liability	(1 012)
Restatement of retained earnings as at 1 April 2019	–

The following table reconciles the minimum lease commitments disclosed in the Group's 31 March 2019 annual financial statements to the amount of lease liabilities recognised on 1 April 2019:

	<b>2019</b> <b>\$'000</b>
Minimum operating lease commitment at 31 March 2019	1 108
Undiscounted lease payments	1 108
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(96)
Lease liabilities recognised at 1 April 2019	1 012

Included in profit or loss for the period are \$0.24 million of depreciation on right-of-use assets and \$0.02 million of finance costs on lease liabilities. Short-term and low-value leases included in other operating expenses and income for the period were \$0.1 million and \$0.1 million, respectively. Lease payments of \$0.25 million were recognised in respect of lease liabilities.

#### 4. **NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE**

- 4.1 Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2019 or later periods which the Group has not early adopted:

<b>Standard</b>	<b>Details</b>	<b>Annual periods beginning on or after</b>
IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies: Changes in Accounting Estimates and Errors	<b>Amendment – Definition of material</b> The Group is still in the process of assessing the impact of this amendment, but initial indications are that it will not materially affect the Group.	The Group will apply the amendments to IAS 1 and IAS 8 from annual periods beginning 1 January 2020
IFRS 3 Business Combinations	<b>Amendment – Definition of business</b> The Group is still in the process of assessing the impact of this amendment, but initial indications are that it will not materially affect the Group.	The Group will apply the amendments to IFRS 3 from annual periods beginning 1 January 2020

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## INDEPENDENT EXPERT REPORT ON THE DISTRIBUTION

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10 November 2020

The Board of Directors of Montauk Holdings Limited

76 Regent Road,  
Sea Point,  
Cape Town,  
8005,  
South Africa

**Dear Sirs,**

**INDEPENDENT OPINION TO THE BOARD OF DIRECTORS OF MONTAUK HOLDINGS LIMITED (“MONTAUK”) IN TERMS OF SECTION 112 OF THE COMPANIES ACT 71 OF 2008 (“COMPANIES ACT”), REGULATION 90(6) OF THE REGULATIONS TO THE COMPANIES ACT (“TAKEOVER REGULATIONS”) IN TERMS OF WHICH MONTAUK WILL DISTRIBUTE ALL OF THE MONTAUK RENEWABLES INCORPORATED (“MONTAUK RENEWABLES”) SHARES (“DISTRIBUTION SHARES”) TO SHAREHOLDERS BY WAY OF A DISTRIBUTION IN SPECIE, WHICH WILL CONSTITUTE THE DISPOSAL OF THE GREATER PART OF THE ASSETS OR UNDERTAKING OF MONTAUK (THE “DISTRIBUTION”), AND THEREAFTER, THE DELISTING OF ALL SHARES FROM THE MAIN BOARD OF THE JSE (“DELISTING”) IF THE DISTRIBUTION IS SUCCESSFULLY IMPLEMENTED (“TRANSACTION”).**

### INTRODUCTION

The Independent Board of Directors of Montauk (“Montauk Board”) has appointed Mazars Corporate Finance (Pty) Ltd (“Mazars”) as the independent expert in accordance with section 112 of the Companies Act to advise the shareholders of Montauk whether, in our opinion, the Transaction described below is fair to the shareholders of Montauk.

The Transaction details are as follows:

Montauk intends to effect the Distribution of all of its equity interest in Montauk Renewables, consisting of the Distribution Shares, to shareholders by way of a distribution in specie, having regard to their respective shareholding in Montauk as of the Distribution record date. Shareholders are expected to receive one Montauk Renewables share for every one share held by any such shareholder on the Distribution record date.

Shareholder approval is required in connection with the Distribution in terms of sections 112 and 115 of the Companies Act as the Distribution will constitute the disposal of the greater part of Montauk’s assets or undertaking. Accordingly, appraisal rights in terms of section 164 of the Companies Act will be applicable in connection with the Distribution. Pursuant to the implementation of the Distribution and settlement of all taxes and costs associated with the Distribution and after disposing of Montauk Holdings USA (“Montauk USA”), Montauk will hold no material assets or operations and it is expected that its shares will have nominal or insignificant value. Accordingly, shareholders are also requested to approve the delisting of Montauk from the main board of the JSE.

Full details of the Distribution and the subsequent delisting of Montauk, along with sections 115 and 164 of the Companies Act are contained in the circular to shareholders (“Circular”) dated 16 November 2020, which will include a copy of this opinion.

### EXPLANATION OF THE TERM “FAIR” AND “REASONABLE”

The term “fairness” is defined in Schedule 5 of the JSE Listings Requirements as being primarily based on quantitative issues. Therefore, the Distribution to Montauk shareholders would be considered fair if the Distribution received by Montauk shareholders is equal or greater than the value range of the ordinary shares given up.

The assessment of reasonableness is based on qualitative considerations. Therefore, when all the circumstances surrounding the transaction are taken into account, it may be reasonable for the shareholders to proceed with the transaction, even though the transaction may not be fair on a quantitative basis.

## **SOURCES OF INFORMATION**

In the course of our analysis, we relied upon financial and other information obtained from Montauk's management and from various public, financial and industry sources. Our conclusion is dependent on such information being accurate in all material respects. For the purpose of compiling this report and the opinion contained herein, we have considered all information relevant to the securities affected by the Transaction.

The principal sources of information used in formulating our opinion are as follows:

- Information and assumptions made available by the management of Montauk around the forecasted revenue, Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"), working capital and capital expenditure for the five-year forecasted period;
- Audited annual financial statements of Montauk for the period ended 31 March 2017, 31 March 2018 and 31 March 2019;
- Audited financial statements of Montauk for the 9-month period ended 31 December 2019;
- Unaudited consolidated management accounts for the 8-month period ending 31 August 2020;
- The 2020 budget prepared by management;
- Montauk's exchange control application;
- Publicly available information relating to Montauk and other comparable companies in the sector that we deemed to be relevant;
- The risk assessment chart prepared by management;
- JSE SENS announcement published 14 October 2020; and
- The terms and conditions of the Transaction (as detailed in the Circular).

Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, including publicly available information, whether in writing or obtained in discussions with management.

## **EFFECT OF THE TRANSACTION**

The effect of the Transaction will result in the primary listing of Montauk Renewables on the US Exchange and secondary inward listing on the Main Board of the JSE.

The shareholders will receive all of the Montauk Renewables shares, less the Withholding Shares as defined in the Circular. Accordingly, each one share of Montauk outstanding before the Transaction, will entitle the holder thereof to receive one ordinary share of Montauk Renewables.

The business and operations of Montauk and its subsidiaries ("Montauk Group") following the Distribution will be substantially the same in all material respects as the business and operations of the Montauk Group prior to the Distribution.

Having analysed the effects of the Transaction, we have concluded that the Distribution and Delisting will not have a material adverse effect on the economic interests or voting rights of the ordinary shareholders.

The implementation of the Transaction is not anticipated to have any material adverse effects on the business and prospects of Montauk, having considered the rationale of the transaction.

## **LIMITING CONDITIONS AND RELATED PARTY RELATIONSHIPS**

We have relied upon the accuracy of information provided to us or otherwise reviewed by us, for the purposes of this opinion, whether in writing or obtained through discussion with the management of Montauk. We express no opinion on this information.

There were no limiting conditions, or any restrictions of scope imposed by Montauk whilst this opinion was being prepared.

Our opinion is based on current economic, regulatory, market as well as other conditions. Subsequent developments may affect this opinion, which we are under no obligation to update, review or re-affirm.

This opinion is provided to the Montauk Board solely to assist the Montauk Board in forming and expressing an opinion for the benefit of the shareholders of Montauk in connection with and for the purposes of their consideration in respect of the Transaction.

There is no relationship between Mazars and any other parties involved in the Transaction. Mazars has no shares in Montauk or any other party involved in the Transaction. Mazars' fee in respect of this opinion is R220,000 excluding VAT and is not payable in Montauk shares and is not contingent or related to the outcome of the Transaction.

Each shareholder's individual decision may be influenced by such shareholder's particular circumstances and accordingly each shareholder should consult an independent advisor if in any doubt as to the merits or otherwise of the Transaction.

Our procedures and enquiries did not constitute an audit in terms of International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

## PROCEDURES

In order to assess the fairness of the terms and conditions relating to the Transaction, we have performed, amongst others, the following procedures:

- Reviewed the audited annual financial statements of Montauk for the period ended 31 March 2017, 31 March 2018 and 31 March 2019;
- Reviewed the audited financial statements of Montauk for the 9-month period ended 31 December 2019;
- Reviewed the unaudited consolidated management accounts of Montauk for the 8-month period ended 31 August 2020;
- Considered information made available by and from discussions held with the management of Montauk;
- Reviewed the JSE SENS announcement published 14 October 2020;
- Obtained an understanding of the Distribution structure;
- Reviewed Montauk's exchange control application;
- Reviewed general economic, market and related conditions in which Montauk operates in;
- Reviewed the methodologies available for performing valuations of businesses operating in this industry;
- Performed an indicative valuation of Montauk; and
- Conducted appropriate sensitivity analyses given a reasonable range of key assumptions on the valuations below.

In arriving at our opinion, we have considered, in addition to the procedures performed above, the following key qualitative considerations in assessing the reasonableness of the Transaction:

- Considered the rationale for the Transaction, from the perspective of Montauk;
- Considered the historic performance of Montauk;
- Considered the geographical locations of Montauk's operations, employees and customers;
- Considered the lack of public and market awareness in South Africa regarding this sector which diminishes Montauk's ability to raise capital in South Africa;
- Considered the prospects of Montauk and whether the Transaction will be beneficial to both Montauk and its shareholders; and
- The general state of the economy and the impact this will have on current and future industry and company specific performance.

## VALUATION

We have performed a valuation of Montauk shares prior to the Distribution and of Montauk Renewables after the Distribution to determine whether the Transaction is fair to Montauk shareholders. We confirm that we have performed a valuation utilising the discounted cash flow ("DCF") methodology as the primary basis.

### Assumptions:

We arrived at our opinion based on the following key assumptions:

- That reliance can be placed on information and assumptions made available by Montauk's management;
- That reliance can be placed on audited annual financial statements of Montauk for the period ended 31 March 2017, 31 March 2018 and 31 March 2019;
- That reliance can be placed on the audited financial statements of Montauk for the 9-month period ended 31 December 2019;
- That reliance can be placed on the unaudited consolidated management accounts of Montauk for the 8-month period ended 31 August 2020;
- That reliance can be placed on the risk assessment chart prepared by management;
- That reliance can be placed on trading and market data obtained from external data providers;
- That the terms and conditions of the Transaction (as detailed in the Circular) are correct; and
- That forecasted assumptions provided by Montauk's management are achievable.

The valuation was performed taking cognisance of Montauk's current and planned operations as well as other market factors affecting these operations. Using the value derived from the above valuation, a comparison was made between fair value of the share before and after the Distribution.

Key value drivers to the DCF valuation method are as follows:

### Internal:

- Forecasted revenue growth rates were considered against historic revenue growth rates achieved;
- Forecasted profit margins were considered against historic profit margins achieved;

- The weighted average cost of capital (“WACC”) was used as a discount rate which is derived from the cost of equity and the after-tax cost of debt, blended in proportion to the long-term target capital structure of the company;
- Forecasted working capital days were considered against historic working capital days achieved; and
- Forecasted capital expenditure requirements were considered against historic capital expenditure requirements.

**External:**

- Stability of the economy and other macroeconomic factors. This included an analysis of publicly available information in respect of macroeconomic outlook;
- Costs associated with the NASDAQ stock market;
- Costs associated with the JSE;
- Liquidity and marketability associated with the NASDAQ stock market and the JSE; and
- Sensitivity analyses on the long-term inflation rate assumed and assessed the impact thereof on the valuation.

The following analyses were performed on the key value drivers:

- An analysis and review of the forecast revenue growth rates. This included sensitivity analyses performed on the forecast revenue and assessed the impact thereof on the valuation. A 10% increase in revenue increased fair value by approximately 15% while a 10% decrease in revenue decreased fair value by approximately 13%;
- An analysis and review of the forecast profit margins. This included a sensitivity analysis performed on the forecast EBITDA margins and assessed the impact thereof on the valuation. A 5% increase in EBITDA margin increased fair value by approximately 15% while a 5% decrease in EBITDA margin decreased fair value by approximately 13%;
- An analysis and review of the WACC. This included a sensitivity analysis performed on the WACC and an assessment of impact thereof on the valuation. A 50 basis points increase to the WACC decreased fair value by approximately 9% while a 50 basis points decrease to WACC increased fair value by approximately 7%;
- An analysis and review of the perpetuity growth rate. This included a sensitivity analysis performed on the perpetuity growth rate and an assessment of impact thereof on the valuation. A 25 basis points increase to the perpetuity growth rate increased fair value by approximately 3% while a 25 basis points decrease to perpetuity growth rate decreased fair value by approximately 3%; and
- An analysis and review of the marketability discount. This included a sensitivity analysis performed on the marketability discount and an assessment of impact thereof on the valuation. A 500 basis points increase to the marketability discount increased fair value by approximately 5% while a 500 basis points decrease to the marketability discount decreased fair value by approximately 5%.

In arriving at our opinion, we compared the valuation range for the Montauk shares prior to the Distribution, of between R53 and R66, to the valuation range for the Montauk Renewables shares post the Distribution of between R59 and R75. The valuation above is provided solely in respect of this fair and reasonable opinion and should not be used for any other purposes.

**OPINION**

Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated at the date of the share exchange. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

We have considered the terms and conditions of the Transaction, and based upon and subject to the foregoing, we are of the opinion that the Transaction is fair and reasonable to the ordinary shareholders of Montauk in terms of the Companies Act and Takeover Regulations.

**CONSENT**

We hereby consent to the inclusion of this opinion and references hereto, in the form and context in which it appears in any required regulatory announcement or document.

Yours faithfully



**Anoop Ninan**  
**Director**  
**Mazars Corporate Finance (Pty) Ltd**  
**54 Glenhove Road**  
**Melrose Estate, 2196**

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## SHAREHOLDERS' APPRAISAL RIGHTS IN TERMS OF SECTION 115 AND SECTION 164 OF THE COMPANIES ACT

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*"Section 115: Required approval for transactions contemplated in Part A*

- (1) *Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:*
- (a) *the disposal, amalgamation or merger, or scheme of arrangement:*
    - (i) *has been approved in terms of this section; or*
    - (ii) *is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and*
  - (b) *to the extent that Parts B and C of this Chapter and the Takeover Regulations, apply to a company that proposes to:*
    - (i) *dispose of all or the greater part of its assets or undertaking;*
    - (ii) *amalgamate or merge with another company; or*
    - (iii) *implement a scheme of arrangement,*
- the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4)(b), or exempted the transaction in terms of section 119(6).*
- (2) *A proposed transaction contemplated in subsection (1) must be approved:*
- (a) *by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and*
  - (b) *by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:*
    - (i) *the holding company is a company or an external company;*
    - (ii) *the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and*
    - (iii) *having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and*
  - (c) *by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).*
- (3) *Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:*
- (a) *the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or*
  - (b) *the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).*
- (4) *For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:*
- (a) *required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or*
  - (b) *required to be voted in support of a resolution, or actually voted in support of the resolution.*

- (4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:
- (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
  - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
- (a) is acting in good faith;
  - (b) appears prepared and able to sustain the proceedings; and
  - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
- (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
  - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
- (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
  - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
- (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
  - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
  - (c) the transfer of shares from one person to another;
  - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
  - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
  - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

#### **SECTION 164: DISSENTING SHAREHOLDERS APPRAISAL RIGHTS**

- (1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
- (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
  - (b) enter into a transaction contemplated in section 112, 113, or 114,
- that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
- (a) gave the company a written notice of objection in terms of subsection (3); and
  - (b) has neither:

- (i) *withdrawn that notice; or*
  - (ii) *voted in support of the resolution.*
- (5) *A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:*
- (a) *the shareholder:*
    - (i) *sent the company a notice of objection, subject to subsection (6); and*
    - (ii) *in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;*
  - (b) *the company has adopted the resolution contemplated in subsection (2); and*
  - (c) *the shareholder:*
    - (i) *voted against that resolution; and*
    - (ii) *has complied with all of the procedural requirements of this section.*
- (6) *The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.*
- (7) *A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:*
- (a) *20 business days after receiving a notice under subsection (4); or*
  - (b) *if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.*
- (8) *A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:*
- (a) *the shareholder's name and address;*
  - (b) *the number and class of shares in respect of which the shareholder seeks payment; and*
  - (c) *a demand for payment of the fair value of those shares.*
- (9) *A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:*
- (a) *the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);*
  - (b) *the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand;*  
*or*
  - (c) *the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.*
- (10) *If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.*
- (11) *Within five business days after the later of:*
- (a) *the day on which the action approved by the resolution is effective;*
  - (b) *the last day for the receipt of demands in terms of subsection (7)(a); or*
  - (c) *the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.*
- (12) *Every offer made under subsection (11):*
- (a) *in respect of shares of the same class or series must be on the same terms; and*
  - (b) *lapses if it has not been accepted within 30 business days after it was made.*
- (13) *If a shareholder accepts an offer made under subsection (12):*

- (a) the shareholder must either in the case of:
    - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
    - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
  - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
    - (i) tendered the share certificates; or
    - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
- (a) failed to make an offer under subsection (11); or
  - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14):
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
  - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
  - (c) the court:
    - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
    - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
    - (iii) in its discretion may:
      - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
      - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
    - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
    - (v) must make an order requiring:
      - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
      - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- (15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:
- (a) that shareholder must comply with the requirements of subsection 13(a); and
  - (b) the company must comply with the requirements of subsection 13(b).
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
  - (b) the court may make an order that:

- (i) *is just and equitable, having regard to the financial circumstances of the company; and*
  - (ii) *ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.*
- (18) *If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section Are obligations of the successor to that company resulting from the amalgamation or merger.*
- (19) *For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:*
  - (a) *the provisions of that section; or*
  - (b) *the application by the company of the solvency and liquidity test set out in section 4.*
- (20) *Except to the extent:*
  - (a) *expressly provided in this section; or*
  - (b) *that the Panel rules otherwise in a particular case,*

*a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."*

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**TABLE OF ENTITLEMENTS**


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**The definitions and interpretations commencing on page 6 of this Circular apply to this Annexure 4.**

Montauk will distribute the Distribution Shares, by way of a distribution *in specie pro rata* to their respective shareholding in Montauk as at the Distribution Record Date (but subject to the withholding of the Withholding Shares), which is expected to be in the ratio of one Montauk Renewables Share for every one Share held by any such Shareholder on the Distribution Record Date. To the extent that a different ratio is agreed by Montauk Renewables and Montauk prior to the Distribution, such final ratio will be communicated to Shareholders in the Distribution finalisation announcement.

The following table set out the number of Montauk Renewables Shares to which a Shareholder will be entitled in terms of the Distribution, assuming a ratio of one share to one share:

<b>Number of Shares held</b>	<b>Number of Montauk Renewables Shares entitled to receive</b>	<b>Number of Shares held</b>	<b>Number of Montauk Renewables Shares entitled to receive</b>	<b>Number of Shares held</b>	<b>Number of Montauk Renewables Shares entitled to receive</b>
1	1	42	42	83	83
2	2	43	43	84	84
3	3	44	44	85	85
4	4	45	45	86	86
5	5	46	46	87	87
6	6	47	47	88	88
7	7	48	48	89	89
8	8	49	49	90	90
9	9	50	50	91	91
10	10	51	51	92	92
11	11	52	52	93	93
12	12	53	53	94	94
13	13	54	54	95	95
14	14	55	55	96	96
15	15	56	56	97	97
16	16	57	57	98	98
17	17	58	58	99	99
18	18	59	59	100	100
19	19	60	60	125	125
20	20	61	61	150	150
21	21	62	62	175	175
22	22	63	63	200	200
23	23	64	64	500	500
24	24	65	65	1 000	1 000
25	25	66	66	5 000	5 000
26	26	67	67	10 000	10 000
27	27	68	68	20 000	20 000
28	28	69	69	50 000	50 000
29	29	70	70	100 000	100 000
30	30	71	71	200 000	200 000
31	31	72	72	300 000	300 000
32	32	73	73	400 000	400 000
33	33	74	74	500 000	500 000
34	34	75	75	1 000 000	1 000 000
35	35	76	76	2 000 000	2 000 000
36	36	77	77	3 000 000	3 000 000
37	37	78	78	4 000 000	4 000 000
38	38	79	79	5 000 000	5 000 000
39	39	80	80	10 000 000	10 000 000
40	40	81	81	50 000 000	50 000 000
41	41	82	82	100 000 000	100 000 000

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## SUMMARY COMPARISON OF CERTAIN NASDAQ AND JSE LISTINGS REQUIREMENTS

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### **The definitions and interpretations commencing on page 6 of this Circular apply to this Annexure 5.**

The below sets forth a comparison of certain of the listing requirements and disclosure requirements for primary listings on the NASDAQ and the JSE. Given that the listing on the JSE is a secondary inward listing, Montauk Renewables will not be subject to all of the JSE Listings Requirements set out in this summary and will be required to comply with the continuing obligations as set out in section 18.19 of the JSE Listings Requirements. This comparison information is in summary form only and does not contain the details of all of the differences between the NASDAQ and JSE requirements for public disclosure and primary listings, nor all of the requirements of either exchange or the SEC.

### **EXCHANGE REGULATOR**

#### **NASDAQ**

As a US national securities exchange, NASDAQ is considered a self-regulatory organization ("SRO") under the US securities law framework. The SEC is vested with general oversight of SROs and has established the requirements for the rules and process that SROs must adopt. Among other things, under these rules SROs, including NASDAQ, are required to file any proposed new rule or rule change with the SEC and, in most cases, obtain SEC approval before a new rule becomes effective. The SEC also has the authority to review NASDAQ's disciplinary actions and to, from time to time, inspect and examine NASDAQ generally. The SEC is further empowered to investigate and bring disciplinary actions against NASDAQ and its employees for violations of US securities laws.

A company that is listed on the Nasdaq is also subject to the SEC's public filing requirements, which require certain disclosures be filed with the SEC and publicly available through the SEC's website ([www.sec.gov](http://www.sec.gov)). These reports include annual reports on Forms 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements for the solicitation of shareholder approval. Current reports on Form 8-K are required announcements of significant events within four business days of such events occurring. The SEC also requires the presentation of specific financial information, the disclosure of trading activity in the company's securities by insiders and broad non-exclusionary distribution of material information, each of which is discussed in more detail below.

#### **JSE**

The JSE Limited is the lead regulator for the exchange, setting and enforcing listing and membership requirements as well as trading rules. The Financial Services Board supervises the JSE in the performance of its regulatory rights and duties, which are derived from statute, through the Financial Markets Act. The JSE is empowered by the Financial Markets Act to investigate possible breaches of the JSE Listings Requirements and, depending on the outcome of such investigation, may undertake disciplinary and/or remedial action in respect of the listed company or its directors, whether individually or jointly. Such action may include private or public censure, the imposing of a fine and the suspension or delisting of a company.

### **SUSPENSION/TERMINATION OF LISTING**

#### **NASDAQ**

The SEC is generally empowered to suspend trading in any stock for up to ten business days when it is of the opinion that a suspension is required to protect investors and the public interest due to considerations such as a lack of adequate information about the company, questions about the accuracy of publicly available information, or questions regarding trading by insiders, potential market manipulation or the ability to clear and settle transactions in the stock.

NASDAQ may also halt trading (usually for a few hours or a day) in circumstances it deems necessary to protect investors and the public interest, including, among other things, (1) in relation to market-related considerations such as high-impact events (such as natural disasters or significant market disruptions) or the misuse or malfunction of electronic quotation/execution systems, and (2) in relation to company-specific considerations such as material news about the company, extraordinary market activity relating to a particular stock, an imbalance of orders to buy and sell or the company's ability to meet NASDAQ listing qualifications. NASDAQ may further suspend trading in a company's securities for a longer period in the event of a determination to commence procedures to terminate such company's listing (as described below) unless the company makes a timely request for review of such delisting determination.

Termination of a listing for cause may occur for various reasons, among which are quantitative listing standard deficiencies (i.e. failure to meet NASDAQ's financial, liquidity and spread requirements for listed companies), corporate governance deficiencies, the NASDAQ staff's determining that a company's continued listing raises a public concern, a company's failure to timely file periodic reports with the SEC or other reasons in NASDAQ's discretion).

Termination of a listing as a result of an acquisition of a company by a third-party acquirer, such as a private equity fund or another publicly traded company, may also occur. Any acquisition of a listed company will require, amongst other things, various SEC and financial statement disclosures and shareholder approval pursuant to its organizational documents and state of incorporation laws.

## **JSE**

Suspension of securities trading may be initiated either by the JSE or by the listed company. In either circumstance, the listed company must continue to comply with the JSE Listings Requirements and must keep the JSE informed as to its affairs.

Subject to the provisions of the Financial Markets Act, the JSE may suspend the listing of a company's securities and impose appropriate conditions to the lifting of the suspension when (i) it considers that the suspension will further the objects of the Financial Markets Act (such as public interest) or (ii) the listed company has failed to comply with the JSE Listings Requirements and the JSE believes that suspension would be in the public interest. In addition, the JSE may suspend a listing when there are two levels of information in the market and the situation has not been timeously remedied by the listed company's directors. Suspension in this circumstance is usually for a short period (hours/days) and is lifted once the situation has been remedied.

When a company's listing is under threat of suspension, the affected company may make written representations to the JSE, motivating against suspension, prior to the JSE making a final decision as to the suspension. If a listing is suspended and the affected company fails to take adequate action to enable the JSE to reinstate the listing within a reasonable period of time, the JSE may remove the listing.

A listed company may itself request suspension in certain circumstances, such as where the listed company is placed under provisional liquidation or in business rescue proceedings or where there are two levels of information in the market and the situation cannot immediately be remedied by the publication of a clarification announcement.

The JSE may, subject to the removal provisions of the Financial Markets Act, remove the listing of any securities, provided that the listing of such securities shall first have been suspended in accordance with the above provisions and it will either further one or more of the objects contained in section 2 of the Financial Markets Act or if the issuer has failed to comply with the Listings Requirements and it is in the public interest to do so. When a listing of securities is under threat of removal, the affected issuer shall be given the opportunity of making representations, in writing, to the JSE why the removal should not be affected, prior to the JSE making any decision to remove such listing.

An issuer may also make written application to the JSE for the removal of the listing of any of its securities, stating from which time and date it wishes the removal to be effective. Prior to being able to effect the removal, an issuer must send a circular to the holders of its securities complying not only with the Listings Requirements for contents of circulars, but also with the following:

- a) where the issuer is a listed company, approval must be obtained from shareholders in a general meeting for the removal of the listing prior to the issuer making written application for such removal. For purposes of this resolution more than 50% of the votes of all shareholders present or represented by proxy at the general meeting, excluding any controlling shareholder, its associates and any party acting in concert, and any other party which the JSE deems appropriate, must be cast in favour of such resolution, unless the JSE otherwise decides;
- b) the reasons for removal must be clearly stated;
- c) an offer (which must be fair in terms of the Listings Requirements) must be made to all holders of listed securities with terms and conditions provided in full; and
- d) a statement must be included by the board of directors confirming that the offer is fair insofar as the shareholders (excluding any related party/ies if it/they are equity securities holders) of the issuer are concerned and that the board of directors has been so advised by an independent expert acceptable to the JSE. The board of directors must obtain a fairness opinion (which must be included in the circular), prepared in accordance with schedule 5 of the Listings Requirements, before making this statement.

Shareholder approval for the removal of the listing need not be sought, and a circular need not be sent to the holders of securities where the listing of such securities is intended to be removed:

- a) following a take-over offer, the securities have become subject to section 124 of the Companies Act and notice has been given by the offeror of its intention to cancel the listing of the securities (in these circumstances) in the initial offer document or in any subsequent circular sent to holders of securities; or

- b) following the completion of a scheme of arrangement with shareholders, in terms of sections 114 and 115 of the Companies Act, as a result of which either all the shares have been acquired or the JSE is satisfied that the issuer no longer qualifies for listing (the JSE must be consulted for a ruling in this regard).

## **ISSUANCE/REPURCHASE OF SHARES**

### **NASDAQ**

In general, with respect to issuing new shares, all offers and sales of securities in the US must be registered with the SEC, or must qualify for an exemption from such registration requirements. The registration of securities in the US typically requires specified disclosure, which is filed with the SEC and publicly available through the SEC's website.

NASDAQ listing rules generally require shareholder approval for the issuance or potential issuance of common stock (or securities convertible or exchangeable into common stock), prior to the issuance, if 20% or more of the voting power or number of shares is issued (or is issuable) compared to the pre-closing amount (among other circumstances).

Subject to receiving appropriate corporate approval (including board approval and/or approval and execution by an authorised officer) and compliance with SEC rules and state corporation laws, NASDAQ generally permits a listed company to repurchase its shares of common stock. These programmes do not typically require shareholder approval. SEC rules provide a safe harbour for a reporting company repurchasing its outstanding equity securities through open market purchases and requires disclosure of such transactions in SEC reports.

### **JSE**

The JSE Listings Requirements facilitate the issue of new shares for cash either by way of general authority or specific authority obtained from shareholders in general meeting (without voting restrictions in the case of a general authority and excluding the vote of shareholders participating in the issue in the case of a specific authority). Issues effected under general authority are restricted by the JSE Listings Requirements as to the number of shares issued/percentage of the listed company's issued share capital represented by the issue (no more than 20%), the party to whom the shares may be issued and the price or maximum discount at which the securities may be issued. Issues effected under specific authority are not subject to such restrictions, but require the preparation of a fairness opinion where the issue is effected at a discount to a related party to the company. Issuance of shares pursuant to a rights offer on a *pro rata* basis does not automatically require shareholder approval, unless otherwise required in terms of the company's memorandum of incorporation or the Companies Act. An issue of shares in exchange for the acquisition of an asset (referred to as an acquisition issue), likewise does not require shareholder approval, unless the transaction constitutes a category one transaction, or a related party transaction, as explained below.

The JSE Listings Requirements facilitate the repurchase of shares either by way of general authority or specific authority obtained from shareholders in general meeting (without voting restrictions in the case of a general authority and excluding the vote of shareholders participating in the repurchase in the case of a specific authority). Repurchases effected under general authority are restricted by the JSE Listings Requirements as to the number of shares repurchased/percentage of the listed company's issued share capital represented by the repurchase, the party from whom the shares may be repurchased (repurchases must be effected through the JSE's trading system and without prior arrangement with the counterparty) and the price or maximum premium at which the securities may be repurchased. Repurchases effected under specific authority are not subject to such restrictions, but require the preparation of a fairness opinion where the repurchase is effected at a premium from a related party to the company.

## **DISCLOSURE REQUIREMENTS FOR CERTAIN ACQUISITION AND DISPOSAL TRANSACTIONS**

### **NASDAQ**

The SEC regulations require the public filing of certain information regarding any significant acquisitions or dispositions by listed companies. The SEC determination of significance is based on several tests that measure the size of the transaction against the acquirer's assets and income. Depending on the level of significance, a company may need to file additional audited or pro forma financial information regarding the transaction on Form 8-K and in other future SEC filings. Depending on the size and structure of such a transaction, shareholder and regulatory approval may need to be obtained. For example, if a listed company were to acquire another listed company in a stock for stock transaction, it would require shareholder approval if the shares to be issued were more than 20% of the acquirer's outstanding shares. Further, the listed company being acquired would need to seek shareholder approval consistent with its organizational documents and state law.

### **JSE**

The disclosures required for transactions entered into by a listed company are determined with reference to the categorisation of the transaction in terms of the JSE Listings Requirements. Categorisation measures either the transaction consideration/value against the listed company's market capitalisation or the dilution to existing shareholders by measuring the consideration shares issued against listed company's existing issued share capital. A transaction representing less than

5% of market capitalisation or dilution (uncategorised) requires no disclosures. Where the ratio is more than 5%, but less than 30% (category 2), disclosure by announcement is required. A transaction where the percentage ratio is 30% or more, or where the maximum consideration has not yet been determined (category 1) requires disclosure by announcement and circular.

The aggregation provisions of the JSE Listings Requirements apply to transactions entered into with the same party and/or in respect of the same assets, in a rolling 12-month period.

As outlined in paragraph 18.19 of Section 18 of the JSE Listings Requirements, Montauk Renewables must ensure that any information published on NASDAQ is also released on SENS and that such release takes place no later than the equivalent release on NASDAQ. If the JSE is not open for business, it must ensure that such information is released through SENS at the commencement of business on the next business day.

## **RELATED PARTY TRANSACTIONS**

### **NASDAQ**

NASDAQ requires a listed company to conduct an appropriate review and oversight of all related party transactions for potential conflict of interest situations on an ongoing basis by the company's audit committee or another independent body of the board of directors. SEC disclosure rules and US GAAP require disclosure of certain material related party transactions in SEC reports.

### **JSE**

The disclosures and/or approvals required for related party transactions entered into by a listed company are determined with reference to the categorisation of the transaction in terms of the JSE Listings Requirements. A related party transaction representing less than 0.25% of market capitalisation or dilution (uncategorised) requires no disclosures or shareholder approvals. Where the ratio is more than 0.25%, but less than 5% (small related party transaction), disclosure by announcement is required, supported by a positive fairness opinion (expert opinion determines the transaction to be fair to shareholders). A related party transaction where the percentage ratio is 5% or more – or a small related party transaction with a negative fairness opinion (expert opinion determines the transaction to be unfair to shareholders) – requires both disclosure by announcement and circular incorporating an expert opinion, as well as shareholder approval in general meeting.

## **FINANCIAL REPORTING**

### **NASDAQ**

Under the US system, listed companies are required to file annual and certain periodic reports that include specified company financials with the SEC.

#### **1. ACCOUNTING STANDARDS**

As required by SEC and NASDAQ regulations, Montauk Renewables will report under US Generally Accepted Accounting Principles (GAAP).

#### **2. AUDITING STANDARDS**

Pursuant to NASDAQ Listing Rule 5250(c)(3) requires that each registered public company must be audited by an independent public accountant that has been registered as a public accounting firm with the Public Company Accounting Oversight Board, as provided for in Section 102 of the Sarbanes-Oxley Act of 2002. All NASDAQ listed companies must timely file all required periodic financial reports, either with the SEC through the EDGAR System or directly with the NASDAQ, if not an EDGAR filer.

#### **3. THE TIMING OF THE RELEASE OF INFORMATION**

SEC regulations require both annual and periodic filings including: (i) an annual proxy statement, presented prior to the annual shareholder meeting and prior to soliciting a shareholder vote on the election of directors and approval of other corporate actions; (ii) Form 10-K, an annual report filed within 90 days after the fiscal year end that provides a comprehensive analysis of the company's financial condition, business operations, the management discussion and analysis, the company's balance sheet, income statement and cash flow statement; (iii) Form 10-Q, an abbreviated version of Form 10-K filed quarterly within 45 days of the quarter end; and (iv) Form 8-K, the means to report major company events within four days of their incurrence including bankruptcies or receiverships, material impairments, completion of acquisitions or dispositions of assets, departures or appointments of certain executives, and other significant occurrences. Filing deadlines for the different forms differ based on filer status and size, but are calculated with the intent of making information available to shareholders and potential investors in a timely fashion.

#### 4. **REVIEW OF THE FINANCIAL INFORMATION PUBLISHED BY ISSUERS**

Under the US framework, the SEC must review each reporting company's financial and non-financial disclosure at least once every three years, but may review such disclosures more frequently.

#### **JSE**

##### 1. **ACCOUNTING STANDARDS**

As permitted under the JSE Listings Requirements, Montauk Renewables will report under US GAAP.

##### 2. **AUDITING STANDARDS**

In terms of the JSE Listings Requirements, a listed company's financial statements must be audited in accordance with international standards on auditing and international standards on assurance engagements. Auditors so engaged are required to be registered with the Independent Regulatory Board for Auditors, or a similar regulatory or professional body for auditors in another jurisdiction, and to be accredited as such on the JSE list of accredited auditors.

##### 3. **THE TIMING OF THE RELEASE OF INFORMATION**

Interim reports are to be published on the SENS and in the press within three months of the interim period end. Interim reports need not be audited/reviewed nor distributed to shareholders, unless the issuer has previously issued modified financial statements. If financial results are published and the integrated annual report is distributed within three months of year end, then a preliminary report is published on SENS only.

Provisional reports are to be published on SENS and in the press within three months of the year end. Provisional reports are to be reviewed at a minimum and the full audited annual financial statements are required to be distributed to shareholders within four months of the year end.

#### 4. **REVIEW OF THE FINANCIAL INFORMATION PUBLISHED BY ISSUERS**

The JSE has a well-established practice of pro-active monitoring of financial statements. All financial statements published by listed companies are eligible for review. Affected companies are selected without prior notification and are contacted by the JSE only where the review process has identified issues which warrant further investigation. The Audit Committees of listed companies are obliged to receive and attend appropriately to any concerns or complaints relating to accounting matters and their input is therefore required on any correspondence which flows from the company in response to issues of an accounting nature raised by the JSE.

As outlined in section 18.19 of the JSE Listings Requirements, Montauk Renewables' annual financial statements and any other communication with shareholders must state the primary and secondary listings of the ordinary shares.

##### 5. **HEADLINE EARNINGS**

The JSE requires headline earnings per share ("HEPS") to be disclosed in the financial results with a reconciliation between earnings and headline earnings. HEPS is a non-IFRS measure.

As outlined in section 18.19 of the JSE Listings Requirements, Montauk Renewables must publish, in its interim and year-end results, HEPS and diluted HEPS together with an itemised reconciliation between headline earnings and the earnings used in the calculation.

#### **BOARD APPOINTMENTS**

##### **NASDAQ**

All NASDAQ-listed companies are subject to common corporate governance listing standards. These governance standards include: the requirement of a board of directors with a majority comprised of independent directors (NASDAQ Listing Rule 5605(b)); the requirement of specific board committees responsible for company audits and compensation related determinations, and the governing charters of those committees (NASDAQ Listing Rules 5605(c) and 5605(d), respectively); the requirement of independent director oversight of director nominations and compensation of corporate management (NASDAQ Listing Rule 5605(e)); the requirement to adopt a code of ethics applicable to all directors, officers and employees and its publication (NASDAQ Listing Rule 5610); and the voting rights of shareholders and conditions requiring shareholder approval (NASDAQ Listing Rules 5635 and 5640), among others.

#### **JSE**

Application of the corporate governance principles set out in the King IV Report on Corporate Governance for South Africa 2016 ("King Code") is generally voluntary. Notwithstanding this, the JSE has incorporated certain practices from the King Code into the JSE Listings Requirements, the effect of which is to make them mandatory for compliance by listed companies

(including race and gender diversity at board level, a separation of the roles of chair and chief executive, the establishment of remuneration and audit committees, requirements relating to remuneration policies and their implementation and the correct/ongoing classification of directors). Listed companies are required to report annually to shareholders on their compliance with the King IV principles/practices.

## **PRICE SENSITIVE INFORMATION**

### **NASDAQ**

A NASDAQ-listed company is generally required to make prompt disclosure to the public through a press release or similar method of disclosure of any material information that would reasonably be expected to affect the value of its securities or influence investors' decisions. In the US, information is "material" if a reasonable investor would consider the information to be important in making an investment decision or to have altered the "total mix" of information available.

The SEC has adopted Regulation FD to address selective disclosure of information by publicly traded companies and other issuers. Regulation FD provides that when an issuer discloses material non-public information to certain individuals or entities, the issuer must make public disclosure of that information. Regulation FD aims to promote full and fair disclosure. Such disclosures are generally made on Form 8-K, but may be made by any method reasonably designed to effect broad, non-exclusionary distribution of the information.

### **JSE**

The disclosure of price sensitive information ("PSI") is regulated by the Financial Markets Act and the JSE Listings Requirements in order to ensure equal, correct and timeous disclosure of PSI into the market. The JSE Listings Requirements on PSI regulate its dissemination in both the ordinary course of business (in the form of trading statements which furnish specific guidance on a listed company's expected earnings compared to that of the prior comparative reporting period) and outside the ordinary course of business (in the form of a price sensitive announcement relating to an unusual business development or the negotiation of a transaction).

As outlined in paragraph 18.19 of Section 18 of the JSE Listings Requirements, Montauk Renewables must ensure that any information published on NASDAQ is also released on SENS and that such release takes place no later than the equivalent release on NASDAQ. If the JSE is not open for business, it must ensure that such information is released through SENS at the commencement of business on the next business day.



**MONTAUK HOLDINGS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 2010/017811/06)  
Share code: MNK ISIN: ZAE000197455  
("Montauk" or the "Company")

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## NOTICE OF GENERAL MEETING

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**All terms defined in the Circular to which this Notice of General Meeting is attached, shall bear the same meanings where used in this Notice of General Meeting.**

**NOTICE IS HEREBY GIVEN** that a General Meeting of Shareholders will be held at 14:00 on Tuesday, 15 December 2020, to consider and, if deemed fit, pass, with or without modification, the resolutions set out hereunder.

Notes:

- For Special Resolution Number 1 to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on such resolution in terms of section 65(9) of the Companies Act and the Montauk MOI.
- For Ordinary Resolution Number 1 to be approved, it must be supported by more than 50% of the voting rights exercised on such resolution by Shareholders in terms of section 65(7) of the Companies Act and the Montauk MOI.
- For Ordinary Resolution Number 2 to be approved, it must be supported by more than 50% of the voting rights exercised on such resolution by Shareholders in terms of section 65(7) of the Companies Act and the Montauk MOI.

1. **SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE DISTRIBUTION AND CONSEQUENT DISPOSAL OF ALL OR THE GREATER PART OF THE COMPANY’S ASSETS OR UNDERTAKING IN TERMS OF THE COMPANIES ACT**

**“RESOLVED AS A SPECIAL RESOLUTION** that, subject to the approval of the remaining resolutions set out in this Notice of General Meeting and implementation of the Listing, the distribution of the Distribution Shares to Shareholders, by way of a distribution *in specie* to Shareholders of Montauk as at the Distribution Record Date, in the ratio of one Montauk Renewables Shares for every one Share (or such other ratio as agreed to by Montauk Renewables and Montauk prior to the Distribution) held by any such Shareholder on the Distribution Record Date (subject to the withholding of the Withholding Shares), and the steps required to effect the Distribution in terms of the Corporate Restructure, be and is hereby approved in terms of section 112 read with section 115 of the Companies Act.”

**Reason and effect**

*The reason for Special Resolution Number 1 is that the Corporate Restructure and Distribution constitutes the disposal of all or the greater part of the assets or undertaking of Montauk in terms of section 112 of the Companies Act and therefore requires the approval of the Shareholders by way of a special resolution, in compliance with the provisions of section 115 of the Companies Act.*

*The effect of Special Resolution Number 1, if passed, will be to grant the necessary approval of the Distribution in terms of section 112 read with section 115 of the Companies Act.*

2. **ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE DELISTING OF MONTAUK FROM THE MAIN BOARD OF THE JSE**

**“RESOLVED AS AN ORDINARY RESOLUTION** that, subject to the approval of the remaining resolutions set out in this Notice of General Meeting and the implementation of the Listing and Distribution, the voluntary delisting of Montauk, be and is hereby authorised in terms of the section 1.15(a) and 1.16 of the Listings Requirements.”

**Reason and effect**

*The reason for Ordinary Resolution Number 1 is to approve the voluntary delisting of Montauk after the implementation of the Distribution, which requires the approval of the Shareholders, by way of an ordinary resolution in accordance with paragraph 1.15(a) and 1.16 of the Listings Requirements.*

*The effect of Ordinary Resolution Number 1, if passed, will be to grant the necessary approval for Montauk to be delisted from the Main Board of the JSE.*

### 3. **ORDINARY RESOLUTION NUMBER 2 – DIRECTORS’ AUTHORITY**

**“RESOLVED AS AN ORDINARY RESOLUTION** that, any Director of Montauk, be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to give effect to the special and ordinary resolutions set out in this Notice of General Meeting and anything already done in this respect be and is hereby ratified.”

#### **Reason and effect**

*The reason for and effect of Ordinary Resolution Number 2 is to authorise each Director of Montauk to do all such things and sign all such documents as are deemed necessary or desirable to implement the resolutions set out in the Notice of General Meeting.*

### **VOTING AND PROXIES**

The date on which Shareholders must have been recorded as such in the Register for purposes of being entitled to receive this notice is 6 November 2020.

The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting is Friday, 4 December 2020, with the last day to trade being Tuesday, 1 December 2020.

Shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a Shareholder. A Form of Proxy (grey), which sets out the relevant instructions for its completion, is enclosed for use by Certificated Shareholders or Own-name Registered Dematerialised Shareholders who wish to be represented at the General Meeting. Completion of a Form of Proxy (grey) will not preclude such Shareholder from attending and voting (in preference to that Shareholder’s proxy) at the General Meeting.

The instrument appointing a proxy and the authority (if any) under which it is signed must be lodged with or posted to the Transfer Secretaries or the Company Secretary, at the addresses given below, to be received by them, for administrative purposes, by not later than 14:00 on Friday, 11 December 2020 or thereafter handed to the chairperson of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the proxy exercises any rights of the Shareholder at such General Meeting.

Dematerialised Shareholders, other than Own-name Registered Dematerialised Shareholders, who wish to attend the General Meeting in person, will need to request their CSDP or Broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such Shareholders and the CSDP or Broker.

Dematerialised Shareholders, other than Own-name Registered Dematerialised Shareholders, who are unable to attend the General Meeting and who wish to be represented thereat, must provide their CSDP or Broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or Broker in the manner and time stipulated therein.

Shareholders should note that the General Meeting will also be accessible through electronic communication, as permitted by the JSE and in terms of the provisions of the Companies Act and Montauk’s MOI, for those Shareholders who elect not to attend the General Meeting in person.

Certificated Shareholders and Dematerialised Shareholders with “own name” registration who wish to participate and vote through electronic communication should contact the Transfer Secretaries at proxy@computershare.co.za as soon as possible and by no later than 14:00 on Friday, 11 December 2020 for the General Meeting to obtain log in credentials, in order to ensure that there is no delay in providing access to such Shareholders to the General Meeting. Proof of identification will be required before such Shareholders are provided with usernames and passwords.

Dematerialised Shareholders other than “own name” registrations who wish to participate and vote through electronic communication, should request the necessary letter of representation from their Broker/CSDP and submit a copy thereof to the Transfer Secretaries at proxy@computershare.co.za as soon as possible, but no later than 14:00 on Friday, 11 December 2020 in order to obtain the necessary log in credentials, and to allow the Transfer Secretaries to make the necessary arrangements. Shareholders are encouraged to submit their votes by proxy before the meeting.

Shareholders will be liable for their own network charges and such charges will not be paid by Montauk nor its service providers. Neither Montauk nor its service providers can be held accountable in the case of loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages or the like which would prevent Shareholders from voting or participating in the meeting through electronic communication.

In accordance with section 63(1) of the Companies Act, participants at the General Meeting will be required to provide proof of identification to the reasonable satisfaction of the chairman of the General Meeting and must accordingly provide a copy of their identity document, passport or driver's licence at the General Meeting for verification.

Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each Share held.

### **APPRAISAL RIGHTS OF SHAREHOLDERS**

In terms of section 164 of the Companies Act, at any time before Special Resolution Number 1 as set out in this notice is voted on, a Shareholder may give Montauk written notice objecting to Special Resolution Number 1.

Within ten Business Days after Montauk has adopted Special Resolution Number 1, Montauk must send a notice that Special Resolution Number 1 has been adopted to each Shareholder who:

1. gave Montauk written notice of objection as contemplated above;
2. has not withdrawn that notice; and
3. has voted against Special Resolution Number 1.

A Shareholder may, within 20 Business Days after receiving the aforementioned notice of the adoption of Special Resolution Number 1, demand that Montauk pay the Shareholder the fair value for all of the Shares held by it if:

1. the Shareholder has sent Montauk a notice of objection;
2. Montauk has adopted Special Resolution Number 1; and
3. the Shareholder voted against Special Resolution Number 1 and has complied with all of the procedural requirements of section 164 of the Companies Act.

Any Shareholder who is in doubt as to what action to take should consult their legal or professional advisor in this regard.

The wording of section 164 of the Companies Act is set out in **Annexure 3** to the Circular.

By order of the Board

### **HCI Managerial Services Proprietary Limited**

Company Secretary

16 November 2020

#### **Company Secretary**

HCI Managerial Services Proprietary Limited  
Suite 801  
76 Regent Road  
Sea Point  
Cape Town, 8005  
(PO Box 5251, Cape Town, 8000)

#### **Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
Johannesburg, 2196  
(Private Bag X9000, Saxonwold, 2132)



**MONTAUK HOLDINGS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 2010/017811/06)  
Share code: MNK ISIN: ZAE000197455  
("Montauk" or the "Company")

## FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME REGISTERED DEMATERIALISED SHAREHOLDERS ONLY

All terms defined in the Circular, to which this Notice of General Meeting is attached, shall bear the same meanings when used in this Form of Proxy. This proxy and the Circular have been approved by our Board of Directors.

For use only by Shareholders holding Certificated Shares, nominee companies of CSDPs, Brokers' nominee companies and Own-name Registered Dematerialised Shareholders at the General Meeting to be held on Tuesday, 15 December 2020 at 14:00.

Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders must not complete this Form of Proxy and must provide their CSDP or Broker with their voting instructions, except for Own-name Registered Dematerialised Shareholders recorded in the sub-register through a CSDP or Broker, which Shareholders must complete this Form of Proxy and lodge it with their CSDP or Broker in terms of the custody agreement entered into between them and their CSDP or Broker. Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders wishing to attend the General Meeting must inform their CSDP or Broker of such intention and request their CSDP or Broker to issue them with the necessary letter of representation to attend.

I/We \_\_\_\_\_ (Full name in print)

of (address) \_\_\_\_\_

Cell phone number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

being the holder of  Shares, hereby appoint:

1. \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_ or failing him/her

3. the chairperson of the General Meeting,

as my/our proxy to attend, speak and vote for me/us at the General Meeting for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the Shares registered in my/our name(s), in accordance with the following instruction (see notes):

	Number of Shares		
	In favour of	Against	Abstain
<b>Special Resolution Number 1</b> Approval of the Distribution in terms of the Companies Act			
<b>Ordinary Resolution Number 1</b> Approval of the Delisting in terms of the Listings Requirements			
<b>Ordinary Resolution Number 2</b> Directors' authority			

Please indicate your voting instruction by way of inserting the number of Shares or by a cross in the space provided should you wish all your Shares to be voted.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature(s) \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

(state capacity and full name)

Each Shareholder is entitled to appoint one or more proxy(ies) (who need not be Shareholder(s) of Montauk) to attend, speak and vote in his/her stead at the General Meeting.

**Please read the notes on the reverse side hereof.**

**Notes:**

1. A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered Shareholder of Montauk.
2. Every Shareholder present in person or by proxy and entitled to vote at the General Meeting shall, on a show of hands, have one vote only, irrespective of the number of Shares such Shareholder holds. In the event of a poll, every Shareholder shall be entitled to that proportion of the total votes in Montauk which the aggregate amount of the nominal value of the Shares held by such Shareholder bears to the aggregate amount of the nominal value of all the Shares.
3. Shareholders who have Dematerialised their Shares with a CSDP or Broker, other than Own-name Registered Dematerialised Shareholders, must arrange with the CSDP or Broker concerned to provide them with the necessary authorisation to attend the General Meeting or the Shareholders concerned must instruct their CSDP or Broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Shareholder and the CSDP or Broker concerned.

**Instructions on signing and lodging the Form of Proxy:**

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided, with or without deleting "the chairperson of the General Meeting", but any such deletion must be initialled by the Shareholder. Should this space/s be left blank, the proxy will be exercised by the chairperson of the General Meeting. The person whose name appears first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes which that Shareholder wishes to exercise, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she thinks fit in respect of all the Shareholder's exercisable votes. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the Shareholder or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries or Company Secretary.
4. To be valid, the completed Form of Proxy must be lodged with or posted to the Company Secretary or the Transfer Secretaries, at the addresses set out below, to be received by them, for administrative purposes, by no later than Friday, 11 December 2020, at 14:00 or thereafter by handing such form to the chairperson of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the proxy exercises any rights of the Shareholder at such General Meeting.

**Company Secretary**

HCI Managerial Services Proprietary Limited  
Suite 801  
76 Regent Road  
Sea Point  
Cape Town, 8005  
(PO Box 5251, Cape Town, 8000)

**Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
Johannesburg, 2196  
(Private Bag X9000, Saxonwold 2132)  
(proxy@computershare.co.za)

5. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries or waived by the chairperson of the General Meeting.
6. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
7. The appointment of a proxy in terms of this Form of Proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act, and accordingly a Shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to Montauk.
8. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this Form of Proxy must be initialled by the signatory/ies.
9. The chairperson of the General Meeting may accept any Form of Proxy which is completed other than in accordance with these instructions provided that he/she is satisfied as to the manner in which a Shareholder wishes to vote.



**MONTAUK HOLDINGS LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 2010/017811/06)

Share code: MNK ISIN: ZAE000197455

("Montauk" or the "Company")

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**FORM I: REQUIRED DIVIDENDS TAX DECLARATION AND UNDERTAKING  
(IF YOU ARE EXEMPT FROM DIVIDENDS TAX)**

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All terms defined in the Circular, to which this Form I is attached, shall bear the same meanings when used in this Form I. This Form I and the Circular have been approved by our Board of Directors.

For completion by Shareholders who are exempt from Dividends Tax (as indicated under Part C of this Form I).

**Note: Do NOT complete this Form I if you are subject to Dividends Tax at a reduced rate (including a reduced rate of 0%).**

**Instructions:**

Deliver this completed Form I to Montauk by 23:59 on Monday, 4 January 2021.

To be e-mailed to:  
info@montaukenergy.com

or faxed to:  
+27 (0) 21-434-1439

or couriered at the risk of the Shareholder to:  
**Montauk Holdings Limited**  
Suite 801  
76 Regent Road  
Sea Point  
Cape Town, 8005

**DIVIDENDS TAX: DECLARATION AND UNDERTAKING MADE BY THE BENEFICIAL OWNERS OF A DIVIDEND  
(EXEMPTION FROM DIVIDENDS TAX)**

Date of notice (please insert)

D	D	M	M	Y	Y	Y	Y
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**PART A – WITHHOLDING AGENT OR COMPANY DECLARING DIVIDEND**

**Registered name:** Montauk Holdings Limited

**Company registration number:** 2010/017811/06

**Company tax reference number:** 9176170182

**Address:** Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005

**Contact details:** +27 (0)21 481 7560

**PART B – BENEFICIAL OWNER**

Full names and Surname OR Registered name:	
Nature of person or entity (please tick box):	
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Listed company
<input type="checkbox"/>	Unlisted company
<input type="checkbox"/>	Trust (any type)
<input type="checkbox"/>	South African Government or Provincial Administration or Municipality
<input type="checkbox"/>	Retirement fund (pension or provident or benefit or retirement annuity)
<input type="checkbox"/>	Other (if this box is selected, please provide description of nature of person/entity below):

Identity number/ Passport number/ Registration number:
Income tax reference number:
Email address:
Telephone number:
Fax number:
Physical address:
Postal address:
Country of residence for tax purposes:
Number of shares held in Montauk Holdings Limited:
Safe custody account (SCA) number:
South African nominee account (if applicable):

**PART C – EXEMPTION**

Please indicate the reason that the beneficial owner is exempt from the Dividends Tax as indicated in section 64F of the Income Tax Act (No. 58 of 1962) (the “Act”) (please tick box):

<input type="checkbox"/>	a company which is a resident; or
<input type="checkbox"/>	the government of the Republic in the national, provincial or local sphere; or
<input type="checkbox"/>	a public benefit organisation approved by the Commissioner in terms of section 30(3) of the Act; or
<input type="checkbox"/>	a trust contemplated in section 37A of the Act; or
<input type="checkbox"/>	an institution, board or body contemplated in section 10(1)(cA) of the Act; or
<input type="checkbox"/>	a fund contemplated in section 10(1)(d)(i) or (ii) of the Act; or
<input type="checkbox"/>	a person contemplated in section 10(1)(t) of the Act; or
<input type="checkbox"/>	a holder of shares in a registered micro business, as defined in the Sixth Schedule of the Act, paying that dividend, to the extent that the aggregate amount of dividends paid by that registered micro business to all holders of shares in that registered micro business during the year of assessment in which that dividend is paid does not exceed the amount of R200 000; or
<input type="checkbox"/>	a small business funding entity as contemplated in section 10(1)(cQ) of the Act; or
<input type="checkbox"/>	a person that is not a resident and the dividend is a dividend contemplated in paragraph (b) of the definition of “dividend” in section 64D of the Act; or
<input type="checkbox"/>	any person to the extent that the dividend constitutes income of that person; or
<input type="checkbox"/>	any person to the extent that the dividend was subject to the secondary tax on companies; or
<input type="checkbox"/>	any fidelity or indemnity fund contemplated in section 10(1)(d)(iii) of the Act; or
<input type="checkbox"/>	a natural person or deceased estate or insolvent estate of that person in respect of a dividend paid in respect of a tax free investment as contemplated in section 12T(1) of the Act.

**DECLARATION IN TERMS OF SECTION 64FA OF THE ACT**

I (the beneficial owner or duly authorised agent of the beneficial owner), (insert full name)

the undersigned declare that dividends paid to the beneficial owner are exempt, or would have been exempt had they not been a distribution of an asset in specie, from the Dividends Tax in terms of the paragraph of section 64F of the Act as indicated above.

Signature:

Date:

(Duly authorised to do so)

Capacity of Signatory (if not the beneficial owner):

**DECLARATION IN TERMS OF SECTION 64FA OF THE ACT**

I, (the beneficial owner or duly authorised agent of the beneficial owner) (insert full name)

the undersigned undertake to forthwith inform **Montauk Holdings Limited** in writing should the circumstances of the beneficial owner referred to in the declaration above change.

Signature:

Date:

(Duly authorised to do so)

Capacity of Signatory (if not the beneficial owner):



**MONTAUK HOLDINGS LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 2010/017811/06)  
Share code: MNK ISIN: ZAE000197455  
("Montauk" or the "Company")

**FORM II: REQUIRED DIVIDENDS TAX DECLARATION AND UNDERTAKING  
(IF YOU ARE SUBJECT TO DIVIDENDS TAX AT A REDUCED RATE)**

All terms defined in the Circular, to which this Form II is attached, shall bear the same meanings when used in this Form II. This Form II and the Circular have been approved by our Board of Directors.

For completion by Shareholders who are subject to Dividends Tax at a reduced rate in terms of an agreement for the avoidance of double taxation ("DTA") and only applicable to Shareholders resident outside of South Africa for tax purposes.

**Note: Do NOT complete this Form II if you are exempt from Dividends Tax as indicated in section 64F of the Income Tax Act (No. 58 of 1962) (i.e. if you are a taxpayer under Part C of Form I).**

**Instructions:**

Deliver this completed Form II to Montauk by 23:59 on Monday, 4 January 2021.

To be e-mailed to:  
info@montaukenergy.com

or faxed to:  
+27 (0) 21-434-1439

or couriered at the risk of the Shareholder to:  
**Montauk Holdings Limited**  
Suite 801  
76 Regent Road  
Sea Point  
Cape Town, 8005

**DIVIDENDS TAX: DECLARATION AND UNDERTAKING MADE BY THE BENEFICIAL OWNERS OF A DIVIDEND  
(REDUCED RATE OF DIVIDENDS TAX)**

(ONLY APPLICABLE TO PERSONS RESIDENT OUTSIDE OF SOUTH AFRICA FOR TAX PURPOSES)

Date of notice (please insert)

D	D	M	M	Y	Y	Y	Y
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**PART A – WITHHOLDING AGENT OR COMPANY DECLARING DIVIDEND**

**Registered name:** Montauk Holdings Limited  
**Company registration number:** 2010/017811/06  
**Company tax reference number:** 9176170182  
**Address:** Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005  
**Contact details:** +27 (0)21 481 7560

**PART B – BENEFICIAL OWNER**

Full names and Surname OR Registered name:	
Nature of person or entity (please tick box):	
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Listed company
<input type="checkbox"/>	Unlisted company
<input type="checkbox"/>	Trust (any type)
<input type="checkbox"/>	South African Government or Provincial Administration or Municipality
<input type="checkbox"/>	Retirement fund (pension or provident or benefit or retirement annuity)
<input type="checkbox"/>	Other (if this box is selected, please provide description of nature of person/entity below):

Identity number/ Passport number/ Registration number:
Income tax reference number:
Email address:
Telephone number
Fax number:
Physical address:
Postal address:
Country of residence for tax purposes:
Safe custody account (SCA) number:
South African nominee account (if applicable):

**PART C – REDUCED RATE**

Please insert below the **reasons** that the beneficial owner (specified above) of (please insert number of shares) \_\_\_\_\_ shares in **Montauk Holdings Limited** meets the requirements applicable for the **reduced rate of Dividends Tax** in terms of a DTA:


**DECLARATION IN TERMS OF SECTION 64FA OF THE INCOME TAX ACT (NO. 58 OF 1962) (THE “ACT”)**

I, (the beneficial owner or duly authorised agent of the beneficial owner), (insert full name)

the undersigned declare that all the relevant requirements in terms of Article (please insert) \_\_\_\_\_ of the DTA in force between the Republic of South Africa and the country of residence of the beneficial owner of shares in **Montauk Holdings Limited** (specified above), as well as the requirements of sections 64FA, 64G or 64H of the Act (whichever is applicable) have been met, and that dividends paid on the shares in **Montauk Holdings Limited** (specified above) are therefore subject to Dividends Tax at the reduced of (please insert) \_\_\_\_\_ %.

Signature:

Date:

(Duly authorised to do so)

Capacity of Signatory (if not the beneficial owner):

**DECLARATION IN TERMS OF SECTION 64FA OF THE ACT**

I (the beneficial owner or duly authorised agent of the beneficial owner), (insert full name)

the undersigned undertake to forthwith inform **Montauk Holdings Limited** in writing should the circumstances of the beneficial owner referred to in the declaration above change.

Signature:

Date:

(Duly authorised to do so)

Capacity of Signatory (if not the beneficial owner):



**MONTAUK HOLDINGS LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 2010/017811/06)  
Share code: MNK ISIN: ZAE000197455  
("Montauk" or the "Company")

**FORM III: REQUIRED DIVIDENDS TAX DECLARATION AND UNDERTAKING  
(IF YOU ARE NOT EXEMPT FROM DIVIDENDS TAX AND NOT SUBJECT TO  
DIVIDENDS TAX AT A REDUCED RATE)**

All terms defined in the Circular, to which this Form III is attached, shall bear the same meanings when used in this Form III. This Form III and the Circular have been approved by our Board of Directors.

For completion by Shareholders who are NOT exempt from Dividends Tax or NOT subject to Dividends Tax at a reduced rate in terms of an agreement for the avoidance of double taxation.

**Note: Do NOT complete this Form III if you are exempt from Dividends Tax (refer to Form I) or subject to Dividends Tax at a reduced rate (refer to Form II).**

**Instructions:**

Deliver this completed Form III to Montauk by 23:59 on Monday, 4 January 2021.

To be e-mailed to:  
info@montaukenergy.com

or faxed to:  
+27 (0) 21-434-1439

or couriered at the risk of the Shareholder to:  
**Montauk Holdings Limited**  
Suite 801  
76 Regent Road  
Sea Point  
Cape Town, 8005

**DIVIDENDS TAX: DECLARATION AND UNDERTAKING MADE BY THE BENEFICIAL OWNERS OF A DIVIDEND (NO EXEMPTION FROM DIVIDENDS TAX OR REDUCED RATE OF DIVIDENDS TAX)**

Date of notice (please insert) 

D	D	M	M	Y	Y	Y	Y
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**PART A – WITHHOLDING AGENT OR COMPANY DECLARING DIVIDEND**

**Registered name:** Montauk Holdings Limited  
**Company registration number:** 2010/017811/06  
**Company tax reference number:** 9176170182  
**Address:** Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005  
**Contact details:** +27 (0)21 481 7560

**PART B – BENEFICIAL OWNER**

Full names and Surname OR Registered name:	
Nature of person or entity (please tick box):	
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Listed company
<input type="checkbox"/>	Unlisted company
<input type="checkbox"/>	Trust (any type)
<input type="checkbox"/>	South African Government or Provincial Administration or Municipality
<input type="checkbox"/>	Retirement fund (pension or provident or benefit or retirement annuity)
<input type="checkbox"/>	Other (if this box is selected, please provide description of nature of person/entity below):

Identity number/ Passport number/ Registration number:
Income tax reference number:
Email address:
Telephone number
Fax number:
Physical address:
Postal address:
Country of residence for tax purposes:
Safe custody account (SCA) number:
South African nominee account (if applicable):

**PART C – DECLARATION: NO EXEMPTION FROM DIVIDENDS TAX OR REDUCED RATE OF DIVIDENDS TAX**

I (the beneficial owner or duly authorised agent of the beneficial owner), (insert full name)

the undersigned declare that the (*please insert number of shares*) \_\_\_\_\_ shares in **Montauk Holdings Limited** (specified above) owned by the beneficial owner (specified above) are not exempt from Dividends Tax and are not subject to Dividends Tax at a reduced rate in terms of any agreement for the avoidance of double taxation. The beneficial owner (specified above) is therefore subject to Dividends Tax at the full rate of 20% in terms of section 64E of the Income Tax Act (No. 58 of 1962).

Signature:

Date:

(Duly authorised to do so)

Capacity of Signatory (if not the beneficial owner):

**PART D – UNDERTAKING**

I (the beneficial owner or duly authorised agent of the beneficial owner), (insert full name)

the undersigned undertake to forthwith inform **Montauk Holdings Limited** in writing should the circumstances of the beneficial owner referred to in the declaration above change.

Signature:

Date:

(Duly authorised to do so)

Capacity of Signatory (if not the beneficial owner):