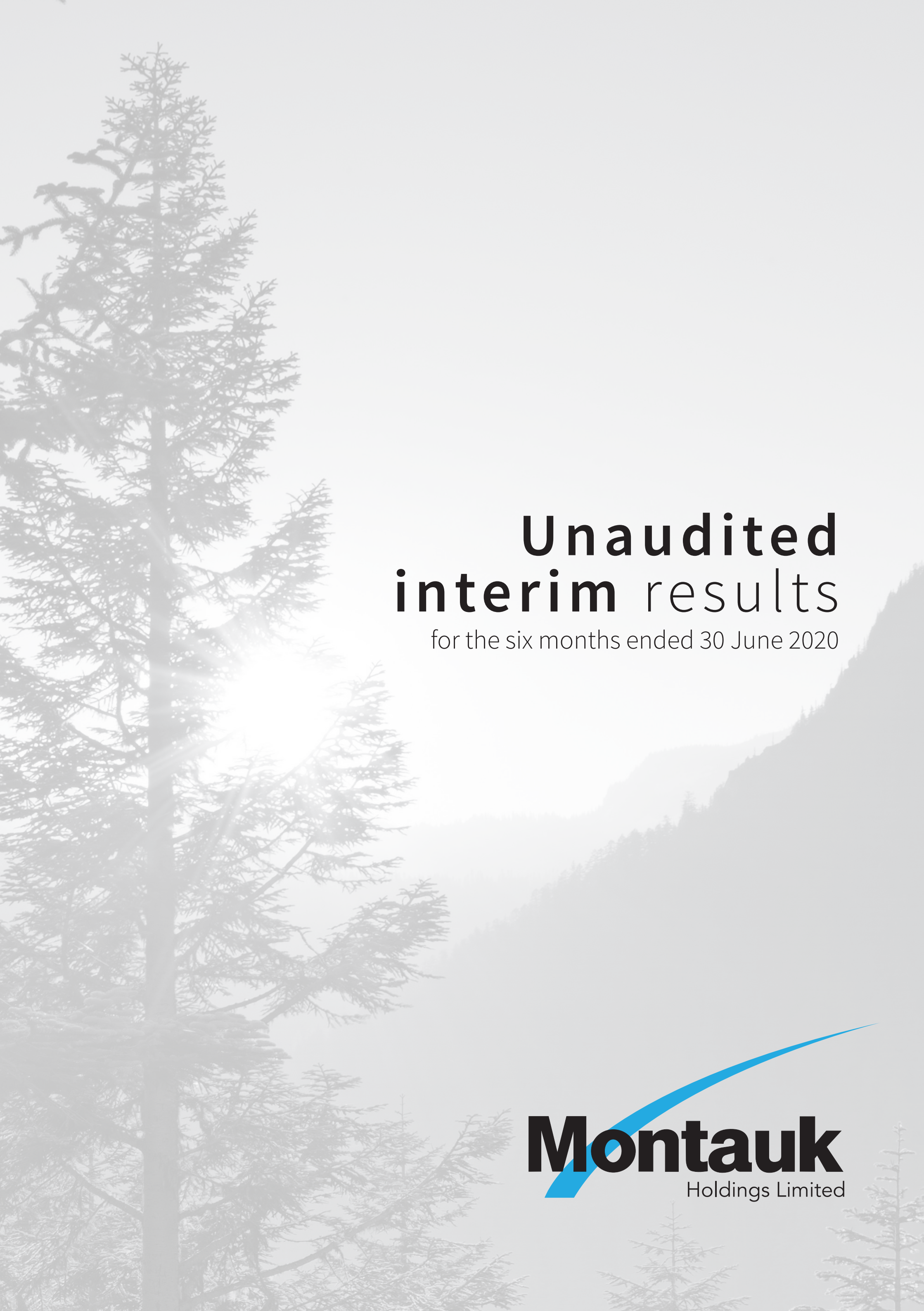

Unaudited interim results

for the six months ended 30 June 2020

Montauk

Holdings Limited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 June 2020 $'000	Unaudited 30 September 2019 $'000	Audited 31 December 2019 $'000
ASSETS			
Non-current assets	**214 358**	209 758	216 220
Property, plant and equipment	**184 898**	178 579	184 636
Goodwill	**60**	60	60
Other non-current financial assets	**243**	486	243
Intangibles	**19 214**	21 477	21 201
Right-of-use assets	**631**	867	769
Deferred taxation	**8 745**	7 722	8 745
Non-current receivables	**567**	567	566
Current assets	**35 194**	19 293	27 668
Inventories	**5 204**	4 857	4 994
Other current financial assets	**–**	551	388
Trade and other receivables	**17 720**	10 852	11 753
Taxation	**320**	–	730
Bank balances and deposits	**11 950**	3 033	9 803
Disposal group assets held for sale	**–**	893	–
Total assets	**249 552**	229 944	243 888
EQUITY AND LIABILITIES			
Equity	**154 092**	152 892	154 155
Equity attributable to equity holders of the parent	**154 092**	152 892	154 155
Non-current liabilities	**70 997**	53 261	66 660
Borrowings	**61 033**	43 577	57 256
Long-term provisions	**6 023**	5 697	5 928
Lease liability	**389**	573	511
Other non-current financial liabilities	**3 552**	3 414	2 965
Current liabilities	**24 463**	23 791	23 073
Trade and other payables	**12 372**	12 899	12 145
Other current financial liabilities	**1 387**	523	588
Current portion of borrowings	**9 396**	9 254	9 310
Lease liability	**257**	300	269
Taxation	**1**	350	260
Provisions	**1 050**	465	501
Total equity and liabilities	**249 552**	229 944	243 888
Net asset carrying value per share (cents)	**111**	112	112

CONDENSED CONSOLIDATED INCOME STATEMENT

	% change	Unaudited six months ended 30 June 2020 $'000	Unaudited six months ended 30 September 2019 $'000
Revenue	(8.1%)	**46 426**	50 525
Expenses		**(35 592)**	(35 724)
EBITDA	(26.8%)	**10 834**	14 801
Other income		**3 173**	175
Depreciation and amortisation		**(10 800)**	(10 008)
Operating profit		**3 207**	4 968
Investment income		**8**	14
Finance costs		**(3 211)**	(3 610)
Investment surplus		**–**	94
Asset impairments		**(278)**	(29)
(Loss)/profit before taxation	(119.1%)	**(274)**	1 437
Taxation		**(55)**	(162)
(Loss)/profit for the period		**(329)**	1 275
Attributable to:			
Equity holders of the parent		**(329)**	1 275

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited six months ended 30 June 2020 $'000	Unaudited six months ended 30 September 2019 $'000
(Loss)/profit for the period	**(329)**	1 275
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	**26**	2
Total comprehensive (loss)/income	**(303)**	1 277
Attributable to:		
Equity holders of the parent	**(303)**	1 277

RECONCILIATION OF HEADLINE EARNINGS

	% change	Unaudited six months ended 30 June 2020 $'000 Gross	Unaudited six months ended 30 June 2020 $'000 Net	Unaudited six months ended 30 September 2019 $'000 Gross	Unaudited six months ended 30 September 2019 $'000 Net
(Losses)/earnings attributable to equity holders of the parent	(125.8%)		**(329)**		1 275
Third-party compensation received in respect of plant and equipment		**(750)**	**(592)**	–	–
Losses on disposal of plant and equipment		**–**	**–**	124	98
Impairment of plant and equipment		**–**	**–**	29	29
Impairment of intangible assets		**278**	**278**	–	–
Gain on disposal of joint venture		**–**	**–**	(94)	(94)
Headline (loss)/profit	(149.2%)		**(643)**		1 308
Basic (losses)/earnings per share (cents)					
(Losses)/earnings	(125.6%)		**(0.24)**		0.93
Headline (losses)/earnings	(148.8%)		**(0.47)**		0.96
Weighted average number of shares in issue ('000)			**137 913**		136 842
Actual number of shares in issue at the end of the period (net of treasury shares and shares issued in respect of restricted stock plan) ('000)			**138 313**		136 842
Diluted (losses)/earnings per share (cents)					
(Losses)/earnings	(125.9%)		**(0.24)**		0.92
Headline (losses)/earnings	(149.3%)		**(0.47)**		0.95
Weighted average number of shares in issue for diluted (losses)/earnings ('000)			**137 950**		138 406

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 30 June 2020 $'000	Unaudited six months ended 30 September 2019 $'000
Balance at the beginning of the period	**154 155**	151 460
Current operations		
Total comprehensive (loss)/profit	**(303)**	1 277
Equity-settled share-based payments	**240**	155
Balance at the end of the period	**154 092**	152 892

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 30 June 2020 $'000	Unaudited six months ended 30 September 2019 $'000
Cash flows from operating activities	**7 071**	9 689
Cash generated by operations	**15 441**	15 969
Net finance costs	**(2 076)**	(2 679)
Changes in working capital	**(6 213)**	(3 203)
Taxation paid	**(81)**	(398)
Cash flows from investing activities	**(8 252)**	(18 107)
Investments disposed of	**–**	300
Dividends received	**–**	893
(Increase)/decrease in non-current receivables	**(15)**	378
Proceeds from insurance recovery	**750**	30
Intangible assets		
– Additions	**(9)**	–
Property, plant and equipment		
– Additions	**(8 978)**	(19 708)
Cash flows from financing activities	**3 331**	(36 358)
Debt issuance costs	**–**	(638)
Repayment of lease liabilities*	**(169)**	(168)
Net funding raised/(repaid)	**3 500**	(35 552)
Increase/(decrease) in cash and cash equivalents	**2 150**	(44 776)
Cash and cash equivalents		
At the beginning of the period	**9 803**	47 810
Foreign exchange differences	**(3)**	(1)
At the end of the period	**11 950**	3 033
Bank balances and deposits	**11 950**	3 033

* In the comparative period $168 000 was reclassified from cash generated by operations to repayment of lease liabilities.

NOTES

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the six months ended 30 June 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the South African Companies Act, 2008 and the Listings Requirements of the JSE Limited. The accounting policies applied by the Company in the preparation of these condensed consolidated financial statements are consistent with those applied in its consolidated financial statements as of and for the period ended 31 December 2019. As required by the JSE Limited Listings Requirements, the Company reports headline earnings in accordance with Circular 1/2019: Headline Earnings as issued by the South African Institute of Chartered Accountants.

These financial statements were prepared under the supervision of the chief financial officer, Mr KA Van Asdalan (CPA).

CHANGE IN FINANCIAL YEAR-END

During the prior year the Company changed its financial year-end date from 31 March to 31 December. As a result the prior reporting period consisted of six months ending 30 September 2019 and the current reporting period of six months ending 30 June 2020. Unless noted otherwise, reference to the prior reporting period results will be for the six months ended 30 September 2019 and for the current reporting period results, the six months ended 30 June 2020.

RESULTS

OPERATING HIGHLIGHTS

millions, unless indicated	**Six months ended 30 June 2020**	Six months ended 30 September 2019
RNG total revenues	**$37.7**	$40.6
REG total revenues	**$9.0**	$9.8
CY2020 RNG production volumes (MMBtu)	**2.9**	2.8
Less: Current period RNG volumes under fixed/floor-price contracts	**(1.1)**	(1.0)
Plus: Prior-period RNG volumes dispensed in current period	**0.3**	0.3
Less: Current-period RNG production volumes not dispensed	**(0.4)**	(0.3)
Total RNG volumes available for RIN generation	**1.7**	1.8
Current RIN generation (x 11.727)	**20.9**	20.6
Less: Counterparty share (RINs)	**(2.3)**	(1.6)
Plus: Prior-period RINs carried into CY2020	**1.3**	1.8
Total RINs available for sale	**19.9**	20.8
Less: RINs sold	**(19.8)**	(17.6)
RIN inventory	**0.1**	3.2
RNG inventory (volumes not dispensed for RINs)	**0.4**	0.3
REG volumes produced (MWh)	**0.1**	0.1
Average realised price $/MWh (actual)	**$86.88**	$82.54
Operating expenses		
RNG operating expenses	**$22.2**	$23.3
$/MMBtu (actual)	**$7.57**	$8.41
REG operating expenses	**$6.4**	$6.9
$/MWh (actual)	**$62.17**	$57.66

CONSOLIDATED INCOME STATEMENT

The Company produced 2.9 million MMBtus of renewable natural gas ("RNG") volumes during the current reporting period and 2.8 million MMBtus during the prior reporting period. The Company's RNG revenues for the current reporting period were generated on a weighted average index gas commodity price of $1.83 per MMBtu, the monetisation of 19.8 million RINs and with a realised price per RIN monetised of $1.10. The Company's RNG revenues for the prior reporting period were generated on a weighted average index gas commodity price of $2.43 per MMBtu, the monetisation of 17.6 million RINs and with a realised price per RIN monetised of $1.28.

The current reporting period was unfavourably impacted by the failure of one of the two production engines at the Company's McCarty RNG facility which limited production volumes until commissioning of the replacement engine in April 2020. During the current reporting period the Company benefited from an RNG facility commencing operations in October 2019.

At 30 June 2020 the Company had approximately 0.1 million RINs generated and unsold in inventory and 0.4 million MMBtus produced and not dispensed, compared to the prior reporting period which had 3.2 million RINs generated and unsold in inventory and 0.3 million MMBtus produced and not dispensed. During the current reporting period approximately 25.3% of RNG revenues were derived from fixed-price arrangements and 25.2% during the prior reporting period.

The Company produced 0.1 million MWh in renewable electric generation ("REG") volumes during both the current and prior reporting periods. During the six months ended 30 September 2019 the Company ceased operations of the Coastal

Plains REG facility during its conversion to an RNG facility and exited its Monmouth Energy, Inc. REG facility. The Coastal Plains RNG facility had not yet commenced operations during the current reporting period.

Expenses for the Company's RNG facilities were $22.2 million for the current reporting period and $23.3 million for the prior reporting period. Expenses for the Company's REG facilities were $6.4 million for the current reporting period and $6.9 million for the prior reporting period.

The Company incurred severance costs within its general and administrative expenses related to changes in its executive management in the current reporting period. The prior reporting period's general and administrative expenses were unfavourably impacted by the write-off of non-trade accounts receivable.

The Company recognised approximately $2.9 million in insurance proceeds related to the engine failure at one of its RNG facilities. Of the $2.9 million, $2.2 million was for business interruption and $0.8 million was for property, plant and equipment damage.

The Company recognised approximately $0.4 million less in interest expense compared to the prior reporting period. The additional interest expense in the prior reporting period related to costs associated with amending the Company's credit facility agreements.

The Company recognised an impairment of $0.3 million in the current reporting period related to the termination of an agreement associated with its acquisition of Pico Energy, LLC. A $0.1 million gain related to the sale of its joint venture was recognised in the prior reporting period.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH FLOW

At 30 June 2020 and 30 September 2019 the total cash and cash equivalents was $12.0 million and $3.0 million, respectively. The Company intends to fund its near-term development projects from cash flows from operations and borrowings under the revolving credit facility. The Company believes that it will have enough cash flows from operations and borrowing capacity available under its credit facility to meet its debt service obligations and anticipated required capital expenditures (including for projects under development) for at least the next 12 months. However, the Company is subject to business and operational risks that could affect its cash flows and liquidity.

At 30 June 2020 $2.2 million in trade and other receivables represented expected business interruption insurance proceeds for an engine failure at one of the Company's RNG facilities. Proceeds are expected to be received in the third quarter of 2020.

On 21 March 2019 the Company entered into the first amendment to the syndication agreement relating to its credit facilities. This amendment clarified a variety of terms, definitions and calculations in the underlying agreement. On 28 August 2019 the Company received a waiver for a specified event of default, as defined in the syndication agreement, for the period from 31 August 2019 to 1 October 2019. This waiver related to one specified event of default and was temporary in nature. Effective 12 September 2019, the Company entered into the second amendment to the syndication agreement. Among other matters, the second amendment redefined the fixed charge coverage ratio, reduced the revolving credit facility to $80.0 million, redefined the total leverage ratio and eliminated the floor (as defined) as a specified event of default. In connection with the second amendment, the Company paid down the outstanding term loan by approximately $38.3 million and the resulting quarterly principal instalments were reduced to $2.5 million. The Company borrowed approximately $12.2 million against its revolving credit facility commensurate with the closing of this amendment. The Company incurred $0.6 million in debt issuance costs in relation to the second amendment during the prior reporting period, of which $0.4 million was expensed.

At 30 June 2020 the Company had debt before debt issuance costs of $71.7 million, compared to debt before debt issuance costs of $54.7 million at 30 September 2019. The amended credit agreement is for a term of five years and matures in December 2023. Of the total Company borrowings outstanding at 30 June 2020, $10.0 million is currently due within the next 12 months.

The following table presents information regarding the Company's cash flows and cash equivalents for the six months ended 30 June 2020 and the six months ended 30 September 2019:

	2020 $ millions	2019 $ millions
Net cash flows from operating activities	**$7.1**	$9.7
Net cash flows from investing activities	**(8.2)**	(18.1)
Net cash flows from financing activities	**3.3**	(36.4)
Net increase in cash and cash equivalents	**2.2**	(44.8)
Cash and cash equivalents, end of period	**$12.0**	$3.0

The Company has consistently generated positive cash flows from operations. However, during the current period the Company generated $7.1 million of cash from operating activities, a decrease from the prior period of $2.6 million. Of the decrease, $3.0 million was due to working capital variances, notably an increase in accounts receivable. The decrease was also driven by lower RIN pricing, partially off-set by improved MMBtu production volumes at an existing and newly commissioned RNG facility.

The Company's net cash flows used in investing activities has historically focused on project development and facility maintenance. During the current period capital expenditures were $9.0 million, of which $2.8 million related to costs for the construction of the Coastal Plains RNG facility and $1.2 million related to costs for the construction of the Pico RNG facilities. Additionally, $3.0 million in capital expenditures were incurred for the replacement of an engine at the McCarty RNG site. As of 30 June 2020 $0.8 million in insurance proceeds were received for the engine replacement. During the prior reporting period capital expenditures were $19.7 million, of which $13.7 million related to costs for the construction of two landfill facilities and one dairy digester.

Net cash flows from financing activities of $3.3 million for the current reporting period increased by $39.7 million over the prior reporting period. The Company repaid $47.8 million while borrowing $12.2 million in the prior reporting period related to the second amendment to the syndication agreement. No dividends were declared or paid in either period.

On 26 July 2019 the Company entered into an agreement to sell its interest in a joint venture, Red Top Renewable Ag, LLC, to the 20% owner for $0.3 million. Terms of the sale included the distribution of approximately $0.9 million in fixed assets to the Company. The Company initially classified the $0.9 million of fixed assets as held for sale. At 31 December 2019 the Company estimated the carrying value exceeded the fair value and recorded an impairment of $0.9 million.

EXECUTIVE OFFICER'S REPORT

As an essential business, Montauk continues to supply RNG and REG throughout the COVID-19 pandemic. Though these are challenging times, they provide opportunity to demonstrate the Company's flexibility and capability to thoughtfully and proactively monetise environmental attributes while adjusting its operating costs to achieve continued operating profitability and secure the financial resources necessary for both operations and development.

In May 2020 the Environmental Protection Agency ("EPA") delivered its proposed rule to set 2021 Renewable Volume Obligation ("RVO") requirements under the Renewable Fuel Standard ("RFS"). The advanced biofuels mandate would include 670 million gallons of cellulosic biofuel, up from 590 million gallons in 2020. In July 2020 the EPA put the release of its biofuel blending mandate proposal on hold, in the wake of increased small refinery exemptions (SREs) relating to both current and historical compliance periods. Montauk's attribute monetisation strategy and financial discipline reduces the Company's need to transact RINs during depressed pricing cycles that can arise from these programme developments.

In May 2018 the Company entered into an agreement with one of its existing landfill counterparties to convert an existing renewable electric project to an RNG facility by building, owning and operating an RNG facility at the Coastal Plains Landfill located in Alvin, Texas for a term of 20 years from commercial operation. Upon commercial operation this facility will be capable of processing all currently available landfill methane, producing in excess of 1 000 MMBtus per day with a capacity of 1 857 MMBtus per day as increases in landfill methane are made available. The output from this new RNG facility will be contracted for use in the transportation sector to allow for the generation of RINs under the RFS. Though challenged by the

COVID-19 pandemic, this RNG project is progressing through its final stages of development and is targeted to commence operations in the third quarter of calendar year 2020.

In September 2018 the Company acquired 100% of the membership interests of Pico Energy, LLC, which was the owner of a manure digester, two Jenbacher engine generators and a manure supply agreement with a large dairy farm in Jerome, Idaho. The Company plans to convert this existing electricity generating project by building, owning and operating an RNG facility at a dairy farm for a term of 20 years from execution of the manure supply agreement. Upon commercial operation this facility will be capable of processing all currently available digester methane, producing in excess of 400 MMBtus per day with a capacity of 898 MMBtus per day as increases in digester methane are made available. The output from this new RNG facility will be contracted for use in the transportation sector to allow for the generation of RINs under the RFS programme and Low Carbon Fuel Standard ("LCFS") credits under the California LCFS programme. Though challenged by the COVID-19 pandemic, this RNG project is progressing through its final stages of development and is targeted to commence operations in the third quarter of calendar year 2020.

IMPACT OF COVID-19

The outbreak of COVID-19 during mid-January has disrupted the global economic markets. The Group had firm RIN commitments in place for the period ending June 2020 and were thus hedged against the reduction in the RIN pricing experienced in the early part of the current reporting period. As of the date of this report RIN pricing has recovered to levels prevalent prior to the outbreak of COVID-19. No material production impacts have been experienced as the Group is considered an essential company under the United States Federal Cybersecurity and Infrastructure Security Agency ("CISA") guidance and the various state or local jurisdictions in which it operates. As various state jurisdictions in which the Company has operations continue to re-evaluate COVID-19 mitigation and re-opening strategies, the Company may experience reductions in state-based environmental attribute premiums associated with reduced volumes in the transportation sector.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than as stated in these results, the directors are not aware of any further matter or circumstance arising since the reporting date that would affect the results of the Company for the six months ended 30 June 2020 or its financial position on that date.

CHANGES IN DIRECTORATE

There were no changes in directorate of the Company during the period under review.

DIVIDEND TO SHAREHOLDERS

The directors have resolved not to declare an interim dividend to focus financial resources on the continued development of the Company's operations portfolio.

Copies of this announcement may also be requested by e-mail at info@montaukenergy.com and are available at the Company's registered office at no charge, weekdays during office hours. The JSE link is as follows:
https://senspdf.jse.co.za/documents/2020/jse/isse/MNKE/Interim20.pdf

For and on behalf of the board of directors

JA Copelyn	**SF McClain**	**KA Van Asdalan**
Chairman	Chief Executive Officer	Chief Financial Officer

Cape Town
12 August 2020

CORPORATE ADMINISTRATION

DIRECTORS
JA Copelyn (Chairman)*
SF McClain (Chief Executive Officer)#
KA Van Asdalan (Chief Financial Officer)#
MH Ahmed*
TG Govender*
MA Jacobson*##
NB Jappie*
BS Raynor*#

* Non-executive; # United States of America; ## Australia

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