INTEGRATED ANNUAL REPORT 2017

Montauk Holdings Limited

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SCOPE OF INTEGRATED ANNUAL REPORT

The report covers the integrated performance of Montauk Holdings Limited ("Montauk", "the Group" or "the Company") for the period 1 April 2016 to 31 March 2017.

Montauk is a publicly owned company listed on the Johannesburg Stock Exchange ("JSE"). The Group develops, owns and operates large-scale renewable energy projects utilising landfill methane in the United States of America ("US") and operates significantly only in the US as at 31 March 2017. The geographical footprint of the Group is provided on page 5. Information relating to the Company's subsidiaries are as reflected on page 62 of this integrated annual report.

The integrated annual report and annual financial statements have been prepared according to International Financial Reporting Standards ("IFRS"), the requirements of the Companies Act, 71 of 2008, as amended ("the Companies Act"), and the Listings Requirements of the JSE.

The notice of the annual general meeting, proxy form and other administrative information also form part of the report and can be found on pages 63 to 73.

A copy of the audited annual financial statements is available on www.montauk.co.za ("Montauk's website"). Printed copies of this report can be requested from the company secretary, HCI Managerial Services Proprietary Limited, Tel: +27 21 481 7560.

ABOUT THE INTEGRATED ANNUAL REPORT

BASIS OF CONTENT

The integrated annual report conveys information regarding the Group's financial and non-financial performance. It is reflective of the Group's commitment to create shareholder value while considering the triple contexts in which companies operate: social, environmental and economic.

The integrated annual report is Montauk's primary report to stakeholders and includes information that the board and management deem to be useful and relevant to stakeholders, and is guided by:

- the Company's memorandum of incorporation ("MOI");
- the Companies Act, 71 of 2008, as amended;
- the JSE Listings Requirements; and
- King III Report on Corporate Governance for South Africa ("King III").

EXTERNAL ASSURANCE ON CONTENT AND APPROVAL OF THE REPORT

This integrated annual report is the result of combined input from Montauk and its subsidiaries on their activities and achievements for the year. No independent third-party assurance was obtained on the non-financial data included in this integrated annual report. A key component of assurance is the approval of data and information by Montauk's executive management, the audit and risk committee and, ultimately, the board.

This report was reviewed by management and the audit and risk committee and approved by the board on 14 September 2017. The external auditors, Grant Thornton Johannesburg Partnership, provide assurance on the annual financial statements.

We believe that this integrated annual report offers stakeholders the necessary information to make considered evaluations about Montauk's business activities and performance and business viability.

MATERIALITY

While many issues affect the business on a daily basis, the most material are those that may impact ongoing success. In determining which matters are material for disclosure in the integrated annual report, consideration was given to those which may affect Montauk's strategy or business model. Identifying these issues involve consideration of Montauk's external and regulatory environment, key business risks and inputs from stakeholders.

The following were taken into account in developing our understanding of the most material issues:

- agreements and commitments entered into by Montauk;
- relevant current and future regulation and legislation;
- Montauk's strategies, policies, systems, goals and values;
- significant risks identified through Montauk's risk management process; and
- expectations, views, concerns and interest expressed by stakeholders.

FORWARD-LOOKING STATEMENTS

This integrated annual report contains certain forward-looking statements which relate to the financial position and results of the operations of the Group. These statements by their nature involve risk and uncertainty as they relate to events and depend on circumstances that may occur in the future. These forward-looking statements have not been reviewed or reported on by the Group's external auditors.

SHAREHOLDER SNAPSHOT

ANALYSIS OF SHAREHOLDERS

RANGE OF UNITS

Share range	Number of share-holders	% of share-holders	Number of shares	% of issued capital
1 – 1 000	959	55.8	221 094	0.2
1 001 – 10 000	523	30.4	1 918 383	1.4
10 001 – 50 000	148	8.6	2 906 824	2.1
50 001 – 100 000	23	1.3	1 649 066	1.2
100 001 – 500 000	42	2.4	9 413 088	6.8
500 001 – 1 000 000	11	0.6	8 225 771	6.0
1 000 001 shares and over	16	0.9	113 545 008	82.3
Total	1 722	100.0	137 879 234	100.0

TYPE OF SHAREHOLDER

	Number of share-holders	% of share-holders	Number of shares	% of shares
Banks	13	0.8	2 600 475	1.9
Brokers	21	1.2	540 635	0.4
Close corporations	19	1.1	204 697	0.1
Individuals	1 291	75.0	13 064 650	9.5
Investment companies	2	0.1	401	0.0
Other corporations	100	5.8	11 218 152	8.1
Pension funds	60	3.5	11 439 340	8.3
Private companies	68	3.9	87 924 982	63.8
Public companies	7	0.4	739 375	0.5
Trusts	141	8.2	10 146 527	7.4
Total	1 722	100.0	137 879 234	100.0

PUBLIC/NON-PUBLIC SHAREHOLDERS

	Number of share-holders	% of share-holders	Number of shares	% of issued capital
Public shareholders	1 713	99.5	64 540 385	46.9
Non-public shareholders	9	0.5	73 338 849	53.1
Directors*	6	0.3	12 298 327	8.9
Shareholders holding 10% or more	3	0.2	61 040 522	44.2
Total	1 722	100.0	137 879 234	100.0

* Two directors, Messrs ML Ryan and SF McClain, collectively held 1 292 800 shares that are subject to restrictions in terms of the Montauk Holdings Restricted Stock Plan for U.S. Affiliates

SHAREHOLDER SNAPSHOT continued

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE

Shareholder	Number of shares	% of issued capital
Rivetprops 47 Proprietary Limited	27 480 181	19.9
Circumference Investments Proprietary Limited	16 282 009	11.8
Majorshelf 183 Proprietary Limited	17 278 332	12.5
Nport Investment Holdings Proprietary Limited	9 809 772	7.1

BREAKDOWN BY DOMICILE

Domicile	Number of share-holders	% of share-holders	Number of shares	% of issued capital
Non-resident shareholders	89	5.2	24 382 283	17.7
Resident shareholders	1 633	94.8	113 496 951	82.3
Total	1 722	100.0	137 879 234	100.0

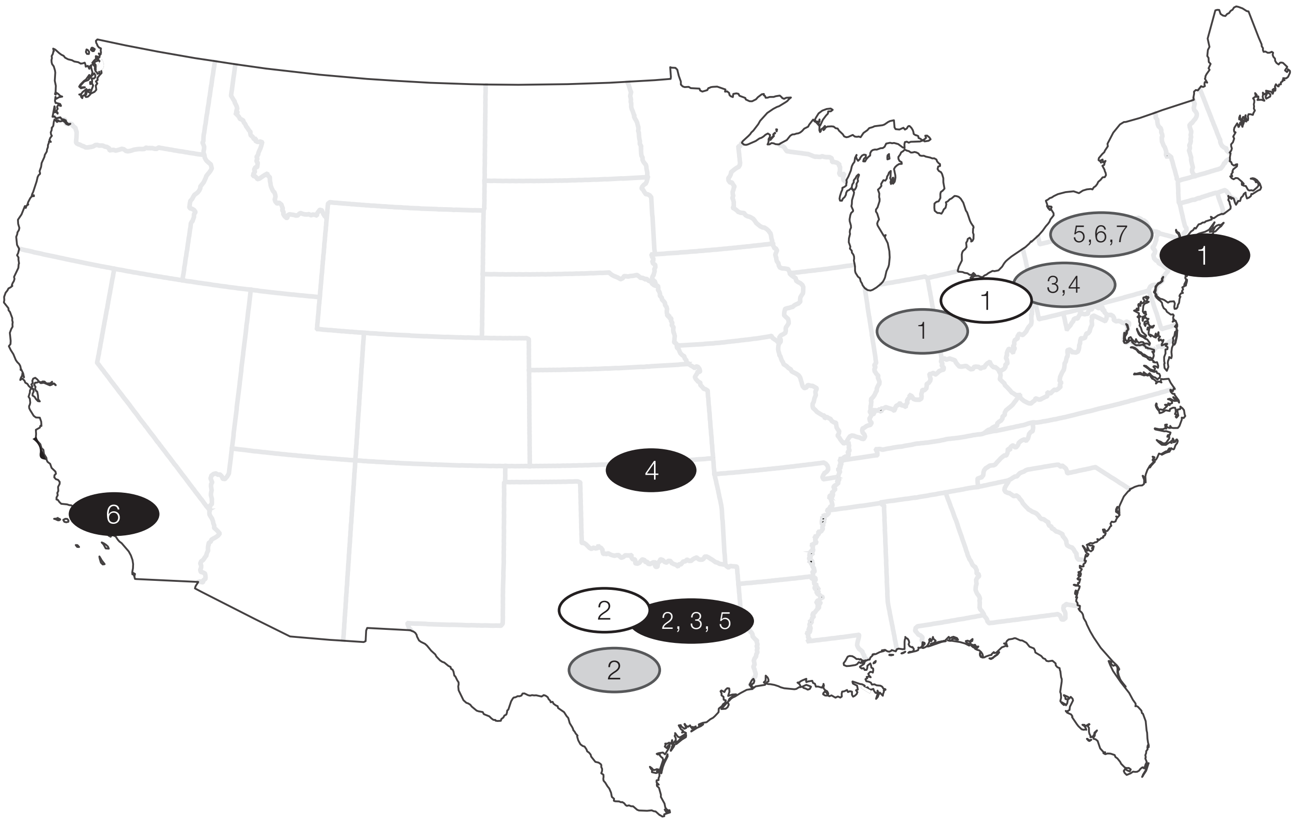
SECURITIES EXCHANGE PERFORMANCE

Total number of shares traded (000’s)	16 354
Total value of shares traded (R’000)	245 748
Market price (cents per share)	
– Closing	2 100
– High	2 200
– Low	1 175
Market capitalisation (R’000)	2 895 464

SHAREHOLDERS’ DIARY

Financial year-end	31 March
Annual general meeting	1 November
Reports	
– Preliminary results	May
– Interim results	October
– Annual financial statements	September

GEOGRAPHICAL SPREAD OF PROJECTS



Renewable natural gas		Renewable electric		Renewable natural gas development projects
1	Rumpke	1	Monmouth	1 Apex
2	McCarty	2	Atascocita	2 Atascocita
3	Monroeville	3	Coastal Plains	
4	Valley	4	AEL	
5	Shade	5	Security	
6	Southern	6	Bowerman	
7	Raeger Mountain			

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Martin Leonard Ryan (47)
(BSc, JD) United States of America

Mr Martin Ryan is the chief executive officer of Montauk. Martin was previously vice president and general counsel for Montauk since 2007. Prior to joining the Group he held various management positions with Duquesne Light Holdings Incorporated and practised law at the firm of Doepken Keevican & Weiss P.C.

Committee memberships
Social and ethics committee

Sean Fitzgerald McClain (43)
(BSc, CPA, MBA) United States of America

Mr Sean McClain is the chief financial officer of Montauk. Prior to joining the Group he held various management positions with BPL Global Limited, Bayer A.G. and Dick's Sporting Goods Incorporated and was in public accounting at Arthur Andersen LLP.

NON-EXECUTIVE DIRECTORS

John Anthony Copelyn (67)
(BA (Hons), BProc) South Africa

Mr John Copelyn is the non-executive chairman of Montauk. He was appointed to the board in 2010. He is the chief executive officer of HCI, the Group's previous holding company. John was previously general secretary of various unions in the clothing and textile industry from 1974 before becoming a member of parliament in 1994. He currently holds various directorships and is non-executive chairman of eMedia Holdings Limited, Deneb Investments Limited, Niveus Investments Limited, Tsogo Sun Holdings Limited and the HCI Foundation.

Committee memberships
Remuneration committee; social and ethics committee (chairman)

Mohamed Haroun Ahmed (52)
(BCompt) South Africa

Mr Mohamed Ahmed fulfils the role of lead independent director of the board. He is a businessman and has held directorships in numerous listed and unlisted companies. Mohamed is currently the lead independent director of Deneb Investments Limited and the chairman of its audit committee.

Committee memberships
Audit and risk committee (chairman); remuneration committee (chairman)

Michael Alon Jacobson (49)
(BCompt, CA(SA), CFA) Australia

Mr Michael Jacobson is an executive director of Oceania Capital Partners Limited, an investment holding company listed on the Australian Stock Exchange. He joined HCI in 2003 and previously held directorships in several HCI subsidiaries such as Tsogo Sun Holdings Proprietary Limited, Johnnic Holdings Limited and Seardel Investment Corporation Limited (now eMedia Holdings Limited).

Naziema Jappie (57)
(MSc Social Sciences) South Africa

Ms Naziema Jappie is a businesswoman and previously held positions in various labour unions. She is a non-executive director of Deneb Investments Limited and Golden Arrow Bus Services Proprietary Limited and a member of the former's audit committee. She has served as an executive director at the Durban University of Technology and Dean of Students at Wits University, and is currently the Director: Centre for Educational Testing for Access and Placement at the University of Cape Town.

Committee memberships
Audit and risk committee; social and ethics committee; remuneration committee

Bruce Steven Raynor (67)
(BSc Labour Relations) United States of America

Mr Bruce Raynor is a former executive vice president of the Service Employees International Union in the United States and former president of the United States union "Workers United". He was chairman of several union-affiliated national pension and insurance funds and was chairman of Amalgamated Life Insurance Company and Amalgamated Bank, the only union-owned bank in the United States. Bruce is currently president of The Sidney Hillman Foundation, a foundation that supports and rewards socially conscious journalism and the principal of R and S Associates LLC, a consulting firm based in New York.

Committee memberships
Audit and risk committee

André van der Veen (46)
(BCompt, CA(SA), CFA, ACMA) South Africa

Mr André van der Veen previously held positions in investment banking at Nedcor Investment Bank, Greenwich Techlab and Mettle Limited. He joined HCI in 2004 and was involved in its initial investment in Montauk. He currently serves as the non-executive chairman of HCI Coal Proprietary Limited and is the Chief Executive Officer of Niveus Investments Limited and La Concorde Holdings Limited.

CHIEF EXECUTIVE OFFICER'S REPORT

We are very proud that Montauk has developed into a leader in the renewable energy industry in the United States – an industry that is at the forefront of the sustainability movement through the capture and beneficial use of landfill methane. Methane, with a global warming potential 25 times greater than CO_2, is a potent greenhouse gas that is a key contributor to global climate change.

BUSINESS OVERVIEW

The business of creating renewable energy, with all of its social and environmental benefits, is challenging as production costs are significantly higher than typical fossil fuels such as natural gas. Gas originating from the decomposition of organic waste within landfills must first be collected by applying a vacuum, then cleaned, dewatered and refined to meet the requirements of the fuel end use. In most cases the renewable gas is either combusted for the production of electricity, or it is further processed and compressed for injection into a natural gas pipeline as a drop-in replacement for fossil fuels. Controlling and managing the capital and operating costs associated with collecting and processing the raw landfill gas is a critical component of optimising the value of our product.

The pricing of the various types of renewable energy produced by the Group is an ever-changing balance between the underlying energy commodity price and any associated environmental attribute premiums that can be realised. With electricity and natural gas commodity pricing in the US having been depressed for several years while still maintaining a relatively high degree of short-term volatility, the premiums associated with the various environmental attributes produced have become, and will continue to be, a major factor in the profitability of the business.

Our focus will continue to be to position the Company and its facilities to capitalise on and leverage the opportunities that develop in the renewable energy markets. The evolving regulatory environment mandating the use of renewable fuels can lead to opportunities that allow existing projects to capture additional premiums as they become available. To that end, the Company has made the decision to remain flexible in its offtake contract strategy, utilising a mix of fixed and market-based contracts to position the Company to capture and maximise value from these programmes.

ENVIRONMENTAL ATTRIBUTE PROGRAMMES

Since August 2014 renewable natural gas ("RNG") derived from landfill methane used as a vehicle fuel, qualify as a cellulosic renewable identification number ("RIN") under the United States Environmental Protection Agency's ("EPA") controversial Renewable Fuel Standard ("RFS II") programme. The RFS II programme is intended to promote US security and energy independence, reduce emissions, create jobs and grow the economy. As a result, the Company participates in the programme and looks for opportunities to increase its participation in the RFS II programme as production from additional facilities become available. While the programme allows for renewable natural gas produced anywhere in the US to qualify and potentially offer premiums significantly higher than natural gas commodity pricing, the stability of the market is dependent on the EPA issuing the annual mandated volume obligations on a timely basis and at volume levels sufficient to accommodate supply. Although the market remains relatively illiquid with limited ability to sell RINs on a forward basis, the Company has been able to monetise blocks of cellulosic RINs at pricing levels commensurate with general market conditions.

In July 2017 the EPA released the proposed volume obligations for 2018 of 238 million cellulosic D3 RINs, representing a 23% decrease over the 2017 volume obligations for cellulosic D3 RINs of 311 million. The 2018 proposal is below our expectations as the EPA used a new "rate of growth" methodology in this proposal, instead of previously used "facility-by-facility" analysis. This "rate of growth" methodology fails to take into account RNG projects under construction or undergoing retrofit to add fuel volume and has the potential to be inaccurate. In the interim the EPA has accepted comments through 31 August 2017 from industry participants (including Montauk) on the volumes which it intends to use in finalising the volume obligations to accurately reflect actual production while promoting the growth of cellulosic biofuels. Montauk has taken an active role in the process by providing comments both individually and collectively through various renewable energy organisations to assist the EPA in setting volume obligations that meet the projected production for the industry. The proposed volume obligations are expected to be finalised by the EPA by 30 November 2017.

Within the electric segment of the business, the environmental premiums associated with renewable energy produced by Montauk are centred on various state renewable portfolio standards requiring that a stated percentage of the electricity produced in that state comes from a renewable resource. That resource could be either the renewable electricity itself produced from one of our facilities or the use of renewable natural gas as a replacement for fossil fuel-derived natural gas in a natural gas-fired generation facility. The value and requirements for each state programme vary widely, which can limit the ability of similar facilities located in different states from having a similar pricing structure. In addition, only 29 states plus Washington D.C. have adopted renewable portfolio standards in the US.

RESULTS

Revenue from the Company's renewable natural gas facilities increased by $28.4 million or 64.7% for the year ended 31 March 2017 from the prior year. The Company produced 3.9 million MMBtus in renewable natural gas volumes, an increase of 10.3% over the prior year. During the year ended 31 March 2017 the Company monetised 24.0 million RINs, a 10.0 million decrease in the number of RINs sold during the year ended 31 March 2016. The decrease in RINs sold was attributable to an increase in gas volumes monetised under fixed-price contracts. At 31 March 2017 the Company had 0.9 million RINs generated and unsold in inventory. Average commodity pricing for natural gas during the year ended 31 March 2017 was 13.4% higher than the prior year. Average pricing realised on RIN sales during the year ended 31 March 2017 was 90.1% higher than average pricing realised in the prior year. For the year ended 31 March 2017 the Company monetised 44.5% of its renewable natural gas production under fixed-price contracts.

Revenue from the Company's electric generation facilities increased by $10.0 million or 138.0% for the year ended 31 March 2017 from the prior year. The Company produced 0.3 million MWh in renewable electric volumes, an increase of 33.4% over the prior year. The favourable volume variance is attributable to the first-quarter commencement of commercial operations of Bowerman Power LFG, LLC ("Bowerman"), a 20 MW electric generation facility in Southern California. Average commodity pricing for electricity during the year ended 31 March 2017 was 7.3% higher than the prior year. For the year ended 31 March 2017 the Company monetised 60.9% of its renewable electric production under fixed-price contracts.

Operating expenses for the year ended 31 March 2017 increased by $10.2 million or 24.7%. The unfavourable variance was primarily due to royalties on increased commodity and attribute revenue and the first quarter commencement of commercial operations of Bowerman. The change in gains recognised from the Company's hedging programmes for the year ended 31 March 2017, as compared to the prior year, was immaterial.

The Company realised $9.9 million in the prior year on the sale of retired emission reduction credits ("ERCs") for its Texas-based renewable natural gas facility, which was included in profit on disposal of intangible assets in the comparative results and did not recur in the current year.

In January 2017 the Company realised $0.9 million on the sale of nitrogen oxide ("NOx") emission allowances for its Texas-based renewable electric generation facilities.

The Company recorded deferred tax income in the amount of $26.8 million, recorded as a result of the recognition of a deferred tax asset of the same amount. The Company has recognised this deferred tax asset as it has become probable its accumulated net operating losses will be utilised for set-off against future taxable income.

DEVELOPMENT ACTIVITIES

In October 2016 the Company entered into an agreement with one of its existing landfill counterparties that provides the option to build, own and operate a renewable natural gas facility for a term of 20 years from commercial operation. Upon commercial operation this new facility will process up to 7 500 standard cubic feet per minute (scfm) of methane, a portion of which is currently being allocated to the Company's on-site electric facility that monetises power at market-rate commodity pricing. Commercial operation of the RNG project is targeted to commence early in the 2019 financial year and will replace the existing electric facility.

In June 2017 the Company entered into an agreement with a new landfill counterparty to build, own and operate a RNG facility at a landfill located in Ohio for a term of 20 years from commercial operation. Upon commercial operation this new facility will process up to 3 500 scfm of methane. Commercial operation of this RNG project is targeted to commence in the first half of the 2019 financial year.

These additions will further strengthen Montauk's position as a leader in the production of renewable natural gas from landfill methane.

SUMMARY

In an industry that continues to experience depressed energy pricing, management believes that Montauk is well positioned to capture both existing and emerging value from developing the renewable energy markets in order to drive long-term entity value.

ML Ryan
Chief Executive Officer

14 September 2017

CORPORATE GOVERNANCE

Ethical conduct, good corporate governance, risk governance and fair remuneration are fundamental to the way that Montauk manages its business. Stakeholders' interests are balanced against effective risk management and Montauk's obligations to ensure ethical management and responsible control.

ETHICS

The Montauk board of directors is committed to the principles of good corporate governance. Ethical behaviour in Company undertakings is maintained by all directors, officers and staff in accordance with the Group's ethics policy. The policy requires that individual employees comply with all relevant legal requirements and regulations that apply to their area of work and provides guidance on matters such as respecting intellectual property rights and avoiding conflict of interest. Montauk acknowledges and understands that the operation of its businesses requires a shared set of core values and ethical conduct to which each employee is held accountable.

The directors of the Company are accountable to act in accordance with the Group's directors' code of conduct. The governing principles are broadly defined as standards of diligence and good faith.

The board endorses the Code of Corporate Practices and Conduct set out in the King III Report on Corporate Governance for South Africa ("King III").

The board acknowledges its responsibility to ensure the integrity of the integrated annual report, believes that it addresses all material issues and that it fairly represents the integrated performance of Montauk. The Company's commitment to good corporate governance is formalised in its charter and policies.

As a corporate citizen, Montauk has a responsibility to conduct its affairs with diligence and responsibility, and to safeguard the interests of all stakeholders.

The board is accountable for the strategy, direction and corporate behaviour of the Company. This includes oversight over policies and procedures that promote Company conduct in accordance with the Company's code of ethics.

RISK MANAGEMENT AND INTERNAL CONTROL

The board acknowledges that it is accountable for the process of risk management and the system of internal control of Montauk. The Group operates in a highly regulated environment. Company management ensures adherence to the various legislations and regulations that govern the day-to-day operations. Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed.

BOARD OF DIRECTORS

The board is regulated by a formal board charter, which sets out the role of the board and the responsibilities of the directors. While control is delegated to the Company executive management team in the day-to-day management of the Group, the board retains full and effective control over the Company and is accountable and responsible for its performance. The board charter codifies the board's composition, appointment, authorities, responsibilities and processes, and sets out the fiduciary duties of the directors of the Company. It provides the board with a mandate to exercise leadership, determine the Group's vision and strategy and monitor operational performance.

Composition of the board

The roles of chairman and chief executive officer of the Company are separate and not held by the same individual and the composition of the board ensures a balance of authority precluding any one director from exercising unfettered powers of decision-making. The directors are individuals of a high calibre with diverse backgrounds and expertise, facilitating independent judgement and broad deliberations in the decision-making process. The board each year evaluates its composition to ensure an appropriate mix of skills and experience.

The board has a zero tolerance policy on gender discrimination. The board's composition is based on the skills and knowledge required to operate within the renewable energy industry in the United States and within the regulatory framework of a public listed company in South Africa. Although the board does not have a set target for gender diversity, it is committed to consider the best candidates, irrespective of gender, in the event that further appointments to the board are required.

The board comprises eight (8) members of whom six (6) are non-executive directors. Three (3) of the non-executive directors are also independent directors in terms of the definition stated below. Principle 2.16 of King III recommends that the board should elect a chairperson who is an independent non-executive director. The board has appointed a non-executive chairperson and in terms of the definition provided he is not regarded as independent. The board is of the opinion that the experience and specialist knowledge of the industry makes it appropriate for him to hold this position. The board has appointed Mr MH Ahmed as lead independent non-executive director. The independence of the directors classified as "independent" was evaluated by weighing all relevant factors, including length of services on the board, which may impair independence.

The executive directors are Messrs ML Ryan (chief executive officer) and SF McClain (chief financial officer).

The Companies Act places certain duties on directors and determines that they should apply the necessary care and skill in fulfilling their duties. To ensure that this is achieved, best-practice principles, as contained in King III, are applied where applicable.

No director has an automatic right to a position on the board. All directors are required to be elected by shareholders at an annual general meeting. The Company in general meeting may appoint any person to be a director subject to the provisions of the Company's MOI.

The board is evaluated on an annual basis by the remuneration committee, on both an individual and a collective basis. In turn, the board evaluates the performance and effectiveness of board subcommittees.

Directors of the Company as of 31 March 2017 were:

JA Copelyn
MH Ahmed
MA Jacobson
NB Jappie
SF McClain
BS Raynor
ML Ryan
A van der Veen

Mr ML Ryan was appointed as executive director and chief executive officer on 27 May 2016. Mr DR Herrman resigned as executive director and chief executive officer with effect from 10 June 2016.

To uphold their independence and integrity, directors disclose all material interests as and when they arise. A list of directors' interests is tabled annually.

The directors are entitled to seek independent professional advice at the Company's expense concerning the Company's affairs and have access to any information they may require in discharging their duties as directors. In terms of the Company's MOI one-third of directors must retire at every annual general meeting and are eligible for re-election. The directors who retire shall be those who have been longest in office since their last election. Any director who has held office for three years since the last election shall also retire at the conclusion of the annual general meeting. A retiring director shall be eligible for re-election and, if re-elected, shall be deemed not to have vacated office. Any casual vacancy occurring on the board may be filled by the board, but the individual so appointed shall cease to hold office at the termination of the first shareholders' meeting to be held after the appointment of such individual as a director unless he/she is elected at such shareholders' meeting. As a result, the directors retiring at the forthcoming annual general meeting and who offer themselves for re-election are Mr MA Jacobson, Ms NB Jappie and Mr SF McClain. The name and brief curriculum vitae of each director appear on page 6 of this report.

In terms of the Company's MOI there is no mandatory retirement age for non-executive directors. No director has a fixed term of appointment with the Company.

Meetings of the board

The board met three (3) times during the year under review, on each of 25 May 2016, 28 July 2016 and 3 March 2017. The meetings were attended by all board members. The board has met once subsequent to the reporting date on 30 May 2017. The directors are comprehensively briefed in advance of the meetings and are provided with all necessary information to enable them to discharge their responsibilities.

BOARD COMMITTEES

Three board committees and an executive committee have been established to assist the board in discharging its responsibilities. In line with King III, all board committees comprise only members of the board, but appropriate personnel may be invited to the meetings as required. All committees are empowered to obtain such external or other independent professional advice as they consider necessary to carry out their duties. These committees play an important role in enhancing good corporate governance and improving internal controls and, consequently, the Company's performance. Each board committee must act according to written terms of reference, approved by the board and reviewed annually, setting out its purpose, membership requirements, and duties and reporting procedures.

Audit and risk committee

Members: MH Ahmed (chairman), NB Jappie and BS Raynor.

The audit and risk committee fulfils an oversight role regarding the Group's financial statements and the reporting process, including the system of internal financial control. The committee also assists the board in discharging its responsibilities by considering reports and information generated by the subsidiary companies' audit or finance committees to their respective boards.

The committee's objectives are to assist the board in fulfilling its fiduciary duties with regard to:

- reviewing the interim, provisional and year-end financial statements, culminating in a recommendation to the board to adopt them;
- reviewing legal matters that could have a significant impact on the Group's financial statements;
- reviewing the external audit reports on the annual financial statements;
- verifying the independence of the external auditor, namely Grant Thornton Johannesburg Partnership;
- approving the audit fees and engagement terms of the external auditor;
- oversight of the integrated annual reporting as well as the evaluation of the significant judgements and reporting decisions affecting the integrated annual report;
- reviewing the expertise, resources and experience of the Company's finance function; and
- determining the nature and extent of allowable non-audit services and approving the contract terms for the provision of non-audit services by the external auditor.

All the members of the committee are independent non-executive directors. All members act independently as described in section 94 of the Companies Act.

A report by the audit committee has been provided on page 14 of this report.

Remuneration committee

Members: MH Ahmed (chairman), JA Copelyn and NB Jappie.

This committee is primarily responsible for overseeing the remuneration and incentives of the executive directors and Company executive management team. It takes cognisance of best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the Company. The committee may utilise the services of independent remuneration consultants to assist in providing guidance on the remuneration for executive management.

Functions and mandates of the remuneration committee include:

- making recommendations to the board regarding directors' fees and the remuneration and service conditions of Company executives, including the chief executive officer;
- providing a channel of communication between the board and management on remuneration matters;
- reviewing the Group's remuneration policies and practices and proposals to change these and to make recommendations in this regard to the board;
- reviewing and approving the terms and conditions of any executive employment contracts, taking into account information from comparable companies;
- determining and approving any share-based grants to executive directors and other senior employees; and
- reviewing and approving any disclosures in the annual report or elsewhere on remuneration policies or directors' remuneration.

All the members of the committee are non-executive directors. In line with the recommendations of King III the chief executive officer attends the meetings of the committee at the request of the committee, but recuses himself from the meeting before any decisions are made in which he is affected.

A report by the remuneration committee has been provided on page 16 of this report.

Social and ethics committee

Members: JA Copelyn (chairman), ML Ryan and NB Jappie.

The committee's functions are in line with the requirements of the Companies Act. A report by the social and ethics committee has been provided on page 18 of this report.

Executive committee

The committee's primary objectives are to assist the board in the daily management of the Group, including the allocation and investing of the Group's resources.

The executive committee comprises Messrs ML Ryan (director), SF McClain (director) and JW Wallace.

CHIEF FINANCIAL OFFICER

Mr SF McClain, an executive director, is the chief financial officer of the Group. The audit and risk committee has considered his expertise and experience and deems it appropriate. The committee is also satisfied that the expertise, resources and experience of the finance function are adequate.

COMPANY SECRETARY

HCI Managerial Services Proprietary Limited, a juristic person, is the appointed company secretary of the Group and appointed by the board in terms of the Companies Act and in accordance with JSE Listing Requirements. The board has assessed the directors and the designated staff of the company fulfilling the role of the company secretariat and is satisfied that they have the competence, qualifications and experience to effectively fulfil the role of company secretary. The company secretary provides support and guidance to the board in matters relating to governance, ethical conduct and fiduciary duties. Where required, the secretary facilitates induction and training for directors and co-ordinates the annual board evaluation process. Directors have unrestricted access to the advice and services of the company secretary whilst maintaining an arm's length relationship between the board and the company secretary.

DEALING IN THE COMPANY'S SECURITIES

Montauk complies with the continuing obligations of the Listings Requirements of the JSE. A Group-wide share trading policy is in place whereby all directors and employees who have access to financial results and other price-sensitive information are prohibited from dealing in Montauk shares during certain prescribed restricted periods as defined by the JSE or when the Company is operating under a cautionary announcement. The company secretary disseminates written notices to inform these employees of the insider trading legislation and advise of closed periods. All directors and senior executives are required to obtain written clearance prior to the dealing in shares of the Company and to report all share dealings to the company secretary to ensure that all such dealings are disclosed in terms of the applicable JSE Listings Requirements.

CONFLICTS OF INTEREST

The directors are required to avoid situations where they have direct or indirect interests that conflict or may conflict with the Group's interests. Procedures are in place for disclosure by directors of any potential conflicts and for appropriate authorisation to be sought if conflict arises.

COMPLIANCE WITH LAWS, CODES AND STANDARDS

Montauk respects and complies with the laws of the countries in which it operates. This includes corporate laws, common law as well as specific laws. The Group operates in a highly regulated environment and, where necessary, compliance officers have been appointed to ensure adherence to the various Acts and Codes that govern the day-to-day operations.

DISCLOSURES

To ensure shareholder parity Montauk ensures that accurate and timely disclosure of information that may have a material effect on the value of its securities or influence investment decisions is made to all shareholders. The Company publishes details of its corporate actions and performance via the Stock Exchange News Service ("SENS") and in the main South African daily newspapers. The Company maintains a website through which access is available to the broader community on the Company's latest financial, operational and historical information, including its integrated annual report.

LITIGATION

In June 2016 the Company initiated an arbitration proceeding against its contractor for the 20 MW facility in Southern California related to certain schedule and performance issues. This arbitration process is in the discovery phase and an evidentiary hearing is scheduled for March 2018. There are no other material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of Montauk are aware) which may have or have had, during the year ended 31 March 2017, a material effect on the financial position of Montauk.

GOVERNANCE OF INFORMATION TECHNOLOGY

Due to the inherent risks in information technology ("IT"), King III has recommended that the board of directors be responsible for the assessment, implementation and monitoring of IT within the Company. IT governance is the responsibility of the board of directors, forms an integral part of the Group's risk management and is assisted by the audit and risk committee in carrying out its IT responsibilities. The board of directors of Montauk acknowledges the need for an IT policy which, if effectively managed, can streamline and add value to the underlying businesses. The board is assisted by Mr SF McClain, the chief financial officer, in the implementation of an IT policy. A governance framework for implementation at subsidiary level will be considered for approval by the board in due course. At a holding company level, Montauk does not believe it is necessary to employ a chief information officer as recommended by King III. The audit and risk committee is responsible for the monitoring of IT compliance within the Group. Moreover, as part of the Company's annual financial audit, an IT audit is performed.

APPLICATION OF KING III PRINCIPLES

Montauk believes that, in all material respects, it complies with the major recommendations of the Code to ensure that sound corporate governance and structures are applied within the Group. Alternatives to the King III recommendations can be applied to further the best interests of the Company, as long as the overarching principles of good corporate governance are achieved. The board monitors compliance to ensure ongoing improvement of operational and corporate practices and that the affairs of the Group are conducted with transparency and integrity.

A detailed analysis of compliance with the individual principles of King III is published on the Company's website.

The JSE Listings Requirements require explanations where the principles of King III have been "applied differently". Below are those principles which require explanation:

P = Partially compliant
U = Under review
X = Not compliant

PRINCIPLE	LEVEL OF COMPLIANCE	RESPONSE
2.10 The board should ensure that there is an effective risk-based internal audit.	X	Due to the size of the Group's operations and centralised finance and administration functions, Montauk has no internal audit function although the board and audit and risk committee continuously assess the need to establish such a function.
2.16 The board should elect a chairman of the board who is an independent non-executive director. The CEO of the Company should not also fulfil the role of chairman of the board.	X	The Company has appointed a separate chairman and this role is not fulfilled by the CEO. The chairman of the board is not an independent non-executive director because of the interests that he and certain members of his family have in the shares of the Company. A lead independent director has been appointed.
2.27 Shareholders should approve the Company's remuneration policy.	P	Remuneration paid to non-executive directors of the Company is subject to approval by shareholders at the annual general meeting of the Company. The remuneration of executive management is determined in accordance with Group remuneration policies as determined by the remuneration committee. The remuneration policies are endorsed by shareholders by way of a non-binding resolution.
9.3 Sustainability reporting and disclosure should be independently assured.	U	Although some of the information provided in relation to sustainability matters has not been independently assured, the board has taken care to use reliable sources for this information. The Company will evaluate the need for independent assurance on sustainability reporting in the future.

REPORT OF THE AUDIT COMMITTEE

Members: MH Ahmed (chairman), NB Jappie and BS Raynor.

The Montauk audit and risk committee is a formal committee of the board, appointed by the shareholders, and functions within its documented terms of reference. All members of the audit and risk committee act independently. The chief executive officer and the chief financial officer attend the meetings as permanent invitees, along with the external auditor. Other directors and members of management attend as required.

The audit committee has pleasure in submitting this report in respect of the past financial year of the Group, as required by section 94 of the Companies Act.

The committee met three (3) times during the year under review, on 11 May 2016, 15 September 2016 and 26 October 2016. The meetings were attended by all committee members. The committee has met twice subsequent to the reporting date on 4 May 2017 and 14 September 2017.

FUNCTIONS OF THE AUDIT COMMITTEE

In terms of the Companies Act, the audit and risk committee has adopted the formal terms of reference, delegated to it by the board of directors, as its audit and risk committee charter. The audit and risk committee fulfils an independent oversight role regarding the Group's financial statements and the reporting process, including the system of internal financial control, with accountability to both the board and to shareholders. The committee's responsibilities include the statutory duties prescribed by the Companies Act, recommendations by King III and additional responsibilities assigned by the board. The committee is satisfied that, in respect of the financial period under review, it has performed all the functions required by law to be performed by an audit and risk committee, including as set out by section 94 of the Companies Act and in terms of the committee's terms of reference and as more fully set out in the corporate governance report. In this connection the committee has:

- reviewed the interim, provisional and year-end financial statements, culminating in a recommendation to the board to adopt them;
- reviewed legal matters that could have a significant impact on the Group's financial statements;
- reviewed the external audit reports on the annual financial statements;
- verified the independence of the external auditor as per section 92 of the Companies Act and accordingly nominates Grant Thornton Johannesburg Partnership to continue in office as the independent auditor and noted the appointment of Mr Theunis Schoeman as the designated auditor for the financial year ended 31 March 2018;
- approved the audit fees and engagement terms of the external auditor; and
- determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor.

CONFIDENTIAL MEETINGS

Audit committee agendas provide for confidential meetings between the committee members and the external auditors, which are regularly held.

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER

As required by JSE Listing Requirement 3.84(h), the committee has reviewed the performance of the chief financial officer, Mr SF McClain, and was satisfied that he has the necessary expertise and experience to fulfil this role and has performed appropriately during the year under review.

INTERNAL AUDIT

The Group does not currently have an internal audit function. Though currently not in place, the board and committee continuously asses the need for an internal audit function.

RISK MANAGEMENT AND INTERNAL CONTROL

The board acknowledges that it is accountable for the process of risk management and the system of internal control of the Group. The Group operates in a highly regulated environment. Where necessary, compliance officers have been appointed at each of the Group's key operating subsidiaries to ensure adherence to the various Acts and Codes that govern the day-to-day operations.

The committee is accountable to the board for monitoring the implementation of processes of risk management and integration of these processes into day-to-day activities. However, the committee does not assume the functions of management, which remain the responsibility of the

REPORT OF THE AUDIT COMMITTEE continued

executive directors, officers and other members of senior management.

Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed. The audit and risk committee assists the board in discharging its responsibilities. It also considers reports and information generated by Company management.

RECOMMENDATION OF THE INTEGRATED ANNUAL REPORT

The committee has evaluated the integrated annual report of Montauk Holdings Limited and the Group for the period ended 31 March 2017 and, based on the information provided to the committee, the committee recommends the adoption of the integrated annual report by the board.

MH Ahmed
Chairman: Audit and Risk Committee

14 September 2017

REPORT OF THE REMUNERATION COMMITTEE

Members: MH Ahmed (chairman), JA Copelyn and NB Jappie.

All the members of the committee are non-executive directors and two are independent. In line with the recommendations of King III, the chief executive officer attends the meetings of the committee at the request of the committee, but recuses himself from the meetings before any decisions are made.

The committee met two (2) times during the year under review on each of 4 May 2016 and 26 October 2016. The meetings were attended by all committee members. It has met once subsequent to the reporting date on 30 May 2017.

This committee is primarily responsible for overseeing the remuneration and incentives of the executive directors and executive management. It takes cognisance of best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the Company. Where required, the committee may utilise the services of independent remuneration consultants to assist in providing guidance on the remuneration for executive management. The Group's remuneration philosophy strives to reward employees in a fair and responsible way which ensures a culture of high performance to deliver returns to shareholders through employees who are motivated, engaged and committed. This philosophy's intended consequence is to attract, retain and develop employees with scarce and critical skills who contribute to sustained business growth and are aligned to the strategic and operational requirements of the business.

The functions and mandates of the remuneration committee include:

- making recommendations to the board on directors' fees and the remuneration and service conditions of Company executives, including the chief executive officer;
- providing a channel of communication between the board and management on remuneration matters;
- reviewing the Group's remuneration policies and practices and proposals to change these and to make recommendations in this regard to the board;
- reviewing and approving the terms and conditions of any executive employment contracts, taking into account information from comparable companies; and
- reviewing and approving any disclosures in the integrated annual report or elsewhere on remuneration policies or directors' remuneration.

Executive directors and management earn a basic salary which escalates in line with inflation. These may be adjusted from time to time in accordance with each individual's experience and performance. Executive director and management bonuses are based on a targeted bonus percentage of each individual's annual salary. The final bonus amounts are based on formulas which utilise a combination of individual and Company performance-related goals established by the Company and may be below or above the target amount.

Non-executive directors earn a basic fee which is in line with companies of a similar size. These fees are determined in South African Rand and escalate annually in line with inflation and will be reviewed every three (3) years by an independent remuneration consultant. Non-executive directors can currently earn up to a maximum of R41 000 by serving on the committees responsible to the board of directors. Non-executive directors do not receive short-term incentives and do not participate in any long-term incentive schemes.

Position	Actual fee FY 2017 R'000	Proposed fee FY 2018 R'000
Non-executive director	**101**	109
Member of audit and risk committee	**41**	44
Member of remuneration committee	**41**	44
Member of social and ethics committee	**41**	44

Key management compensation and other relevant remuneration information are disclosed in note 26 of the annual financial statements on page 51.

The Group operates two share-based remuneration schemes, namely:

- The Montauk Holdings Restricted Stock Plan for U.S. Affiliates ("Restricted Stock Plan"); and
- The Montauk Holdings Share Appreciation Rights Scheme for U.S. Affiliates ("Share Appreciation Rights Scheme").

Executive directors and certain members of senior management are eligible to participate in the share-based payment remuneration schemes. Grants are determined by and are awarded at the discretion of the board, on recommendation of the committee, with reference to the individual participant's position within the Group. Refer to note 28 of the financial statements for more information on grants awarded during the year and balances outstanding at the reporting date.

MH Ahmed
Chairman: Remuneration Committee

14 September 2017

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Members: JA Copelyn (chairman), ML Ryan and NB Jappie.

The social and ethics committee has pleasure in submitting this report, as required by section 72(4) to section 72(10) of the Companies Act and regulation 43 to the Companies Act.

The committee met two (2) times during the year under review on each of 4 May 2016 and 26 October 2016. The meetings were attended by all committee members. It has met once subsequent to the reporting date on 30 May 2017.

The function of the social and ethics committee is to ensure that the committee fulfils its responsibilities in line with the Companies Act, 2008, as amended and King III. Relevant personnel, who are considered as drivers of the underlying functions of the committee, may be invited to join the committee's meetings. In line with the Act, the invitees do not have voting powers. The committee also considers reports and information generated by the subsidiary companies to their respective boards. The committee reports back to the board of Montauk and all decisions taken are decided by the board of directors.

The social and ethics committee has discharged its monitoring functions in terms of regulation 43.5 of the Act.

In the discharge of its duties the social and ethics committee takes into consideration the fact that, while the Company is a South African entity, all of the operations and employees of the Company are located in the United States.

The sustainability report on pages 19 and 20 incorporates the various aspects overseen by the committee.

JA Copelyn
Chairman: Social and Ethics Committee

14 September 2017

SUSTAINABILITY REPORT

The implementation of sustainable business practices is a continuous process for every organisation. To maintain and improve sustainability initiatives Montauk, through the social and ethics committee, endeavours to further embed a sustainability focus into its core strategy of business.

ENVIRONMENT

Municipal solid waste ("MSW") landfills are the third-largest human-generated source of methane emissions in the United States, releasing an estimated 100.8 million metric tons of CO_2 equivalent into the atmosphere in 2015 alone[1]. With a global warming potential 25 times greater than CO_2 and a short (10-year) atmospheric life, methane is a potent greenhouse gas ("GHG") that is a key contributor to global climate change. As a result, reducing methane emissions from MSW landfills is one of the best ways to achieve a near-term beneficial impact in mitigating global climate change. Methane also contributes to background tropospheric ozone levels as an ozone precursor. Many of the technologies and practices that reduce methane emissions also reduce associated emissions of volatile organic compounds, odours and other local air pollutants.

Raw landfill gas collected for a beneficial use project is typically around 50 per cent methane by volume. It is estimated that a beneficial use project will capture roughly 60 to 90 per cent of the methane emitted from the landfill, depending on system design and effectiveness. The captured methane is destroyed when the gas is burned to produce electricity or refined into renewable natural gas and placed into the natural gas pipeline system.

Montauk's business is exclusively focused on the capture and beneficial use of landfill methane and is responsible for significant emission reductions arising from the flaring and/or beneficial use of the associated methane (e.g. electrical energy generation or RNG). In the year under review alone, Montauk's combined electric generation and renewable natural gas facilities provided enough energy to power over 66 755 United States homes while collectively reducing over 3.8 million metric tons of CO_2 equivalent emissions[2].

Fiscal 2017 emission reductions and environmental benefits

Total annual emission reduction equivalent (million)	
Metric tons of carbon dioxide	3.42
Tons of methane	0.138
Equivalent annual environmental benefits (million)	
Acres of US forest carbon sequestration	3.23
Gallons of gasoline carbon dioxide emission equivalents	384.87

In addition, Montauk originated carbon credits for the equivalent of over 40 584 metric tons of CO_2 which were verified through the Climate Action Reserve.

The Climate Action Reserve operates the premier carbon offset registry for the North American carbon market and has developed a regulatory-quality programme to quantify GHG emission reductions from offset projects.

The very nature of the landfill gas industry demands a heightened awareness of our impact on the environments where we operate and in this regard the Company is committed to minimising its impact on the environment. The Company can safely report that it has no significant breaches of environmental standards to report for the past financial year. The protection of limited water resources, pollution and the natural aesthetics of the environment through rehabilitation programmes remain key commitments. When a Montauk facility ceases operation, the facility site is decommissioned and remediated in accordance with the host landfill gas contract and all applicable laws.

HEALTH AND SAFETY

Montauk has developed a health and safety programme ("HASP") which serves to integrate safety into the scope of every task or project undertaken by the Company or its contractors. Our efforts are employee-centred and focused on improving working conditions and eliminating hazards. The Company engages employees to directly influence our safety culture and safety programmes through our active safety committee and through site visits and inspections. Employees have been empowered to make safety their first priority. All HASP policies are reviewed by employees and feedback from employees is incorporated into our policies and procedures.

In the year under review Montauk was involved in seven (7) OSHA recordable injuries. Montauk recorded a 7.9 Total Recordable Injury Rate versus the industry national average of 6.2 for the reporting period. The increase in recordable injuries also corresponds with an overall increase in reports of unsafe acts, conditions, near misses and the like which doubled the previous year's total. Montauk is committed to reporting all incidents and learning from these unfortunate events so that future incidents may be avoided. The Company has learned that certain administrative policies can be used to prevent the majority of incidents experienced during fiscal year 2017 and it is working to implement these policies across all operations.

Montauk provides extensive HASP training to our employees through face-to-face, hands-on, and interactive web-based training. Training is conducted at least monthly for every employee. Newly hired employees joining the Company are assigned a battery of introductory trainings in our programmes regardless of previous experiences or expertise. The training programme has been revised recently and restructured to focus on site and industry-specific safety concerns. The new programme has added hands-on skills training to further reinforce training materials and learning outcomes.

We believe that continuous improvement of all of our programmes is necessary in order to be a leading force in our market. We frequently review our HASP and develop new safety protocols. Currently we are engaged with various third-party safety and compliance representatives to review and improve existing site conditions, focusing on engineering hazards in the workplace and preventing equipment failures which could lead to injuries. In addition to these efforts, Montauk is focusing on tracking leading safety indicators to identify operations that are more at risk than others so that early intervention can be used to prevent future incidents.

DISCRIMINATION

Fairness is promoted across all operations through a code of ethics. Legal compliance policies promote zero tolerance of discrimination within the workplace. This is enforced and established through standard grievance and disciplinary procedures, in order to maintain consistency and compliance.

ECONOMIC SUSTAINABILITY

Economic sustainability is critical in attracting and retaining customers, employees and investors. Sustainability initiatives, whether environmental, social or economic, increase the value of the Company by leveraging opportunities and managing risk. Montauk respects and complies with the laws of the countries in which it operates and through the implementation of appropriate internal control structures the Group aims to ensure that significant regulatory, business and financial risk is identified and appropriately managed.

[1] Source – United States Environmental Protection Agency's Landfill Methane Outreach Program ("LMOP").
[2] Source – LMOP Landfill gas-to-energy benefits calculator.

ANNUAL FINANCIAL STATEMENTS

REPORT OF THE INDEPENDENT AUDITOR
to the shareholders of Montauk Holdings Limited

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Montauk Holdings Limited set out on pages 28 to 62, which comprise the statements of financial position as at 31 March 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following key audit matter relates to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Recognition of deferred tax asset on net operating losses ("NOLs")	
Section 382 of the United States of America Internal Revenue Code requires a company to limit the amount of future income that can be off-set by historic losses, i.e. net operating losses ("NOLs") carried forward and certain built-in losses, after a company has undergone a shareholder change. Due to historical shareholder changes, the Company analysed whether or not any of their NOLs were limited under section 382. The analysis indicated that the section was not triggered and the NOLs remained intact at 31 March 2017. Management has reassessed the probability of future taxable income and the utilisation of the available NOLs and concluded that it has become probable in the context of IAS 12: Income Taxes that the Company will generate future taxable profit and, therefore, a deferred tax asset of $26.8 million, as disclosed in notes 4 and 2(i) to the financial statements, was recognised in the current year. We have determined that this is a key audit matter due to the complexity around the methodology applied relating to the existence of the NOLs and the judgements and estimates involved in determining the availability of future taxable profits to utilise these NOLs.	Our audit procedures relating to the section 382 analysis included the following: • reviewing the section 382 analysis, including the inputs and methodology used by management; • assessing the accuracy and completeness of the inputs; • agreeing the shareholder changes in the analysis to source documentation; and • recalculating the extent of shareholder changes. Our audit procedures relating to the recognition of the deferred tax asset included the following: • reviewing the forecasts and budgets presented by management and interrogating the inputs into these budgets; • reviewing the historical accuracy of the budgeting process and the changes in the profitability of the business in recent years; and • comparing the expiry dates of these NOLs (2027 to 2036) with the expected utilisation date (2019).

Other information

The directors are responsible for the other information. The other information comprises the information included in the integrated annual report which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements

or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Grant Thornton has been the auditor of Montauk Holdings Limited for seven years.

Grant Thornton

Grant Thornton Johannesburg Partnership
Registered Auditors
Chartered Accountants
Practice Number: 903485E

Partner: T Schoeman
Registered Auditor
Chartered Accountant (SA)

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo 2196

14 September 2017

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Montauk Holdings Limited are responsible for the preparation, integrity and fair presentation of the financial statements of the Company and of the Group and for other information contained in this integrated annual report. The consolidated and separate annual financial statements for the year ended 31 March 2017 have been prepared in accordance with International Financial Reporting Standards and include amounts based on prudent judgements and estimates by management.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group or any company within the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the Company and the Group. The financial statements have been audited by the independent auditing firm, Grant Thornton Johannesburg Partnership, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board.

The directors believe that all representations made to the independent auditor during the audit were valid and appropriate.

The consolidated and separate annual financial statements for the year ended 31 March 2017 were approved by the board of directors on 14 September 2017 and are signed on its behalf by:

JA Copelyn
Chairman

ML Ryan
Chief Executive Officer

SF McClain
Chief Financial Officer

Cape Town
14 September 2017

DECLARATION BY COMPANY SECRETARY

We certify that Montauk Holdings Limited has lodged with the Registrar of Companies, for the financial year ended 31 March 2017, all such returns as are required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

HCI Managerial Services Proprietary Limited

HCI Managerial Services Proprietary Limited
Company Secretary

Cape Town
14 September 2017

DIRECTORS' REPORT

for the year ended 31 March 2017

NATURE OF BUSINESS

Montauk Holdings Limited ("Montauk") is an investment holding company, incorporated in South Africa with various operating subsidiaries domiciled in the United States of America.

OPERATIONS AND BUSINESS

The business operations of Montauk include the development and operation of large-scale renewable energy projects utilising landfill gas ("LFG") in the United States of America. The Group's expertise includes the permitting, design, construction and operation of energy facilities utilising LFG and its operations in the United States are headquartered in Pittsburgh, Pennsylvania. Certain administrative functions are contracted to be performed on Montauk's behalf by HCI Managerial Services Proprietary Limited at its South African offices.

DISPOSAL GROUP ASSETS AND LIABILITIES HELD FOR SALE

Details of disposal group assets and liabilities held for sale are set out in note 9 of the consolidated annual financial statements.

DIVIDENDS

Final ordinary dividend number 1 of 39.5 South African cents per share was paid to shareholders on 29 May 2017 in respect of the year ended 31 March 2017.

SHARE CAPITAL

Details of the authorised and issued share capital are set out in note 10 of the consolidated annual financial statements.

DIRECTORATE

The directors of the Company appear on page 73.

Mr ML Ryan was appointed as executive director and chief executive officer on 27 May 2016. Mr DR Herrman resigned as executive director and chief executive officer with effect from 10 June 2016.

COMPANY SECRETARY

The secretary of the Company for the year ended 31 March 2017 is HCI Managerial Services Proprietary Limited. The board has assessed the directors and the designated staff of the company fulfilling the role of the company secretary and is satisfied that they have the competence, qualifications and experience to effectively fulfil the role of company secretary. The secretary has an arm's length relationship with the board of directors. The name, business and postal address of the company secretary are set out on page 73 of this report.

AUDITORS

Grant Thornton Johannesburg Partnership will continue in office in accordance with section 90 of the South African Companies Act, with Mr Theunis Schoeman as the designated auditor.

SPECIAL RESOLUTIONS

The following special resolutions were passed by the Company's shareholders at the annual general meeting of shareholders held on 1 November 2016:

- Granting general authority to the directors of the Company to issue for cash all or any of the authorised but unissued shares in the capital of the Company, including options, as and when they in their discretion deem fit, subject to the Companies Act, the MOI of the Company and the JSE Listings Requirements.
- Approval of the fees payable to non-executive directors for their services as directors or as members of the board subcommittees in respect of the financial period 1 November 2016 until the next annual general meeting of the Company.
- Granting the Company and the subsidiaries of the Company a general authority contemplated in terms of the JSE Listing Requirement 5.72, for the acquisition by the Company, or a subsidiary of the Company, of ordinary issued shares issued by the Company.
- General approval of the provision of financial assistance in terms of sections 44 and 45 of the Companies Act.

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the Company.

AUDITOR'S REPORT

The financial statements have been audited by Grant Thornton Johannesburg Partnership and their unqualified audit report on the consolidated and separate annual financial statements is included on pages 22 to 24 of this report.

DIRECTORS' EMOLUMENTS

Directors' emoluments incurred by the Company and its subsidiaries for the year ended 31 March 2017 are set out in note 26 in the consolidated annual financial statements.

SUBSIDIARIES

Details of the Company's subsidiaries are set out in annexure A to the consolidated annual financial statements.

BORROWING POWERS

There are no limits placed on borrowings in terms of the memorandum of incorporation. Certain companies in the Group have entered into various loan agreements with providers of loan finance. These loan agreements include various covenants and undertakings by companies in the Group which may restrict the Group's borrowing powers. Details of these covenants and undertakings are available from the registered office of the Company.

LITIGATION STATEMENT

In June 2016 the Company initiated an arbitration proceeding against a contractor for the 20 MW facility in Southern California related to certain schedule and performance issues, the outcome of which is uncertain at the date of this report. There are no additional legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of Montauk Holdings Limited are aware) which may have or have had, during the year ended 31 March 2017, a material effect on the financial position of the Group.

RENEWABLE IDENTIFICATION NUMBERS ("RINS")

The Group had approximately 0.9 million (2016: 5.9 million) RINs generated and unsold, classified as D3 cellulosic, as of 31 March 2017. The RINs have a zero carrying value. Refer to note 1(k) in the consolidated annual financial statements for more information.

EVENTS SUBSEQUENT TO REPORTING DATE

Refer to note 30 in the consolidated annual financial statements for more information. The directors are not aware of any further matter or circumstance arising since the end of the financial period, not otherwise dealt with within the financial statements, that would affect the operations or results of the Company or the Group significantly.

PREPARER

These consolidated annual financial statements were prepared under the supervision of the chief financial officer, Mr SF McClain (CPA).

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2017

		Group		Company	
		2017	2016	**2017**	2016
	Notes	**$'000**	$'000	**$'000**	$'000
ASSETS					
Non-current assets		**156 960**	134 965	**121 536**	120 237
Property, plant and equipment	1	**101 330**	98 438	**–**	–
Intangible assets	2	**23 398**	32 378	**–**	–
Subsidiary companies	3	**–**	–	**121 536**	120 237
Deferred taxation	4	**26 825**	–	**–**	–
Other financial assets	7	**4 185**	2 235	**–**	–
Non-current receivables	5	**1 222**	1 914	**–**	–
Current assets		**33 042**	21 583	**421**	569
Inventories	6	**1 053**	1 109	**–**	–
Other financial assets	7	**3 582**	7 159	**–**	–
Trade and other receivables	8	**8 785**	3 305	**–**	–
Cash and cash equivalents	25.4	**19 622**	10 010	**421**	569
Disposal group assets held for sale	9	**770**	–	**–**	–
Total assets		**190 772**	156 548	**121 957**	120 806
EQUITY AND LIABILITIES					
Capital and reserves		**122 729**	79 253	**121 942**	120 805
Ordinary share capital	10	**166 863**	166 202	**166 863**	166 202
Common control reserve		**2 910**	2 910	**–**	–
Other reserves	11	**2 625**	2 573	**2 639**	2 588
Accumulated losses		**(49 669)**	(92 432)	**(47 560)**	(47 985)
Equity attributable to equity holders of the parent		**122 729**	79 253	**121 942**	120 805
Non-current liabilities		**42 052**	59 219	**–**	–
Borrowings	12	**35 837**	52 332	**–**	–
Long-term provisions	13	**6 215**	6 871	**–**	–
Financial liabilities	14	**–**	16	**–**	–
Current liabilities		**25 592**	18 076	**15**	1
Trade and other payables	15	**11 869**	12 869	**14**	–
Financial liabilities	14	**8**	38	**–**	–
Current portion of borrowings	12	**11 433**	3 691	**–**	–
Taxation		**450**	1	**1**	1
Provisions	13	**1 832**	1 477	**–**	–
Disposal group held for sale	9	**399**	–	**–**	–
Total equity and liabilities		**190 772**	156 548	**121 957**	120 806

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 March 2017

		Group		Company	
	Notes	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Revenue	17	**89 133**	50 751	**–**	–
Other operating expenses and income		**(51 667)**	(41 424)	**(247)**	(322)
Depreciation and amortisation		**(16 151)**	(12 890)	**–**	–
Other income	18	**811**	9 573	**–**	–
Investment income	19	**37**	39	**34**	38
Finance costs	20	**(4 177)**	(449)	**–**	–
Gain on bargain purchase	31	**–**	265	**–**	–
Asset impairments	21	**(2 237)**	(3 545)	**–**	–
Profit/(loss) before taxation	22	**15 749**	2 320	**(213)**	(284)
Taxation	23	**26 376**	–	**–**	–
Profit/(loss) for the year		**42 125**	2 320	**(213)**	(284)
Other comprehensive income/(loss) net of tax:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		**52**	(160)	**51**	(145)
Total comprehensive income/(loss) for the year		**42 177**	2 160	**(162)**	(429)
Profit attributable to:					
Equity holders of the parent		**42 125**	2 320		
Total comprehensive income attributable to:					
Equity holders of the parent		**42 177**	2 160		
Earnings per share (cents)	24	**31.08**	1.72		
Diluted earnings per share (cents)	24	**30.87**	1.72		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2017

	Share capital $'000	Common control reserve $'000	Other reserves $'000	Accumulated losses $'000	Total $'000
Group					
Balance at 31 March 2015	166 202	2 910	2 733	(94 744)	77 101
Current operations					
Total comprehensive (loss)/income	–	–	(160)	2 320	2 160
Equity-settled share-based payments	–	–	–	5	5
Effects of changes in holding	–	–	–	(13)	(13)
Balance at 31 March 2016	166 202	2 910	2 573	(92 432)	79 253
Current operations					
Total comprehensive income	**–**	**–**	**52**	**42 125**	**42 177**
Equity-settled share-based payments	**661**	**–**	**–**	**638**	**1 299**
Balance at 31 March 2017	**166 863**	**2 910**	**2 625**	**(49 669)**	**122 729**
Notes	10		11		

	Share capital $'000	Other reserves $'000	Accumulated losses $'000	Total $'000
Company				
Balances at 31 March 2015	166 202	2 733	(47 701)	121 234
Current operations				
Total comprehensive loss	–	(145)	(284)	(429)
Balances at 31 March 2016	166 202	2 588	(47 985)	120 805
Current operations				
Total comprehensive income/(loss)	**–**	**51**	**(213)**	**(162)**
Equity-settled share-based payments	**661**	**–**	**638**	**1 299**
Balances at 31 March 2017	**166 863**	**2 639**	**(47 560)**	**121 942**
Notes	10	11		

STATEMENTS OF CASH FLOWS
for the year ended 31 March 2017

	Notes	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Cash flows from operating activities		**25 374**	12 280	**(200)**	(479)
Cash generated/(utilised) by operations	25.1	**40 063**	9 801	**(247)**	(308)
Investment income		**37**	39	**34**	38
Changes in working capital	25.2	**(10 764)**	2 795	**13**	(209)
Cash generated/(utilised) by operating activities		**29 336**	12 635	**(200)**	(479)
Finance costs		**(3 962)**	(355)	**–**	–
Taxation paid	25.3	**–**	–	**–**	–
Cash flows from investing activities		**(6 788)**	(56 562)	**–**	–
Business combinations	31	**–**	(4 482)	**–**	–
Disposal of/(investment in) other financial assets		**1 602**	(8 766)	**–**	–
Decrease in non-current receivables		**727**	754	**–**	–
Proceeds from insurance recovery		**–**	1 140	**–**	–
Intangible assets					
– Additions		**–**	(1 635)	**–**	–
– Disposals		**850**	9 869	**–**	–
– Refunds		**4 843**	–	**–**	–
Property, plant and equipment					
– Additions		**(15 236)**	(53 442)	**–**	–
– Disposals		**426**	–	**–**	–
Cash flows from financing activities		**(9 024)**	38 588	**–**	–
Class B shares repurchased		**–**	(13)	**–**	–
Debt issuance costs		**(32)**	(40)	**–**	–
Long-term funding repaid		**(11 292)**	(3 139)	**–**	–
Long-term funding raised		**2 300**	41 780	**–**	–
Cash and cash equivalents					
Movements		**9 562**	(5 694)	**(200)**	(479)
At the beginning of the year		**10 010**	15 891	**569**	1 235
Foreign exchange difference		**50**	(187)	**52**	(187)
At the end of the year	25.4	**19 622**	10 010	**421**	569

ACCOUNTING POLICIES

1. 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 year.

b) 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) Transactions and non-controlling interests

For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests and direct costs incurred in respect of transactions with non-controlling interests are also recorded in equity.

c) 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.

d) 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 minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets.

ii) Goodwill

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the Group's share of identifiable net assets acquired exceeds the fair value of the consideration, the difference is recognised immediately in profit or loss.

iii) 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.

e) 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:

Freehold buildings and infrastructure	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.

f) 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 year 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 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 units of production method of depletion 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. Included in that right is full maintenance provided on this line by the utility.

g) 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, investments in equity instruments, 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 receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less an allowance for impairment. A provision allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the receivables.

***ii) Financial liabilities at amortised cos**t*

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) Cash and cash equivalents

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

iv) 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.

v) Impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment testing of trade receivables is described in note (g)(i) above.

h) Derivative financial assets and financial liabilities

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

i) Inventories

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

j) 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, administered by the United States Environmental Protection Agency. The RINs that the group generate are able to be separated and sold independent from the energy produced, therefore no cost is allocated to the RIN when it is generated.

k) 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 recognised as an expense over the relevant vesting period.

l) Impairment

This policy covers all assets except inventories (see note (i)) and financial assets (see note (g)). 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.

m) 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.

n) Disposal group assets and liabilities held for sale

Items classified as disposal group assets and liabilities 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.

o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recorded when earned for the sale of renewable natural gas and electricity, along with environmental attributes that are bundled and sold along with the energy, based on output actually delivered.

All other revenue, including environmental attributes that are not bundled and sold along with the energy, are recorded when realised or realisable and earned.

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.

p) Leases

i) The Group is the lessee

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.

q) 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.

r) 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 year-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.

Section 382 of the United States Internal Revenue Code has the potential to limit the Company's ability to utilise existing net operating loss carry-overs once the Company experiences an ownership change. Generally, an ownership change occurs when, within a span of 36 months (or, if shorter, the period beginning the day after the most recent ownership change), there is an increase in the stock ownership by one or more shareholders of more than 50 percentage points. Management has completed an Internal Revenue Code section 382 analysis of the loss carry-forwards and determined that all loss carry-forwards were utilisable and not restricted under section 382 as of 31 March 2017.

During the current year management reviewed the probability that its loss carry-forwards will be utilised in the near future. Using the current financial year 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 within the next three financial years and well in advance of any expiration. Refer to note 4 for the deferred tax asset raised.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

3.1 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 2017 or later periods which the Group has not early adopted:

Standard	Details	Annual periods beginning on or after
IFRS 15: Revenue from Contracts with Customers	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The new standard supersedes: • IAS 11: Construction Contracts; • IAS 18: Revenue; • IFRIC 13: Customer Loyalty Programmes; • IFRIC 15: Agreements for the Construction of Real Estate; • IFRIC 18: Transfers of Assets from Customers; and • SIC-31: Revenue – Barter Transactions Involving Advertising Services. The Group will determine the financial impact of the adoption of IFRS 15 closer to the date of application.	The Group will apply IFRS 15 from annual periods beginning 1 April 2018
IFRS 16: Leases	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. IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 supersedes the following standards and interpretations: • IAS 17: Leases; • IFRIC 4: Determining Whether an Arrangement Contains a Lease; • SIC-15: Operating Leases – Incentives; and • SIC-27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Group will determine the financial impact of the adoption of IFRS 16 closer to the date of application.	The Group will apply IFRS 16 from annual periods beginning 1 April 2019

	Group	
	2017 **$'000**	2016 $'000
1. PROPERTY, PLANT AND EQUIPMENT		
Cost		
Land and buildings	**5 104**	5 047
Leasehold improvements	**178**	178
Other equipment and vehicles	**155 384**	145 047
Plant and machinery	**628**	577
	161 294	150 849
Accumulated depreciation		
Land and buildings	**(3 426)**	(3 065)
Leasehold improvements	**(48)**	(21)
Other equipment and vehicles	**(56 181)**	(49 014)
Plant and machinery	**(309)**	(311)
	(59 964)	(52 411)
Carrying value		
Land and buildings	**1 678**	1 982
Leasehold improvements	**130**	157
Other equipment and vehicles	**99 203**	96 033
Plant and machinery	**319**	266
	101 330	98 438
Movements in property, plant and equipment		
Balance at the beginning of the year		
Land and buildings	**1 982**	2 420
Leasehold improvements	**157**	–
Other equipment and vehicles	**96 033**	42 615
Plant and machinery	**266**	297
	98 438	45 332
Additions		
Land and buildings	**57**	–
Other equipment and vehicles	**19 507**	56 883
Plant and machinery	**150**	49
	19 714	56 932
Business combinations		
Leasehold improvements	**–**	178
Other equipment and vehicles	**–**	9 605
Plant and machinery	**–**	10
	–	9 793
Change in estimate related to asset retirement obligations*		
Land and buildings	**–**	(6)
Other equipment and vehicles	**(206)**	(560)
	(206)	(566)

	Group	
	2017 **$'000**	2016 $'000
1. PROPERTY, PLANT AND EQUIPMENT continued		
Impairment loss		
Land and buildings	**(14)**	(82)
Other equipment and vehicles	**(2 223)**	(3 416)
Plant and machinery	**–**	(1)
	(2 237)	(3 499)
Disposals and transfers		
Land and buildings	**–**	16
Other equipment and vehicles	**(1 299)**	(444)
	(1 299)	(428)
Depreciation		
Land and buildings	**(347)**	(366)
Leasehold improvements	**(27)**	(21)
Other equipment and vehicles	**(11 954)**	(8 650)
Plant and machinery	**(97)**	(89)
	(12 425)	(9 126)
Reclassified as held for sale		
Other equipment and vehicles	**(655)**	–
	(655)	–
Balances at the end of the year		
Land and buildings	**1 678**	1 982
Leasehold improvements	**130**	157
Other equipment and vehicles	**99 203**	96 033
Plant and machinery	**319**	266
	101 330	98 438

* During the current year the Bowerman renewable electric site updated the decommissioning study. The outcome of the study indicated costs to decommission the site would be lower than originally estimated, which resulted in a reduction to the asset retirement obligation and a corresponding adjustment made to the property, plant and equipment items to which the cost of the asset retirement obligation was initially capitalised. In the prior year the tenure of gas rights relating to the McCarty renewable natural gas site was extended by 13 years. The asset retirement obligation was reduced as a result, due to an increased discounting period, and a corresponding adjustment made to the property, plant and equipment items to which the cost of the asset retirement obligation was initially capitalised. Refer to note 13.

	Customer contracts $'000	Emission allowances $'000	Gas rights $'000	Inter-connection $'000	Land rights $'000	Total $'000
2. INTANGIBLE ASSETS						
Group 2017						
Carrying value at the beginning of the year	**5 478**	**3 057**	**14 701**	**8 809**	**333**	**32 378**
Additions	**–**	**–**	**87**	**201**	**–**	**288**
Refund on interconnection#	**–**	**–**	**–**	**(4 843)**	**–**	**(4 843)**
Disposals	**–**	**(699)**	**–**	**–**	**–**	**(699)**
Amortisation	**(1 181)**	**–**	**(2 271)**	**(273)**	**(1)**	**(3 726)**
Carrying value at the end of the year	**4 297**	**2 358**	**12 517**	**3 894**	**332**	**23 398**
Cost	**17 276**	**2 358**	**37 837**	**4 352**	**333**	**62 156**
Accumulated amortisation	**(12 979)**	**–**	**(25 320)**	**(458)**	**(1)**	**(38 758)**
	4 297	**2 358**	**12 517**	**3 894**	**332**	**23 398**
Group 2016						
Carrying value at the beginning of the year	6 578	3 055	15 534	7 260	–	32 427
Additions	–	2	1 000	1 633	–	2 635
Business combinations	180	–	613	–	333	1 126
Amortisation	(1 234)	–	(2 446)	(84)	–	(3 764)
Impairment loss	(46)	–	–	–	–	(46)
Carrying value at the end of the year	5 478	3 057	14 701	8 809	333	32 378
Cost	17 438	3 057	37 748	8 994	333	67 570
Accumulated amortisation	(11 960)	–	(23 047)	(185)	–	(35 192)
	5 478	3 057	14 701	8 809	333	32 378

The amortisation expense has been included in the line item "depreciation and amortisation" in the statement of comprehensive income.

The following useful lives were used in the calculation of amortisation:

Customer contracts	15 years
Emission allowances	*
Gas rights	12 – 20 years
Interconnection	10 – 25 years
Land rights	**

The following are the remaining useful lives for each asset class:

Customer contracts	Between 1 and 8 years
Gas rights	Between 3 and 18 years
Interconnection	Between 5 and 19 years

In May 2016 the Company was both informed and paid a refund of approximately $4.8 million related to the amounts not utilised under an agreement to construct an interconnection for a landfill to gas-to-energy project in Southern California.

* 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 year 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 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.

** Land rights have indefinite useful lives and, as a result, are not amortised. These assets were acquired during the prior year through the acquisition of Leaf LFG US Investments. No indicators of impairment existed at the reporting date.

	Company	
	2017 $'000	2016 $'000
3. SUBSIDIARY COMPANIES		
Shares at cost less impairment	**121 536**	120 237

No impairments have been recognised on these shares.

$1.3 million was capitalised to the investment in subsidiary in respect of share-based payments in the current year.

Interests in subsidiaries
Set out below are the Group's principal subsidiaries at year-end. Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary share capital, which is held directly by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal activities	Place of business/ Country of incorporation	% of effective interest held by the Group		% exercisable voting rights		% of effective interest held by the non-controlling interests ("NCIs")	
			2017	2016	**2017**	2016	**2017**	2016
Montauk Holdings USA, LLC	Renewable energy	United States of America	**100%**	100%	**100%**	100%	**–**	–
Montauk Energy Holdings, LLC	Renewable energy	United States of America	**100%**	100%	**100%**	100%	**–**	–

Significant restrictions
There are no significant statutory, contractual or regulatory restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group.

There are no contractual arrangements in place for the provision of financial support to any of the principal subsidiaries, nor has there been any financial or other support provided to these entities during the reporting period. There is no current intention of providing financial or other support to these entities.

Non-controlling interests
As at 31 March 2017 there are no non-controlling interests that are material to the Group.

	Group	
	2017 $'000	2016 $'000
4. DEFERRED TAX		
Movements in deferred taxation		
At the beginning of the year	**–**	–
Provisions and accruals	**256**	13
Assessed losses	**26 369**	2 958
Accelerated tax allowances	**(184)**	(2 971)
Alternative minimum tax credits	**384**	–
At the end of the year	**26 825**	–
Analysis of deferred taxation		
Provisions and accruals	**2 585**	2 329
Assessed losses	**29 131**	2 762
Accelerated tax allowances	**(7 760)**	(7 576)
Alternative minimum tax credits	**384**	–
Federal tax credits	**2 485**	2 485
	26 825	–

The Group had no unrecognised assessed loss assets at 31 March 2017 (2016: $40 326).

	Group	
	2017	2016
	$'000	$'000
5. NON-CURRENT RECEIVABLES		
Letters of credit	**1 222**	1 914

These amounts are due within one to nineteen years and bear interest at rates ranging from 0% to 1% per annum.

Fair value of non-current receivables
The fair value of non-current receivables approximates the carrying value as market-related rates of interest are charged on these outstanding amounts. There were no impairment provisions on non-current receivable financial assets during the current or prior years.

	Group	
	2017 $'000	2016 $'000
6. INVENTORIES		
Consumables and spares	**1 053**	1 109
7. OTHER FINANCIAL ASSETS		
Fair value through profit and loss		
Energy price derivative	**8**	33
Amortised cost		
Restricted cash	**7 759**	9 361
	7 767	9 394
Current	**3 582**	7 159
Non-current	**4 185**	2 235
	7 767	9 394

Fair value of derivative financial instruments carried at fair value through profit or loss
Energy price derivative contracts of the Group are carried at their fair value on the statements of financial position and are subject to enforceable master netting agreements, which allow the Company to off-set recognised asset and liability fair value amounts on contracts with the same counterparty.

The net market value of all energy price derivative contracts at year-end was calculated by comparing the forward sale prices to the year-end spot prices. Changes in the market values are recognised immediately into profit and loss.

	Group	
	2017	2016
	$'000	$'000
8. TRADE AND OTHER RECEIVABLES		
Trade receivables	**8 345**	2 186
Other receivables	**440**	1 119
Allowance for impairment of trade receivables	**–**	–
	8 785	3 305
Fair value of trade receivables		
Trade and other receivables	**8 785**	3 305

The carrying value approximates fair value because of the short period to maturity of these instruments.

Trade receivables neither past due nor impaired
The credit quality of trade and other receivables that are neither past due nor impaired is assessed on an ongoing basis for individual debtors and based on repayment history.

Security
The Group holds no security over the trade receivables which can be sold or repledged to a third party.

Trade receivables past due but not impaired
At 31 March 2017 and 2016 trade receivables past due but not impaired were immaterial. These relate mainly to customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	Group	
	2017	2016
	$'000	$'000
30 to 60 days	**–**	12
60 to 90 days	**18**	3
More than 90 days	**–**	–

None of the trade receivables that are fully performing have been renegotiated in the last year.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable as shown above.

9. DISPOSAL GROUPS HELD FOR SALE

During the year ended 31 March 2017 a decision was made by the Company's management to both cease operations at and market the assets of certain renewable electric facilities in its portfolio. Assets and liabilities classified as held for sale were as follows:

	Group	
	2017	2016
	$'000	$'000
Property, plant and equipment	**655**	–
Inventories	**115**	–
	770	–
Provisions	**399**	–

	Number of shares 2017 ’000	2016 ’000	2017 $’000	2016 $’000
10. ORDINARY SHARE CAPITAL				
Authorised				
Ordinary shares of no par value	**200 000**	200 000	**–**	–
Issued				
In issue in Company	**137 879**	137 842	**166 863**	166 202
Restricted shares held by employees in terms of Restricted Stock Plan	**(1 939)**	(2 586)	**–**	–
	135 940	135 256	**166 863**	166 202

Details of the issued share capital and share premium and changes during the current and prior year are as follows:

	Number of shares ’000	Share capital $’000
In issue at 31 March 2015	135 256	166 202
Issued in terms of Restricted Stock Plan	2 586	–
In issue at 31 March 2016	137 842	166 202
Equity-settled share-based payments	–	614
Issued in terms of Share Appreciation Rights Scheme	37	47
In issue at 31 March 2017	137 879	166 863

The unissued shares are under the control of the directors until the next annual general meeting.

	Group		Company	
	2017 $’000	2016 $’000	**2017 $’000**	2016 $’000
11. OTHER RESERVES				
FCTR at the beginning of the year	**2 573**	2 733	**2 588**	2 733
Exchange differences on translation	**52**	(160)	**51**	(145)
At the end of the year	**2 625**	2 573	**2 639**	2 588

	Group	
	2017	2016
	$'000	$'000
12. BORROWINGS		
Vendor borrowings*	**37 637**	40 767
Bank borrowings*	**9 633**	15 256
Current portion of borrowings*	**(11 433)**	(3 691)
Borrowings*	**35 837**	52 332
Secured*	**35 837**	52 332

Borrowings of $47.3 million in the current year consist of $37.6 million in respect of a construction-to-term loan and $9.6 million in respect of a revolving credit facility of $0.5 million and term loan of $9.2 million from a commercial bank. Borrowings in the prior year consisted of $40.8 million in respect of a construction-to-term loan, $10.5 million in respect of a revolving credit facility of $0.1 million and term loan of $10.4 million from a commercial bank and $5.3 million in respect of the net amount of two secured loans assumed in a business combination.

These borrowings are secured by all assets of the Group, except for the construction-to-term loan, which is secured exclusively by the assets of Bowerman Power LFG, LLC. Total security as of 31 March 2017 includes the following: $19.2 million of cash, $8.8 million of trade receivables, $3.5 million of other current financial assets, $1.1 million of inventories, $101.3 million of property, plant and equipment, $23.4 million of intangible assets, $1.2 million of non-current receivables, $4.2 million of other long-term assets and $0.8 million of assets held for sale.

Fixed rates*	**37 637**	45 571
Floating rates*	**9 633**	10 452
	47 270	56 023
Maturity of these borrowings is as follows*:		
Due within one year	**11 433**	3 691
Due within two to five years	**8 622**	21 075
Due after five years	**27 215**	31 257
	47 270	56 023
Weighted average effective interest rates (%)	**6.61**	6.42

At 31 March 2017 the carrying value of borrowings approximates their fair value as market-related interest rates apply to these balances.

* Borrowings are shown net of debt issuance costs of $0.5 million and $0.8 million respectively.

	Group	
	2017 $'000	2016 $'000
13. PROVISIONS		
Asset retirement obligations		
Balance at the beginning of the year	**6 871**	6 609
Raised during the year	**460**	1 034
Utilised	**(125)**	(206)
Reversed during the year	**(386)**	–
Change in estimate	**(206)**	(566)
Reclassified as held for sale	**(399)**	–
Balance at the end of the year	**6 215**	6 871
Leave entitlement		
Balance at the beginning of the year	**255**	218
Raised during the year	**509**	459
Utilised	**(525)**	(422)
Balance at the end of the year	**239**	255
Bonus plans		
Balance at the beginning of the year	**1 222**	762
Raised during the year	**6 386**	1 263
Utilised	**(6 015)**	(803)
Balance at the end of the year	**1 593**	1 222
Total provisions	**8 047**	8 348
Non-current	**6 215**	6 871
Current	**1 832**	1 477
	8 047	8 348

Asset retirement obligations
Asset retirement 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 rehabilitation of landfill gas sites.

Leave entitlement
This provision is raised in respect of accumulated annual leave days accrued to employees as the Group has a present legal obligation as a result of past services provided by the employee. The timing of the settlement is uncertain given the nature of the provision.

Bonus plans
This provision is recognised when the Group has a present legal or constructive obligation as a result of past services provided by the employee. The timing and extent of claims settled remain uncertain until settlement occurs.

	Group		Company	
	2017 **$'000**	2016 $'000	**2017** **$'000**	2016 $'000
14. FINANCIAL LIABILITIES				
Financial liabilities carried at fair value through profit or loss				
Interest rate swap	**8**	54		
Current portion	**8**	38		
Non-current portion	**–**	16		
	8	54		

Fair value of derivative financial instruments carried at fair value through profit or loss
Interest rate derivative contracts of the Group are carried at their fair value on the statement of financial position.

The value of all the interest rate derivative contracts at year-end was determined using a model which incorporates market inputs, including the implied forward interest rate yield curve for the same period as the future interest rate swap settlement.

	Group		Company	
	2017	2016	**2017**	2016
15. TRADE AND OTHER PAYABLES				
Trade payables	**594**	345	**14**	–
Accruals in respect of fixed asset purchases	**5 020**	5 553	**–**	–
Accruals in respect of compensation	**475**	3 142	**–**	–
Accruals in respect of royalties	**2 420**	578	**–**	–
Other accruals and payables	**3 360**	3 251	**–**	–
	11 869	12 869	**14**	–

Fair value of trade and other payables
The carrying value approximates fair value because of the short period to settlement of these obligations.

	Group	
	2017	2016
16. COMMITMENTS		
Operating lease arrangements where the Group is a lessee		
Future leasing charges:		
– Payable within one year	**189**	212
– Payable within two to five years	**644**	66
– Payable after five years	**40**	–
	873	278
Commitments for the acquisition of property, plant and equipment and intangibles		
Contracted for but not provided in the financial statements	**23 570**	1 391
Authorised but not contracted for	**11 890**	4 652
	35 460	6 043
Within one year	**33 561**	6 043
More than one year	**1 899**	–

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
17. REVENUE				
Environmental attribute sales	**50 558**	32 575		
Gas commodity sales	**26 471**	11 848		
Wholesale electricity sales	**11 894**	6 289		
Other revenue	**210**	39		
	89 133	50 751		
18. OTHER INCOME				
Profit on disposal of emission reduction credits	**–**	9 573		
Gain on the sales of NOx allowances	**150**	–		
Other income	**661**	–		
	811	9 573		
19. INVESTMENT INCOME				
Interest				
Bank	**37**	39	**34**	38
20. FINANCE COSTS				
Interest	**(4 177)**	(449)		
21. ASSET IMPAIRMENTS				
Upon completion of its annual evaluation of asset impairment in accordance with IAS 36, the Company calculated and recorded an impairment loss as of 31 March 2017 of approximately $2.2 million (2016: $3.5 million). The impairment loss was primarily due to the continued deterioration in market pricing for electricity. It was calculated based on replacement cost of similar specification, age and condition items, as quoted by industry specialists. The impairment loss impact on the 31 March 2017 and 2016 statements of financial position by asset category is as follows:				
Property, plant and equipment, net	**(2 237)**	(3 499)		
Intangibles	**–**	(46)		
Impairment loss	**(2 237)**	(3 545)		
22. PROFIT/(LOSS) BEFORE TAXATION				
The following items have been included in arriving at profit before taxation:				
Auditors' remuneration				
– Audit fees – current year	**279**	174	**–**	–
Administrative fees	**1 556**	1 586	**–**	–
Consultancy fees	**972**	508	**–**	–
Operating lease charges				
– Premises	**149**	136	**–**	–
– Plant and equipment	**9**	11	**–**	–
Loss on disposal of property, plant and equipment	**103**	189	**–**	–
Commodity price mark-to-market adjustments	**25**	(245)	**–**	–
Secretarial fees	**3**	20	**–**	–
Staff costs	**7 015**	8 332	**–**	–

	Group		Company	
	2017 **$'000**	2016 $'000	**2017** **$'000**	2016 $'000
23. TAXATION				
Current	**449**	–	**–**	–
Deferred	**(26 825)**	–	**–**	–
	(26 376)	–	**–**	–
Reconciliation of tax rate	**%**	%	**%**	%
Normal tax rate	**28**	28	**28**	28
Capital losses and non-deductible expenses	**12**	–	**(28)**	(28)
Deferred tax asset recognised	**(213)**	–	**–**	–
Deferred tax asset not recognised	**–**	(34)	**–**	–
Differential tax rates – CGT and foreign	**6**	6	**–**	–
Effective rate	**(167)**	–	**–**	–

	Group	
	2017 **'000**	2016 '000
24. EARNINGS/(LOSS) PER SHARE		
24.1 Earnings/(loss) per share as presented on the statements of comprehensive income is based on a weighted average number of 135 531 178 ordinary shares in issue (2016: 135 256 156).		
24.2 Diluted earnings/(loss) per share is based on the weighted average number of 136 469 156 ordinary shares in issue (2016: 135 256 156).		
Used in calculation of earnings/(loss) per share	**135 531**	135 256
Shares and rights issued in terms of the Restricted Stock Plan and Share Appreciation Rights Scheme	**938**	–
Used in calculation of diluted earnings/(loss) per share	**136 469**	135 256
24.3 Headline earnings/(loss) per share (cents)	**32.08**	(3.64)
Diluted headline earnings/(loss) per share (cents)	**31.86**	(3.64)

	2017 Gross $'000	2017 Net $'000	2016 Gross $'000	2016 Net $'000
24. EARNINGS/(LOSS) PER SHARE continued				
Reconciliation of headline profit/(loss):				
Profit attributable to equity holders of the parent	**–**	**42 125**	–	2 320
Losses on disposal of plant and equipment	**103**	**103**	189	189
Impairment of plant and equipment	**2 237**	**2 237**	3 545	3 545
Third-party compensation received in respect of impaired plant and equipment	**(834)**	**(834)**	(1 140)	(1 140)
Gain on bargain purchase	**–**	**–**	(265)	(265)
Gain on disposal of intangible assets	**(150)**	**(150)**	(9 573)	(9 573)
Headline profit/(loss) attributable to equity holders of the parent		**43 481**		(4 924)

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
25. NOTES TO THE CASH FLOW STATEMENTS				
25.1 Cash generated by operations				
Profit/(loss) after taxation	**42 125**	2 320	**(213)**	(284)
Taxation	**(26 376)**	–	**–**	–
Depreciation and amortisation	**16 151**	12 890	**–**	–
Profit on disposal of property, plant and equipment and intangibles	**(47)**	(9 384)	**–**	–
Impairment of assets	**2 237**	3 545	**–**	–
Gain on bargain purchase	**–**	(265)	**–**	–
Share-based payment expense	**1 299**	5	**–**	14
Fair value adjustments	**(22)**	(263)	**–**	–
Investment income	**(37)**	(39)	**(34)**	(38)
Finance costs	**4 177**	449	**–**	–
Movement in provisions	**460**	505	**–**	–
Other non-cash items	**96**	38	**–**	–
	40 063	9 801	**(247)**	(308)
25.2 Changes in working capital				
Inventory	**56**	(188)	**–**	–
Trade and other receivables	**(5 209)**	2 004	**–**	–
Trade and other payables	**(5 611)**	979	**13**	(209)
	(10 764)	2 795	**13**	(209)
25.3 Taxation paid				
Unpaid at the beginning of the year	**(1)**	(1)	**(1)**	(1)
Charged to the statement of comprehensive income	**(449)**	–	**–**	–
Unpaid at the end of the year	**450**	1	**1**	1
	–	–	**–**	–
25.4 Cash and cash equivalents				
Bank balances and deposits	**19 622**	10 010	**421**	569
	19 622	10 010	**421**	569

Fair value of cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

26. KEY MANAGEMENT COMPENSATION

Group

Directors

Year ended 31 March 2017	Board fees $'000	Salary $'000	Other benefits $'000	Share-based compensation $'000	Bonus $'000	Total $'000
Executive directors						
DR Herrman[1]*	–	65	7	–	–	72
ML Ryan*	–	226	20	218	169	633
SF McClain*	–	193	32	200	97	522
Non-executive directors						
JA Copelyn[2]**	10	–	–	–	–	10
MA Jacobson[2]	7	–	–	–	–	7
A van der Veen[2]	7	–	–	–	–	7
MH Ahmed[2]***	10	–	–	–	–	10
N Jappie[2]****	10	–	–	–	–	10
BS Raynor[2]*****	17	–	–	–	–	17
Total	61	484	59	418	266	1 288

1 Mr DR Herrman resigned effective 10 June 2016.
2 Actual fees determined in South African Rand.
* Paid by a subsidiary.
** Includes $2 886 for remuneration committee and social and ethics committee fees.
*** Includes $2 886 for remuneration committee and audit committee fees.
**** Includes $2 886 for remuneration committee, audit committee and social and ethics committee fees.
***** Includes $2 886 for audit committee fees and $7 000 board fees paid by subsidiary companies.

Year ended 31 March 2016	Board fees $'000	Salary $'000	Other benefits $'000	Severance $'000	Bonus $'000	Total $'000
Executive directors						
DR Herrman*	–	290	33	1 000	–	1 323
SF McClain*	–	171	27	–	110	308
Non-executive directors						
JA Copelyn[1]**	9	–	–	–	–	9
MA Jacobson[1]	7	–	–	–	–	7
A van der Veen[1]	7	–	–	–	–	7
MH Ahmed[1]***	9	–	–	–	–	9
N Jappie[1]****	9	–	–	–	–	9
BS Raynor[1]*****	29	–	–	–	–	29
Total	70	461	60	1 000	110	1 701

1 Actual fees determined in South African Rand.
* Paid by a subsidiary.
** Includes $2 673 for remuneration committee and social and ethics committee fees.
*** Includes $2 673 for remuneration committee and audit committee fees.
**** Includes $2 673 for remuneration committee, audit committee and social and ethics committee fees.
***** Includes $2 673 for audit committee fees and $19 500 board fees paid by subsidiary companies.

Other key management and prescribed officers

Year ended 31 March 2017	Salary $'000	Other benefits $'000	Share-based compensation $'000	Severance $'000	Bonus $'000	Total $'000
SE Hill	195	32	200	–	97	524
CA Davis	149	27	660	85	–	921
JW Wallace	146	7	21	–	89	263
Total	490	66	881	85	186	1 708
Year ended 31 March 2016						
ML Ryan	198	22	–	–	123	343
SE Hill	182	28	–	–	96	306
CA Davis	217	28	–	–	127	372
Total	597	78	–	–	346	1 021

27. DIRECTORS' SHAREHOLDINGS

Group 31 March 2017	Direct beneficial Number	Direct beneficial % holding	Indirect beneficial Number	Indirect beneficial % holding	Associates Number	Associates % holding
Executive directors						
ML Ryan*	**660 540**	**0.5**	**–**	**–**	**–**	**–**
SF McClain*	**646 400**	**0.5**	**–**	**–**	**–**	**–**
Non-executive directors						
JA Copelyn	**–**	**–**	**6 705 348**	**4.8**	**–**	**–**
MA Jacobson	**2 640 689**	**1.9**	**–**	**–**	**–**	**–**
A van der Veen	**833 272**	**0.6**	**–**	**–**	**–**	**–**
BS Raynor**	**812 078**	**0.6**	**–**	**–**	**–**	**–**
Total	**5 592 979**	**4.1**	**6 705 348**	**4.8**	**–**	**–**

* 646 400 shares per director are held in terms of the Montauk Holdings Restricted Stock Plan for U.S. Affiliates.

** Acquired a further 134 000 shares between 23 May and 15 June 2017.

31 March 2016	Direct beneficial Number	Direct beneficial % holding	Indirect beneficial Number	Indirect beneficial % holding	Associates Number	Associates % holding
Executive directors						
SF McClain*	646 400	0.5	–	–	–	–
Non-executive directors						
JA Copelyn	6 705 348	4.8	–	–	–	–
MA Jacobson	3 255 689	2.4	–	–	–	–
A van der Veen	833 272	0.6	–	–	–	–
BS Raynor	387 578	0.3	–	–	–	–
Total	11 828 287	8.6	–	–	–	–

* Held in terms of the Montauk Holdings Restricted Stock Plan for U.S. Affiliates.

28. MONTAUK HOLDINGS RESTRICTED STOCK PLAN FOR U.S. AFFILIATES AND SHARE APPRECIATION RIGHTS SCHEME FOR U.S. AFFILIATES

The Company operates two equity-settled share-based remuneration schemes:

- The Montauk Holdings Restricted Stock Plan for U.S. Affiliates ("Restricted Stock Plan"); and
- The Montauk Holdings Share Appreciation Rights Scheme for U.S. Affiliates ("Share Appreciation Rights Scheme").

In terms of the Restricted Stock Plan only United States-based employees of United States-based companies are eligible to participate. Shares are awarded to participants for Nil consideration, subject to various restrictions, including the participant's ability to trade or encumber the shares. These restrictions lapse in respect of 20% of shares held on the second anniversary of date of grant, 20% on the third anniversary and 60% on the fourth anniversary of date of grant, provided the participant remains in the Group's employ. The maximum number of shares that may be awarded to any one participant is 2 000 000.

In terms of the Share Appreciation Rights Scheme only United States-based employees of United States-based companies are eligible to participate. Share appreciation rights vest over periods of three to five years. Rights are awarded at a strike price equal to the closing price on the date of award. Share appreciation rights may be exercised within three months of vesting, whereafter they lapse. The exercise price is determined with reference to the 20-day volume weighted average trading price of the Company's shares on the JSE Limited, preceding the date of exercise. Gains realised are settled by the Company on a net equity basis, whereby the number of shares delivered to a participant shall be equal in value to the gross gain realised. The maximum number of shares that may be awarded to any one participant is 2 000 000.

The fair value of options granted is measured using the Black-Schöles Model. Grants awarded in the current year were fairly valued using a volatility indicator of 86% and an annual interest rate of 1%. The cost relating to these grants is recognised by allocating the fair value over the vesting period on a straight-line basis. An expense of $1 299 472 (2016: $5 000) was recognised during the current year.

The volume weighted average share price during the current year was ZAR15.03 (2016: ZAR7.80).

28. MONTAUK HOLDINGS RESTRICTED STOCK PLAN FOR U.S. AFFILIATES AND SHARE APPRECIATION RIGHTS SCHEME FOR U.S. AFFILIATES continued

The restricted shares issued in terms of the Restricted Stock Plan and outstanding at 31 March 2017 are as follows:

	Number of restricted shares		Weighted average issue price ZAR*	
	2017	2016	**2017**	2016
Balance at the beginning of the year	**2 585 600**	–	**–**	–
Restricted shares awarded	**–**	2 585 600		
Restricted shares vested upon retirement	**(646 400)**	–	**–**	–
Balance at the end of the year	**1 939 200**	2 585 600	**–**	–
Unconditional on:				
31 March 2018	**387 840**	517 120	**–**	–
31 March 2019	**387 840**	517 120	**–**	–
31 March 2020	**1 163 520**	1 551 360	**–**	–

The number of shares received by participants of the Restricted Stock Plan at the date that these become unconditional are not variable and are limited to the number awarded at date of grant.

The maximum number of shares that may be utilised for the purposes of the Restricted Stock Plan is 7 514 231. In addition to the 2 585 600 shares already issued to participants a further 4 928 631 shares may be utilised by the Restricted Stock Plan. 646 600 (2016: Nil) shares became unconditional during the year.

The share appreciation rights issued in terms of the Share Appreciation Rights Scheme and outstanding at 31 March 2017 are as follows:

	Number of share appreciation rights		Weighted average exercise price ZAR*	
	2017	2016	**2017**	2016
Balance at the beginning of the year	**525 000**	–	**8.50**	–
Share appreciation rights awarded	**425 000**	950 000	**18.50**	8.50
Share appreciation rights forfeited	**–**	(425 000)	**–**	8.50
Share appreciation rights exercised	**(75 000)**	–	**8.50**	–
Balance at the end of the year	**875 000**	525 000	**13.36**	8.50
Exercisable between:				
11 December 2018 and 11 March 2019	**150 000**	175 000	**8.50**	8.50
26 October 2019 and 26 January 2020	**258 333**	–	**18.50**	–
11 December 2019 and 11 March 2020	**150 000**	175 000	**8.50**	8.50
26 October 2020 and 26 January 2021	**83 333**	–	**18.50**	–
11 December 2020 and 11 March 2021	**150 000**	175 000	**8.50**	8.50
26 October 2021 and 26 January 2022	**83 334**	–	**18.50**	–

The maximum number of shares that may be issued in respect of the 875 000 (2016: 525 000) share appreciation rights outstanding at reporting date is 875 000 (2016: 525 000).

The maximum number of shares that may be utilised for the purposes of the Share Appreciation Rights Scheme is 7 514 231. In addition to the share appreciation rights in issue at the reporting date a further 6 601 753 (2016: 6 989 231) shares may be utilised by the Share Appreciation Rights Scheme. 37 478 (2016: Nil) shares were delivered to participants in terms of the Share Appreciation Rights Scheme during the year under review.

28. MONTAUK HOLDINGS RESTRICTED STOCK PLAN FOR U.S. AFFILIATES AND SHARE APPRECIATION RIGHTS SCHEME FOR U.S. AFFILIATES continued

	Number of restricted shares		Weighted average issue price ZAR*	
	2017	2016	**2017**	2016
Restricted shares awarded to executive directors:				
ML Ryan				
Balance at the beginning of the year	**646 400**	–	**–**	–
Restricted shares awarded	**–**	646 400	**–**	–
Balance at the end of the year	**646 400**	646 400	**–**	–
Unconditional on:				
31 March 2018	**129 280**	129 280	**–**	–
31 March 2019	**129 280**	129 280	**–**	–
31 March 2020	**387 840**	387 840	**–**	–
SF McClain				
Balance at the beginning of the year	**646 400**	–	**–**	–
Restricted shares awarded	**–**	646 400	**–**	–
Balance at the end of the year	**646 400**	646 400	**–**	–
Unconditional on:				
31 March 2018	**129 280**	129 280	**–**	–
31 March 2019	**129 280**	129 280	**–**	–
31 March 2020	**387 840**	387 840	**–**	–

	Number of share appreciation rights		Weighted average exercise price ZAR*	
	2017	2016	**2017**	2016
Share appreciation rights granted to executive directors:				
ML Ryan				
Balance at the beginning of the year	**300 000**	–	**8.50**	–
Share appreciation rights awarded	**125 000**	300 000	**18.50**	8.50
Balance at the end of the year	**425 000**	300 000	**11.44**	8.50
Exercisable between:				
11 December 2018 and 11 March 2019	**100 000**	100 000	**8.50**	8.50
26 October 2019 and 26 January 2020	**125 000**	–	**18.50**	–
11 December 2019 and 11 March 2020	**100 000**	100 000	**8.50**	8.50
11 December 2020 and 11 March 2021	**100 000**	100 000	**8.50**	8.50
SF McClain				
Balance at the beginning of the year	**75 000**	–	**8.50**	–
Share appreciation rights awarded	**25 000**	75 000	**18.50**	8.50
Balance at the end of the year	**100 000**	75 000	**11.00**	8.50
Exercisable between:				
11 December 2018 and 11 March 2019	**25 000**	25 000	**8.50**	8.50
26 October 2019 and 26 January 2020	**25 000**	–	**18.50**	–
11 December 2019 and 11 March 2020	**25 000**	25 000	**8.50**	8.50
11 December 2020 and 11 March 2021	**25 000**	25 000	**8.50**	8.50

28. MONTAUK HOLDINGS RESTRICTED STOCK PLAN FOR U.S. AFFILIATES AND SHARE APPRECIATION RIGHTS SCHEME FOR U.S. AFFILIATES continued

	Number of share appreciation rights		Weighted average exercise price ZAR*	
	2017	2016	**2017**	2016
Share appreciation rights granted to executive directors continued:				
DR Herrman				
Balance at the beginning of the year	**–**	–	**–**	–
Share appreciation rights awarded	**–**	425 000	**–**	8.50
Share appreciation rights forfeited	**–**	(425 000)	**–**	8.50
Balance at the end of the year	**–**	–	**–**	–

* Restricted share award prices and share appreciation rights prices are disclosed in South African Rand due to the Company's shares being listed and its share price quoted on the JSE Limited.

29. FINANCIAL RISK MANAGEMENT

29.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including commodity risk, currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the finance departments of the major operating units under policies approved by their boards of directors. Their boards provide principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. Credit risk is also managed at an entity level for trade receivables.

29.1.1 Market risk

Currency risk

The Group's exposure to foreign exchange risk is insignificant as its functional currency is US Dollar and its operations are all situated in the United States with only certain administrative functions performed in South Africa. The Group secures its debt denominated in US Dollar in the offshore entities with assets and cash flows of those offshore operations (where the functional currency of these entities is US Dollars). As a result, no forward cover contracts are required on this debt. There are no foreign currency imports or exports in the Group and services procured in foreign currency are not material.

The following exchange rates applied during the years under review:

	Average rate		Reporting date	
	2017	2016	**2017**	2016
South African Rand	**0.07**	0.07	**0.07**	0.07

The following carrying amounts were exposed to foreign currency exchange risk:

	2017 $'000	2016 $'000
Cash and cash equivalents		
South African Rand	**421**	569
Trade and other payables		
South African Rand	**14**	–

Interest rate risk

The Group's primary interest rate risk arises from long-term borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

At 31 March the interest rate profile of the Group's interest-bearing financial instruments (gross of debt issuance costs) was:

	Carrying amount	
	2017 $'000	2016 $'000
Fixed rate instruments		
Financial assets	**19 622**	10 010
Financial liabilities	**(38 126)**	(45 571)
Variable rate instruments		
Financial assets	**–**	–
Financial liabilities	**(9 677)**	(10 452)

Fair value sensitivity analysis for fixed rate instruments

A change of 100 basis points in interest rates would have increased or decreased profit after tax by $0.1 million (2016: $0.1 million).

Other price risk

The Group is not exposed to commodity price risk other than energy commodity (electricity and natural gas) and RIN pricing. In order to mitigate the risks associated with the fluctuations in energy commodity prices from time to time the Group enters various hedging arrangements to fix prices for portions of expected production volumes. A change of 1% in the natural gas price would have increased/decreased post-tax profits by $0.1 million (2016: $0.1 million). A change of 1% in the price of RINs would have increased/decreased post-tax profits by $0.3 million. The analysis assumes that all other variables remain constant.

29. FINANCIAL RISK MANAGEMENT continued

29.1 Financial risk factors continued

29.1.2 Credit risk

The Group has no significant concentrations of credit risk. Overall credit risk is managed at entity level. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to the Group's customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only board-approved parties are accepted. The Group has policies that limit the amount of credit exposure to any financial institution. Trade receivables comprise a large, widespread customer base and the Group performs ongoing credit evaluations of the financial condition of its customers. The utilisation of credit limits are regularly monitored. Refer to note 8 for further credit risk analysis in respect of trade and other receivables. No credit limits were exceeded during the year under review, and management does not expect any losses from non-performance by these counterparties.

The table below shows the Group's maximum exposure to credit risk by class of asset:

	Carrying amount	
	2017 $'000	2016 $'000
Energy price derivatives	**8**	33
Receivables	**10 007**	5 219
Cash and cash equivalents	**19 622**	10 010
	29 637	15 262

29.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury functions of the major subsidiaries aim to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity headroom on the basis of expected cash flow and the resulting borrowing position compared to available credit facilities. This process is performed during each financial year-end and monitored by the board on an ongoing basis.

	Less than one year $'000	Between two and five years $'000	Over five years $'000
At 31 March 2017			
Bank and other borrowings (gross of debt issuance costs)	**11 477**	**8 622**	**27 705**
Trade and other payables	**11 869**	**–**	**–**
	23 346	**8 622**	**27 705**
At 31 March 2016			
Bank and other borrowings	3 691	21 075	31 257
Trade and other payables	12 869	–	–
	16 560	21 075	31 257

Defaults and breaches on loans

There were no breaches or defaults on the repayment of any loans payable during the current or prior year.

29.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure. The Group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid up capital, revenue reserves and other reserves, being revaluation reserves (if any) and foreign currency translation reserves. The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, and to sustain future development of the business. The board of directors monitors the cost of capital, which the Group defines as the weighted average cost of capital, taking into account the Group's internally calculated cost of equity (shareholder funding) and long-term cost of debt assumptions. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position. The Group's debt capacity and optimal gearing levels are determined by the cash flow profile of the Group and are measured through applicable ratios such as net debt to earnings before interest, tax, depreciation and amortisation ("EBITDA") and interest cover. In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29. FINANCIAL RISK MANAGEMENT continued

29.3 Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – Quoted prices available in active markets for identical assets or liabilities

Level 2 – Inputs used, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly

Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data

The following items are measured at fair value:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group 2017				
ASSETS				
Financial assets at fair value through profit or loss				
Energy price derivative	**–**	**8**	**–**	**8**
Total assets	**–**	**8**	**–**	**8**
LIABILITIES				
Financial liabilities at fair value through profit or loss				
Interest rate swap	**–**	**8**	**–**	**8**
Total liabilities	**–**	**8**	**–**	**8**
Group 2016				
ASSETS				
Financial assets at fair value through profit or loss				
Energy price derivative	–	33	–	33
Total assets	–	33	–	33
LIABILITIES				
Financial liabilities at fair value through profit or loss				
Interest rate swap	–	54	–	54
Total liabilities	–	54	–	54

30. EVENTS SUBSEQUENT TO REPORTING DATE

In June 2017 the Group entered into an agreement with a new landfill counterparty to build, own and operate a renewable natural gas ("RNG") facility at a landfill located in Ohio for a term of 20 years from commercial operation. Upon commercial operation this new facility will process up to 3 500 standard cubic feet per minute of methane. Commercial operations of this RNG project is targeted to commence early in the 2019 financial year.

This event does not affect the results of the Group for the year ended 31 March 2017.

On 27 July 2017 Montauk Energy Holdings, LLC ("MEH") paid in full the outstanding balance on MEH's term loan from a commercial bank, including accrued interest and terminated its existing interest rate swap agreement for an immaterial termination fee.

On 4 August 2017 MEH entered into an amended and restated credit agreement ("credit agreement") with a commercial bank which provided for a three-year term loan facility in the amount of $20.0 million and replaced the existing revolving credit facility with a new three-year $20.0 million revolving credit facility. The outstanding balance of $0.5 million from the existing revolving credit facility was carried into the new revolving facility and was subsequently paid off on 30 August 2017.

The interest rates applicable to the revolving credit facility under the credit agreement are LIBOR plus 2.75%, a letter of credit utilisation fee of 2.75% and unused commitments under the new revolving credit facility are subject to a commitment fee of 0.50% per annum. MEH also entered into a new interest rate swap agreement with the commercial bank holding the loans; as a result $20.0 million of the term loan debt is hedged at an effective interest rate of 4.56%. The term loan's stated interest rate is LIBOR plus 2.75%.

Also on 4 August 2017 Bowerman Power LFG, LLC ("Bowerman") entered into a credit agreement (the "refinancing") with a commercial bank, which provided for a five-year term loan facility in the amount of $27.5 million and a five-year revolving credit facility in the amount of $10.0 million.

The interest rates applicable to revolving credit facility under the refinancing are LIBOR plus 3.25%, a letter of credit utilisation fee of 3.25% and unused commitments under the revolving credit facility are subject to a commitment fee of 0.75% per annum. Bowerman also entered into an interest rate swap agreement with the commercial bank holding the loans; as a result $27.5 million of the term loan debt is hedged at an effective interest rate of 5.23%. The term loan's stated interest rate is LIBOR plus 3.25%.

As a result of the refinancing, Bowerman used the proceeds from the term loan of $27.5 million, $1.8 million from the revolving credit facility and $10.0 million of cash to repay all existing indebtedness outstanding under the construction to term loan agreement, consisting of $37.5 million of principal, an immaterial amount of accrued interest, and $1.1 million prepayment penalty. Also paid was $0.4 million of debt issuance costs associated with the refinancing. Bowerman also incurred a non-cash charge in the amount of $0.5 million for the unamortised debt issuance costs.

Both the credit agreement and the refinancing are secured by substantially all of the assets of the entities, MEH excluding Bowerman assets, and Bowerman assets, respectively. Total security includes the following: $26.5 million of cash, $3.8 million of trade receivables, $1.0 million of inventories, $109.9 million of property, plant and equipment, $22.5 million of intangible assets, $1.2 million of non-current receivables and $0.8 million of assets held for sale.

The credit agreement and refinance reduce the weighted interest rate from 6.61% to 4.80%.

31. FINANCIAL INSTRUMENTS

An analysis of the Group's assets and liabilities, classified by financial instrument classification, are set out below:

	Loans and receivables		Financial liabilities at amortised cost	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Group				
ASSETS				
Non-current assets	**5 407**	4 149	**–**	–
Property, plant and equipment	**–**	–	**–**	–
Intangible assets	**–**	–	**–**	–
Deferred taxation	**–**	–	**–**	–
Other financial assets	**4 185**	2 235	**–**	–
Non-current receivables	**1 222**	1 914	**–**	–
Current assets	**31 981**	20 441	**–**	–
Inventories	**–**	–	**–**	–
Other financial assets	**3 574**	7 126	**–**	–
Trade and other receivables	**8 785**	3 305	**–**	–
Cash and cash equivalents	**19 622**	10 010	**–**	–
Disposal group assets held for sale	**–**	–	**–**	–
Total assets	**37 388**	24 590	**–**	–
LIABILITIES				
Non-current liabilities	**–**	–	**35 837**	52 332
Borrowings	**–**	–	**35 837**	52 332
Financial liabilities	**–**	–	**–**	–
Long-term provisions	**–**	–	**–**	–
Current liabilities	**–**	–	**23 302**	16 560
Trade and other payables	**–**	–	**11 869**	12 869
Financial liabilities	**–**	–	**–**	–
Current portion of borrowings	**–**	–	**11 433**	3 691
Taxation	**–**	–	**–**	–
Provisions	**–**	–	**–**	–
Disposal group liabilities held for sale	**–**	–	**–**	–
Total liabilities	**–**	–	**59 139**	68 892
Company				
ASSETS				
Non-current assets	**–**	–	**–**	–
Subsidiary companies	**–**	–	**–**	–
Current assets	**421**	569	**–**	–
Cash and cash equivalents	**421**	569	**–**	–
Total assets	**421**	569	**–**	–
LIABILITIES				
Current liabilities	**–**	–	**14**	–
Trade and other payables	**–**	–	**14**	–
Taxation	**–**	–	**–**	–
Total liabilities	**–**	–	**14**	–

Non-financial instruments		Available for sale		Fair value through profit or loss		Total	
2017	2016	2017	2016	2017	2016	2017	2016
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
151 553	130 816	–	–	–	–	156 960	134 965
101 330	98 438	–	–	–	–	101 330	98 438
23 398	32 378	–	–	–	–	23 398	32 378
26 825	–	–	–	–	–	26 825	–
	–	–	–	–	–	4 185	2 235
–	–	–	–	–	–	1 222	1 914
1 053	1 109	–	–	8	33	33 042	21 583
1 053	1 109	–	–	–	–	1 053	1 109
–	–	–	–	8	33	3 582	7 159
–	–	–	–	–	–	8 785	3 305
–	–	–	–	–	–	19 622	10 010
770	–	–	–	–	–	770	–
153 376	131 925	–	–	8	33	190 772	156 548
6 215	6 871	–	–	–	16	42 052	59 219
–	–	–	–	–	–	35 837	52 332
–	–	–	–	–	16	–	16
6 215	6 871	–	–	–	–	6 215	6 871
2 282	1 478	–	–	8	38	25 592	18 076
–	–	–	–	–	–	11 869	12 869
–	–	–	–	8	38	8	38
–	–	–	–	–	–	11 433	3 691
450	1	–	–	–	–	450	1
1 832	1 477	–	–	–	–	1 832	1 477
399	–	–	–	–	–	399	–
8 896	8 349	–	–	8	54	68 043	77 295
121 536	120 237	–	–	–	–	121 536	120 237
121 536	120 237	–	–	–	–	121 536	120 237
–	–	–	–	–	–	421	569
–	–	–	–	–	–	421	569
121 536	120 237	–	–	–	–	121 957	120 806
1	1	–	–	–	–	15	1
–	–	–	–	–	–	14	–
1	1	–	–	–	–	1	1
1	1	–	–	–	–	15	1

ANNEXURE A

INTEREST IN PRINCIPAL SUBSIDIARIES

	Issued share capital $'000	Effective interest %	**2017** Shares $'000	**2017** Loans $'000	2016 Shares $'000	2016 Loans $'000
Shares and loans stated at cost less impairment						
Renewable energy						
Montauk Holdings USA, LLC	181 045	100	**121 536**	**–**	120 237	–
Montauk Energy Holdings, LLC	–	100	*	**–**	*	–
Montauk Energy Capital, LLC	–	99.5	*	**–**	*	–
Johnstown LFG Holdings, Inc.	–	100	*	**–**	*	–
Johnstown Regional Energy, LLC	–	100	*	**–**	*	–
Monroeville LFG, LLC	–	99.5	*	**–**	*	–
Valley LFG, LLC	–	99.5	*	**–**	*	–
GSF Energy, LLC	–	99.5	*	**–**	*	–
Bowerman Power LFG, LLC	–	99.5	*	**–**	*	–
Monmouth Energy, Inc.	–	99.5	*	**–**	*	–
Tulsa LFG, LLC	–	99.5	*	**–**	*	–
MH Energy, LLC	–	100	*	**–**	*	–
MH Energy (GP), LLC	–	100	*	**–**	*	–
TX LFG Energy, LP	–	100	*	**–**	*	–
			121 536	**–**	120 237	–

* Indirectly held.

Subsidiaries whose financial position or results are not material are excluded.

Details of excluded subsidiaries are available from the company secretary.

Subsidiaries are all incorporated in the United States of America.

ANNUAL GENERAL MEETING

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

NOTICE TO SHAREHOLDERS FOR THE YEAR ENDED 31 MARCH 2017

NOTICE IS HEREBY GIVEN that the annual general meeting of Montauk Holdings Limited ("the Company") will be held on Wednesday, 1 November 2017 at 14:00 at the registered offices of the Company, 5th Floor, 4 Stirling Street, Zonnebloem, Cape Town, 7925.

This document is available in English only. The proceedings at the meeting will be conducted in English.

GENERAL INSTRUCTIONS AND INFORMATION

Participants at the annual general meeting will be required to provide proof of identification to the reasonable satisfaction of the chairman of the annual general meeting and must accordingly provide a copy of their identity document, passport or driver's licence at the annual general meeting for verification.

The board of directors of the Company determined, in accordance with section 59 of the Companies Act, 71 of 2008, as amended ("the Act"), that the record date for the purpose of determining which shareholders of the Company were entitled to receive notice of the annual general meeting was Friday, 15 September 2017 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the annual general meeting is Friday, 20 October 2017. Accordingly, only shareholders who are registered in the register of shareholders of the Company on Friday, 20 October 2017 will be entitled to participate in and vote at the annual general meeting.

All shareholders of ordinary shares in the Company ("shares") are entitled to attend, speak and vote at the annual general meeting. If you hold certificated shares (i.e. have not dematerialised your shares in the Company) or are registered as an "own name" dematerialised shareholder (i.e. have specifically instructed your Central Securities Depository Participant ("CSDP") to hold your shares in your own name on the Company's sub-register), then:

- you may attend and vote at the annual general meeting; alternatively
- you may appoint one or more proxies (who need not be shareholders of the Company) to represent you at the annual general meeting by completing the attached form of proxy and returning it to the office of the transfer secretaries, to be received by no later than 24 (twenty-four) hours prior to the time appointed for the holding of the meeting for administrative purposes.

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, to participate in the annual general meeting by way of video conference in Johannesburg. Should you wish to participate in the annual general meeting by way of video conference as aforesaid, you are required to give notice of such proposed participation to the Company at its registered office or at the office of the transfer secretaries by no later than 12:00 on Friday, 27 October 2017. In order for the notice to be valid, it must be accompanied by the following:

- if the shareholder is an individual, a certified copy of his identity document and/or passport;
- if the shareholder is not an individual, a certified copy of the resolution adopted by the relevant entity authorising the representative to represent the shareholder at the annual general meeting and a certified copy of the authorised representative's identity document and/or passport; and
- a valid e-mail address and/or facsimile number for the purpose of receiving details of the video-conference facility that will be made available. Upon receipt of the aforesaid notice and documents, the Company shall notify you of the relevant details of the video-conference facilities available in Johannesburg at which you can participate in the annual general meeting by way of electronic communication.

Please note that if you own dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE Limited's ("JSE") electronic settlement system held through a CSDP or broker (or their nominee) and are not registered as an "own name" dematerialised shareholder you are not a registered shareholder of the Company. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to attend the annual general meeting, you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively

- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. You must not complete the attached form of proxy.

The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be. CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the office of the Company's transfer secretaries to be received by not less than 24 (twenty-four) hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

NOTICE TO MEMBERS

On a poll the holders of ordinary no par value shares are entitled to 1 (one) vote per ordinary share.

Unless otherwise specifically provided below, for any of the ordinary resolutions to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For any special resolutions to be adopted, more than 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

The integrated annual report to which this notice of annual general meeting is attached provides details of:

- the directors and management of the Company, including brief CVs of the directors nominated for re-election, on page 6;
- the major shareholders of the Company on page 4; and
- the share capital of the Company in note 10 and an analysis of shareholders on page 3.

There are no material changes to the Group's financial or trading position (other than as disclosed in the accompanying integrated annual report), nor are there any legal or arbitration proceedings that may materially affect the financial position of the Group between 31 March 2017 and the reporting date, other than as provided in the directors' report on page 26.

The directors accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that the integrated annual report and this notice provide all information required by law and the Listings Requirements of the JSE ("JSE Listings Requirements").

PURPOSE

1. Transacting the following business:
   1.1 to present the audited annual financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 March 2017, the associated directors' report, external auditor's report, the audit and risk committee report, and the social and ethics committee report;
   1.2 to elect directors in the place of those retiring in accordance with the Company's memorandum of incorporation ("MOI"); and
   1.3 such other business as may be transacted at an annual general meeting.
2. Considering, and if deemed fit, passing, with or without modification, the below-mentioned ordinary and special resolutions.

The purpose of the annual general meeting is for the following business to be transacted and the following resolutions to be proposed, all of them as ordinary resolutions unless the contrary appears:

AGENDA:

1. The Act requires the Company to present the audit committee report and the directors' report at the annual general meeting of the Company. The directors' report is set out on pages 26 and 27 and the audit committee report is set out on pages 14 and 15 of the integrated annual report to which this notice of annual general meeting is attached.
2. **To receive and adopt the audited financial statements – ordinary resolution number 1**

   "Resolved that the audited financial statements and Group audited financial statements for the year ended 31 March 2017 as tabled at the meeting are hereby adopted."

   The purpose of this ordinary resolution is to adopt the annual financial statements of the Company and its subsidiaries, as set out on pages 22 to 62 of the integrated annual report to which this notice of annual general meeting is attached.

3. **Appointment of directors – ordinary resolution numbers 2.1, 2.2 and 2.3**

   Mr MA Jacobson, Ms NB Jappie and Mr SF McClain retire as directors in accordance with the Company's MOI but, being eligible, each offer themselves for re-election as a director of the Company. For CV details, see page 6.

   The reason for ordinary resolution number 2.1 is to re-elect Mr MA Jacobson, who retires as a director in accordance with the Company's MOI. The reason for ordinary resolution number 2.2 is to re-elect Ms NB Jappie, who retires as a director in accordance with the Company's MOI. The reason for ordinary resolution number 2.3 is to re-elect Mr SF McClain, who retires as a director in accordance with the Company's MOI. Accordingly, shareholders are requested to consider and, if deemed fit, to re-elect Mr MA Jacobson, Ms NB Jappie and Mr SF McClain by way of passing the ordinary resolutions set out below:

   3.1 ***Mr MA Jacobson – ordinary resolution number 2.1***
   "Resolved that Mr MA Jacobson be and is hereby elected as a director of the Company."

   3.2 ***Ms NB Jappie – ordinary resolution number 2.2***
   "Resolved that Ms NB Jappie be and is hereby elected as a director of the Company."

   3.3 ***Mr SF McClain – ordinary resolution number 2.3***
   "Resolved that Mr SF McClain be and is hereby elected as a director of the Company."

4. **Reappointment of auditor – ordinary resolution number 3**

   The Company's audit committee has recommended that Grant Thornton Johannesburg Partnership be reappointed as the auditors of the Company for the ensuing year and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2018 is Mr T Schoeman. Accordingly, the directors propose that the following resolution be adopted:

   "Resolved that Grant Thornton Johannesburg Partnership is hereby appointed as the auditor to the Company for the ensuing year."

   The reason for ordinary resolution number 3 is that the Company, being a public listed Company, must have its financial results audited and such auditor must be appointed or reappointed each year at the annual general meeting of the Company as required by the Act.

5. **Appointment of audit committee – ordinary resolution numbers 4.1, 4.2 and 4.3**

   5.1 ***Appointment of audit committee – ordinary resolution number 4.1***
   "Resoved that Mr MH Ahmed (see CV details on page 6) be appointed to the audit committee of the Company for the ensuing year."

   5.2 ***Appointment of audit committee – ordinary resolution number 4.2***
   "Resolved that Ms NB Jappie (see CV details on page 6) be appointed to the audit committee of the Company for the ensuing year."

   5.3 ***Appointment of audit committee – ordinary resolution number 4.3***
   "Resolved that Mr BS Raynor (see CV details on page 6) be appointed to the audit committee of the Company for the ensuing year."

   The reason for ordinary resolution numbers 4.1 to 4.3 is that the Company, being a public listed company, must appoint an audit committee and the Act requires that the members of such audit committee be appointed at each annual general meeting of a company.

6. **General authority over unissued shares – ordinary resolution number 5**

   "Resolved that all the unissued authorised shares in the Company be and are hereby placed under the control of the directors, subject to the provisions of the Act, the MOI and the JSE Listings Requirements, until the next annual general meeting."

   No issue of these shares is contemplated at the present time other than in accordance with the terms of the Montauk Holdings Restricted Stock for U.S. Affiliates Plan and/or the Montauk Holdings Share Appreciation Rights Scheme for U.S. Affiliates.

7. **Advisory endorsement of remuneration report for the year ended 31 March 2017 – non-binding resolution number 6**

   "To endorse, on an advisory basis, the Company's remuneration policy on page 16 of the integrated annual report, (excluding the remuneration of the non-executive directors for their services as directors and members of board committees)."

Motivation for advisory endorsement
In terms of the King Code of Governance Principles for South Africa 2009, an advisory vote should be obtained from shareholders on the Company's annual remuneration policy. The vote allows shareholders to express their views on the remuneration policies adopted and their implementation, but will not be binding on the Company.

8. **General authority to issue shares and options for cash – special resolution number 1**

"Resolved that the directors of the Company be and are hereby authorised by way of a general authority to issue (which shall for the purposes of the JSE Listings Requirements include the sale of treasury shares) for cash (as contemplated in the JSE Listings Requirements) all or any of the authorised but unissued shares in the capital of the Company, including options, as and when they in their discretion deem fit, subject to the Act, the MOI of the Company and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided that such issues for cash may not, in the aggregate, in any 1 (one) financial year, exceed 15% (fifteen per cent) of the number of shares of the relevant class of shares issued prior to such issue."

Additional requirements imposed by the JSE Listings Requirements:

It is recorded that the Company may only make an issue of shares for cash under the above general authority if the following JSE Listings Requirements are met:

- the shares, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- the general authority shall only be valid until the Company's next annual general meeting or for 15 (fifteen) months from the date of passing of this ordinary resolution, whichever period is shorter;
- a SENS announcement will be published giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) days prior to the date that the price of the issue was agreed in writing between the Company and party/ies subscribing for such shares and the expected effect on the net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) of the number of shares in issue prior to that issue;
- that issues in the aggregate in any 1 (one) financial year may not exceed 20 681 885 ordinary shares, representing 15% (fifteen per cent) of the ordinary shares of the Company, excluding treasury shares, taking into account the dilutionary effect of convertible equity securities and options in accordance with the JSE Listings Requirements;
- in determining the price at which an issue of shares may be made in terms of this general authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed to between the Company and the party/ies subscribing for the shares; and
- any issue will only be made to "public shareholders" as defined by the JSE Listings Requirements and not to related parties.

In terms of the Company's MOI, for so long as the Company is listed on the JSE, if any of the JSE Listings Requirements require an ordinary resolution to be passed with a 75% majority, the resolution shall instead be required to be passed by way of a special resolution of shareholders. Accordingly, this resolution is a special resolution and is required to be passed with the approval of more than 75% of the voting rights exercised on this resolution.

9. **Approval of annual fees to be paid to non-executive directors – special resolution number 2**

"To approve for the period 1 November 2017 until the date of the next annual general meeting of the Company, the remuneration payable to non-executive directors of the Company for their services as directors as follows:

Non-executive director	Fee (R)
JA Copelyn	152 622
MH Ahmed	152 622
NB Jappie	152 622
MA Jacobson	109 016
A van der Veen	109 016
BS Raynor	152 622"

Reason for and effect of special resolution number 2
This resolution is proposed in order to comply with the requirements of the Act. In terms of section 65(11)(h)

of the Act, read with section 66(8) and 66(9) of the Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the holders within the previous 2 (two) years and only if this is not prohibited in terms of the Company's MOI.

The payment of remuneration to directors for their services as directors is not prohibited by the Company's MOI. This special resolution applies only to non-executive directors, as executive directors are required to attend meetings as part of their terms of employment and do not receive remuneration for their services as directors in addition to salaries they receive by virtue of their employment by the Company.

The proposed directors' remuneration payable to non-executive directors is based on best practice and aimed at ensuring fair and competitive remuneration practices. It is important for the Company to attract new directors and retain directors with the relevant capabilities, skills and experience required to effectively conduct the business of the board and lead the Company according to its strategic priorities.

10. **General authority to repurchase Company shares – special resolution number 3**

"Resolved that the Company hereby approves, as a general approval contemplated in JSE Listing Requirement 5.72 and sections 46 and 48 of the Act (including but limited to section 48(8)(a) of the Act), the acquisition by the Company or any of its subsidiaries from time to time of the issued shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI, the provisions of the Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided that:

- acquisitions by the Company and its subsidiaries of shares in the capital of the Company may not, in the aggregate, exceed in any 1 (one) financial year 20% (twenty per cent) (or 10% (ten per cent) where such acquisitions relate to the acquisition by a subsidiary) of the Company's issued share capital of the class of the repurchased shares from the date of the grant of this general authority;
- any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- the Company (or any subsidiary) is authorised to do so in terms of its MOI;
- this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the Company's shares are acquired by the Company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired may not be greater than 10% (ten per cent) above the weighted average of the market price at which such shares are traded on the JSE for the 5 (five) business days immediately preceding the date the repurchase transaction is effected;
- at any point in time, the Company may only appoint 1 (one) agent to effect any repurchase(s) on the Company's behalf;
- the Company or its subsidiaries may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the Listings Requirements of the JSE unless there is a repurchase programme in place and the dates and quantities of shares to be repurchased during the prohibited period are fixed and full details thereof have been submitted to the JSE in writing prior to commencement of the prohibited period;
- a SENS announcement will be published as soon as the Company and/or its subsidiaries has/have acquired shares constituting, on a cumulative basis 3% (three per cent) of the number of shares of the class of shares repurchased in issue at the time of granting of this general authority, and each time the Company acquires a further 3% (three per cent) of such shares thereafter, which announcement shall contain full details of such acquisitions; and
- the repurchase shall only be effected if the board of directors has, at the time of the repurchase, passed a resolution authorising the repurchase, in terms of sections 48 and 46 of the Companies Act and it reasonably appears that the Company and its subsidiaries have satisfied the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Company and its subsidiaries."

Statement by the board of directors of the Company

Pursuant to and in terms of the JSE Listings Requirements, the board of directors of the Company hereby states that:

a) it is their intention to utilise the general authority to acquire shares in the Company if at some future date the cash resources of the Company are in excess of its requirements or there are good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company, and the interests of the Company;

b) in determining the method by which the Company intends to acquire its shares, the maximum number of shares to be acquired and the date on which such acquisition will take place, the directors of the Company will only make the acquisition if at the time of the acquisition they are of the opinion that:

   - the Company and its subsidiaries would, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of this notice of the annual general meeting;
   - the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, would, after the repurchase, be in excess of the consolidated liabilities of the Company and its subsidiaries for the next 12 (twelve) months after the date of this notice of the annual general meeting;
   - the issued share capital and reserves of the Company and its subsidiaries would, after the repurchase, be adequate for the ordinary business purposes of the Company or any acquiring subsidiary for the next 12 (twelve) months after the date of approval of this notice of the annual general meeting;
   - the working capital available to the Company and its subsidiaries would, after the repurchase, be adequate for the ordinary business purposes for the next 12 (twelve) months after the date of approval of this notice of the annual general meeting; and
   - the Company and its subsidiaries pass the solvency and liquidity test and that, from the time that the test is done, there are no material changes to the financial position of the Company or any acquiring subsidiary.

Reason for and effect of special resolution number 3

The reason for special resolution number 3 is to grant the Company a general authority in terms of the JSE Listings Requirements for the acquisition by the Company or any of its subsidiaries of shares issued by the Company, which authority shall be valid until the next annual general meeting of the Company.

The passing and registration of this special resolution will have the effect of authorising the Company or any of its subsidiaries to acquire shares issued by the Company.

11. ***Special resolution number 4 – General approval of the provision of financial assistance in terms of sections 44 and 45 of the Companies Act***

“Resolved as a special resolution that, to the extent required by sections 44 and 45 of the Act, the board of directors of the Company may, subject to compliance with the requirements of the Company’s MOI and the Act, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, to:

- the Company’s present or future subsidiaries and/or any other company or corporation that is or becomes related or interrelated to the Company, or any person wishing to subscribe for any option, or any securities issued or to be issued by the Company, the Company’s present or future subsidiaries and/or any other company or corporation that is or becomes related or interrelated to the Company, for the purpose of, or in connection with, the subscription of any option, or any securities issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company; or
- a director or prescribed officer of the Company or of a related or interrelated company, or to a related or interrelated company or corporation, or to a member of a related or interrelated corporation, or to a person related to any such company, corporation, director, prescribed officer or member, and that any of such

financial assistance may be provided at any time during the period commencing on the date of the adoption of this resolution and ending 2 (two) years after such date."

In terms of the Act and the Company's MOI, this resolution will be adopted with the support of more than 75% of the voting rights exercised on this resolution.

Reason for and effect of special resolution number 4
As part of the normal conduct of the business of the Company and its subsidiaries from time to time, the Company, where necessary, provides financial assistance to its related and interrelated companies and entities (as contemplated in the Act) including the provisions of guarantees and other forms of security to third parties which provide funding to the Company's local and foreign subsidiaries, whether by way of loans, subscribing for shares (including preference shares) or otherwise. In the circumstances and in order to ensure that, among other things, the Company and its subsidiaries and other related and interrelated companies and entities continue to have access to, and are able to appropriately structure their financing for purposes of funding their corporate and working capital requirements, it is necessary that the Company obtains the approval of shareholders in terms of this special resolution number 4. Sections 44(3)(ii) and 45(3)(a)(ii) of the Act provide that the financial assistance required can only be provided pursuant to a special resolution of the shareholders, adopted within the previous 2 (two) years, which resolution must have approved such financial assistance either for the specific recipient, or generally for a category of potential recipients (and the specific recipient falls within that category), and the directors must be satisfied that:

- immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test, as defined in section 4 of the Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The passing of this special resolution number 4 will have the effect of authorising the Company to provide direct or indirect financial assistance in accordance with sections 44 and 45 of the Act, for a period of 2 (two) years after the adoption of this resolution.

12. **Authorisation of directors – ordinary resolution number 7**

    "Resolved that each and every director of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary or incidental to the implementation of the resolutions passed at this annual general meeting."

    To consider and, if approved, to pass with or without modification, the resolutions set out below, in the manner required by the Act, as read with the JSE Listings Requirements.

13. **To transact such other business which may be transacted at an annual general meeting.**

By order of the board

Cape Town
14 September 2017

FORM OF PROXY

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

I/We, ____ (name in full)

of address ____

being a registered holder of ____________________ ordinary shares in the company,

hereby appoint

1. ____ or failing him/her,

2. ____ or failing him/her,

3. ____ or failing him/her,

the chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held on Wednesday, 1 November 2017 at 14:00 at the offices of the Company, 5th Floor, 4 Stirling Street, Zonnebloem, Cape Town, 7925 and at any adjournment thereof as follows:

Agenda	Resolution No.	Description	For	Against	Abstain
2.	Ordinary resolution 1	Adoption of consolidated financial statements			
3.1	Ordinary resolution 2.1	Election of director: Mr MA Jacobson			
3.2	Ordinary resolution 2.2	Election of director: Ms NB Jappie			
3.3	Ordinary resolution 2.3	Election of director: Mr SF McClain			
4.	Ordinary resolution 3	Reappointment of auditor			
5.1	Ordinary resolution 4.1	Appointment of audit committee member: Mr MH Ahmed			
5.2	Ordinary resolution 4.2	Appointment of audit committee member: Ms NB Jappie			
5.3	Ordinary resolution 4.3	Appointment of audit committee member: Mr BS Raynor			
6.	Ordinary resolution 5	General authority over unissued shares			
7.	Non-binding resolution 6	Advisory endorsement of remuneration report for the year ended 31 March 2017			
8.	Special resolution 1	General authority to issue shares and options for cash			
9.	Special resolution 2	Approval of annual fees to be paid to non-executive directors			
10.	Special resolution 3	General authority to repurchase company shares			
11.	Special resolution 4	General authority to provide financial assistance in terms of sections 44 and 45 of the Companies Act			
12.	Ordinary resolution 7	Authorisation of directors to implement resolutions passed			

Indicate instructions to proxy by way of a cross (X) in the spaces provided above.

Unless otherwise instructed my proxy may vote as he/she thinks fit.

Signed this ______________________________ day of ____________________ 2017.

Signature ____

Assisted by me (where applicable) ____

Please read the notes overleaf

NOTES TO THE FORM OF PROXY

1. A form of proxy is only to be completed by those shareholders who are:
   - holding shares in certificated form; or
   - recorded in the sub-register in dematerialised electronic form in "own name".
2. If you have already dematerialised your ordinary shares through a Central Securities Depository Participant ("CSDP") or broker, other than with "own name" registration, and wish to attend the general meeting, you must request your CSDP or broker to provide you with a letter of representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into by yourself and the CSDP or broker.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a member of the company.
4. Every person present and entitled to vote at the meeting as a member or as a proxy or as a representative of a body corporate shall, on a show of hands, has 1 (one) vote only, irrespective of the number of shares such person holds or represents but, in the event of a poll, a member shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the company.
5. Please insert the relevant number of shares/votes and indicate with a cross (X) in the appropriate spaces on the face hereof how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain from voting at his/her discretion.
6. A deletion of any printed details and the completion of any blank space/s need not be signed or initialled. Any alteration must be initialled.
7. The chairman of the general meeting shall be entitled to decline to accept the authority of the signatory under a power of attorney, or on behalf of a company, unless the power of attorney or authority is produced or has been registered.
8. The signatory may insert the name of any person/s whom the signatory wishes to appoint as his/her proxy, in the blank space/s provided for that purpose.
9. When there are joint holders of shares and if more than one such joint holder be presented or represented, then the person whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
10. A minor should be assisted by his parent or legal guardian unless the relevant documents establishing his legal capacity are produced or have been registered.
11. The completion and lodging of this proxy form will not preclude the signatory from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.
12. A shareholder's instructions must be indicated by the insertion of a cross (X) or, where applicable, the relevant number of votes exercisable by the shareholder, in the appropriate box of this proxy form.
13. If the signatory does not indicate how he/she wishes to vote in the appropriate place/s on the face hereof in respect of the resolution, his/her proxy shall be entitled to vote as he/she deems fit in respect of the resolutions.
14. If the shareholding is not indicated on the proxy form, the proxy will be deemed to be authorised to vote the total shareholding.
15. The chairman of the general meeting may reject or accept any proxy form which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
16. Forms of proxy will not be accepted unless they have been returned by the shareholders concerned to Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown 2107) so as to be received, for administrative purposes, by no later than 14:00 on Tuesday, 31 October 2017.

CORPORATE ADMINISTRATION

DIRECTORS
Executive
ML Ryan[1] (Chief Executive Officer)
SF McClain[1] (Chief Financial Officer)

Non-executive
JA Copelyn (Chairman)
MA Jacobson[2]
A van der Veen
NB Jappie
BS Raynor[1]
MH Ahmed (Lead Independent)

[1] Nationality: United States of America
[2] Nationality: Australia

WEBSITE ADDRESS
www.montauk.co.za

COMPANY REGISTRATION NUMBER
2010/017811/06

SHARE CODE
MNK

ISIN
ZAE000197455

COMPANY SECRETARY AND REGISTERED OFFICE
HCI Managerial Services Proprietary Limited
5th Floor
4 Stirling Street
Zonnebloem
Cape Town 7925

PO Box 5251
Cape Town 8000

Telephone: 021 481 7560
Telefax: 021 434 1459

AUDITORS
Grant Thornton Johannesburg Partnership
Practice Number 903485
@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo 2196

Private Bag X10046
Sandton 2146

BANKERS
Nedbank Limited

SPONSOR
Investec Bank Limited
100 Grayston Drive
Sandton, Sandown 2196

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196

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Marshalltown 2107

Montauk
Holdings Limited

www.montauk.co.za