

SALIENT FEATURES OF THE MONTAUK HOLDINGS RESTRICTED STOCK PLAN FOR U.S. AFFILIATES

1. DEFINITIONS

In this statement, unless otherwise stated or the context requires otherwise, the words in the first column have the meanings stated opposite them in the second column. Words in the singular include the plural and vice versa. Words signifying one gender include the other and reference to a person includes references to a body corporate and vice versa.

"Award"	means any one or a combination of grants of Restricted Shares;
"Award Agreement"	means a written agreement between the Company and a Participant or a written acknowledgement from the Company to a Participant specifically setting forth the terms and conditions of an Award granted under the Plan;
"Board"	the board of directors for the time being of the Company or, should the board of directors delegate its authority to a committee of the board, such committee (unless the context indicates to the contrary);
"business day"	any day other than a Saturday, Sunday or public holiday officially recognised as such in South Africa;
"Change in Control"	means, and shall be deemed to have occurred upon the occurrence of, any one of the following events: <ol style="list-style-type: none"> 1. the sale of all or substantially all of the assets of the Company to an unrelated party; 2. a merger, sale, reorganisation or consolidation of the Company in which the holders of the outstanding voting power of the Company immediately prior to such transaction do not own a majority of the outstanding voting power of the Company or a surviving or resulting entity immediately upon completion of such transaction; 3. any other transaction, including a sale of the membership interests or assets of one or more of the U.S. Affiliates, in a single transaction or series of transactions while this Plan is in place, in which the holders of the U.S. Affiliate's outstanding voting power prior to such transaction do not own at least a majority of the outstanding voting power of the relevant entity after the transaction, in each case, regardless of the form thereof; or 4. any U.S. Affiliate disposes of its business or part thereof or the majority of its assets in circumstances where the Participant who is employed by such US Affiliate becomes employed by the acquirer thereof which itself is not a US Affiliate. <p>For purposes of clarity, an intra-group transfer or restructuring resulting in the Company still directly or indirectly owning at least a majority of the outstanding voting power of the US Affiliates does not constitute a Change in Control;</p>
"Committee"	the Remuneration Committee of the Board;
"Date of Grant"	the date, following the date on which the Committee approves the granting of an Award and the Trust grants the Award, as of which the Participant executes his or her Award Agreement;
"Group"	the Company and its subsidiaries from time to time;
"Montauk Holdings" or "the Company"	Montauk Holdings Limited (Registration No. 2010/17811/06);
"Montauk Holdings shareholders" or "shareholders"	the registered shareholders of the Shares;
"the JSE"	the JSE Limited (Registration No. 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act, 2012;
"JSE Listings Requirements"	the Listings Requirements published by the JSE;
"Participant"	a U.S.-based employee of a U.S. Affiliate who has been designated to receive an Award under the Plan, or his/her executor, heir, administrator, trustee or permitted assign, as the case may be;

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“Restricted Period”	the period beginning on the Date of Grant of an Award and ending on the date the applicable Restricted Shares, or the applicable portion of the Restricted Shares, vest in the Participant;
“Restricted Shares”	means Shares subject to restrictions imposed in connection with Awards granted under the Plan;
“the Plan”	the Montauk Holdings Limited Restricted Shares Plan for U.S. Affiliates;
“this statement”	this statement, forming part of the annual report of the Company, dated 18 September 2015;
“Shares”	the ordinary Shares of the Company, with no par value;
“South Africa”	the Republic of South Africa;
“Subsidiary”	the meaning ascribed thereto in the JSE Listings Requirements;
“Trust”	the Montauk Holdings Incentive Trust;
“U.S. Affiliate”	each or all of the direct wholly or majority-owned Subsidiaries of the Company in the United States, consisting currently of Montauk Holdings USA LLC, Montauk Energy Holdings, LLC, and Montauk Energy Capital, LLC, and any successors thereto.

2. INTRODUCTION

The purpose of this statement is to advise Montauk Holdings shareholders of the proposed adoption of the Plan (and to set out the salient features thereof) in order for the shareholders to consider and vote in respect of the resolution approving the adoption of the Plan at the annual general meeting of Montauk Holdings shareholders to be held at the Company’s registered address, Suite 801, 76 Regent Road, Sea Point, Cape Town.

3. RATIONALE OF THE PLAN

- 3.1 The purpose of the Plan is to provide selected U.S.-based employees with the opportunity to acquire Shares, thereby ensuring that such employees are encouraged and motivated to pursue continued employment with their employer companies and to contribute to the growth and profitability of the employer company and the Group as a whole.
- 3.2 The Company or the U.S. Affiliate who employs the Participant, if so determined by the Company, shall bear the costs (including any losses sustained and/or taxes that may be payable by the Group) in respect of the acquisition, purchase or subscription of Shares to be utilised for the Plan, in so far as such costs directly relate to the participation of the employees (or former employees) of that U.S. Affiliate in the Plan.

4. SALIENT FEATURES OF THE PLAN

- 4.1 Only U.S.-based employees of U.S. Affiliates are eligible to participate in the Plan and to acquire Shares.
- 4.2 The Committee, in its sole discretion, may designate from time to time such employees to receive Awards, based on such factors or criteria as the Committee may rely upon, including the seniority or

performance of the employee, or the performance of the relevant U.S. Affiliate employing the Participant.

- 4.3 For so long as may be required by the JSE Listings Requirements, no Shares which are held by the Trust from time to time in terms of the Plan (other than as nominee) will be taken into account for purposes of resolutions proposed in terms of the JSE Listings Requirements or for determining categorisations, as detailed in the JSE Listings Requirements.
- 4.4 The aggregate number of Shares which may be utilised for the Plan shall not exceed 7 514 231 Shares. This limitation shall not be exceeded without the Montauk Holdings shareholders’ approval as required in terms of the JSE Listings Requirements.
- 4.5 The aggregate number of Shares which any one Participant may acquire in terms of the Plan shall not exceed 2 000 000 Shares.
- 4.6 The Trustees shall from time to time, upon the direction of the Committee, grant to any Participant an Award of Restricted Shares consisting of a specified number of Shares issued or granted to the Participant.
- 4.7 No monetary consideration shall be payable by the Participant for the grant or acceptance of an Award or the Shares.
- 4.8 Restricted Shares shall remain subject to the restrictions imposed by the Committee, including the Participant’s continued employment or service with the Company or a U.S. Affiliate. Subject to the restrictions, the Shares shall finally vest on the following dates:

Anniversary date of grant	Vesting percentage of award %
1	0
2	20
3	20
4	60

- 4.9 No person will have any rights under any Award granted under the Plan unless and until the Company, the Trust and the Participant to whom such Award will have been granted have executed and delivered an Award Agreement or received any other Award acknowledgement authorised by the Committee expressly granting the Award to such person and containing provisions setting forth the terms of the Award, which Award has been accepted by the Participant.
- 4.10 Beginning on the Date of Grant and subject to execution of the Award Agreement, the Participant shall become a shareholder of the Company with respect to all Shares subject to the Award Agreement and shall have all of the rights of a shareholder, including, but not limited to, the right to vote such Shares and the right to receive dividends and special dividends; provided, however, that any Shares distributed as a dividend in specie or otherwise with respect to any Restricted Shares as to which the restrictions have not yet lapsed, shall be subject to the same restrictions as such Restricted Shares.
- 4.11 None of the Restricted Shares may be assigned or transferred (other than by will or the laws of descent and distribution, or to an *inter vivos* trust with respect to which the Participant is treated as the owner under sections 671 through 677 of the U.S. Internal Revenue Code of 1986, as amended), pledged or sold prior to lapse of the restrictions applicable thereto.
- 4.12 Upon expiration or earlier termination of the Restricted Period referred to in paragraph 4.6, without a forfeiture and the satisfaction of or release from any other conditions prescribed by the Committee, or at such earlier time as provided under the provisions of the applicable Award Agreement, the restrictions applicable to the Restricted Shares shall lapse.
- 4.13 For any Award of Restricted Shares granted under the Plan, the Company shall establish a dividend equivalent account with respect to the Award, subject to such terms and conditions as the Committee shall determine and as shall be set forth in the applicable Award Agreement. Such terms and conditions shall include, without limitation, for the Participant's account to be credited as of the record date of each cash dividend on the Shares with an amount (denominated in Rand or such other currency as may be determined by the Committee) equal to the cash dividends payable with respect to the number of Shares then covered by the related Award.
- 4.14 Notwithstanding the vesting schedule referred to above, each Award of Restricted Shares shall vest in full upon the occurrence of:
- 4.14.1 the Participant's termination of service due to death or disability; or
 - 4.14.2 the Participant's termination of service by the Company without cause; or
 - 4.14.3 the Participant's termination of service in connection with his or her retirement after the later of reaching the age of sixty-five (65) or 1 April 2017; or
 - 4.14.4 a Change in Control.
- 4.15 All Restricted Shares shall be forfeited and returned to the Trust and all rights of the Participant with respect to such Restricted Shares shall terminate unless the Participant continues in the service of the Company or another U.S. Affiliate as an employee until the expiration of the Restricted Period for such Restricted Shares and satisfies any and all other conditions set forth in the Award Agreement.
- 4.16 In the event of any corporate event or transaction (including, but not limited to, a change in the Shares or the capitalisation of the Company) such as a merger or amalgamation in which the Company is the surviving company, scheme of arrangement, consolidation, reorganisation, recapitalisation, separation, partial or complete liquidation, share split, reverse share split, split up, spin-off, subdivision, consolidation or distribution of shares or property of the Company, a combination or exchange of Shares, dividend in specie, or other like change in capital structure, number of outstanding Shares, distribution (other than normal cash dividends) to

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shareholders, the allotment of additional Shares (including bonus or capitalisation shares issued simultaneously with an election to shareholders to decline such Shares and to accept a cash dividend) by the capitalisation of the Company's profits and/or reserves and/or share premium, the issue of additional Shares by the Company pursuant to a rights issue, or any similar corporate event or transaction, then:

- 4.16.1 the number of Shares which may be utilised for the Plan;
- 4.16.2 the aggregate number of Shares which any one Participant may acquire in terms of the Plan; and
- 4.16.3 the number of Restricted Shares which are the subject of any Award,

shall be adjusted in such manner as the Auditors determine to be appropriate and, in making such determination, the Auditors shall ensure that, as far as possible in the circumstances, Participants generally shall remain entitled to the same proportion of the equity capital of the Company as that to which Participants would have been entitled but for such event, and that Participants are not prejudiced nor given benefits beyond those provided for in the Plan and granted to the Company's remaining shareholders generally.

- 4.17 Any such adjustments shall be subject to the Company's Auditors confirming to the JSE in writing, that the adjustments were calculated on a reasonable basis and in accordance with the provisions of the Plan. Any such adjustment shall be reported in the Company's annual financial statements in the financial period during which the adjustment is made.

- 4.18 There shall, however, be no such adjustment in respect thereof if there is:

- 4.18.1 an issue of Shares by the Company as consideration for an acquisition; or
- 4.18.2 a specific issue of Shares for cash; or
- 4.18.3 a vendor consideration placement.

- 4.19 In the event of a merger in which the Company is not the surviving corporation, outstanding Awards shall be subject to the agreement governing the merger, which may provide, without limitation, for the assumption of Awards by the surviving company or its holding company or subsidiary, for the substitution by the surviving company or its holding company or subsidiary of its own Awards for such Awards, for accelerated vesting and accelerated expiration, or for settlement in cash or cash equivalents. In any event, the exercise and/or vesting of any Award that was permissible solely by reason of this paragraph shall be conditioned upon the consummation of the merger.

5. SHAREHOLDER APPROVAL

The implementation of the Plan is subject to obtaining the approval of shareholders by way of a special resolution (requiring a 75% majority of the votes cast in favour of such resolution) in accordance with the JSE Listings Requirements.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this explanatory statement and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make this statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this statement contains all information required by law and the JSE Listings Requirements.

7. RECOMMENDATION

The directors are of the opinion that the Plan will be beneficial to the Group and accordingly recommend that Montauk Holdings shareholders vote in favour of the special resolution necessary for the adoption of the Plan.

8. MONTAUK HOLDINGS ANNUAL GENERAL MEETING

8.1 An annual general meeting will be held at the Company's registered address, Suite 801, The Point, 76 Regent Road, Sea Point, Cape Town 8005 on 29 October 2015 for the purposes of considering, inter alia, a special resolution (requiring a 75% majority of the votes cast in favour of such resolution by all Montauk Holdings shareholders present or represented by proxy at the annual general meeting):

- 8.1.1 approving the Plan; and
- 8.1.2 authorising the Company, by way of a specific authority in accordance with the Listings Requirements, to grant Awards in respect of up to a maximum of 7 514 231 Shares in the authorised, but unissued

ordinary share capital of the Company, in accordance with the terms and conditions of the Plan and any amendments thereto.

- 8.2 The proposed special resolution accompanies the notice of annual general meeting, which is included in this annual report on pages 91 to 98.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Plan will be available for inspection during normal business hours (Saturdays, Sundays and South African public holidays excluded) at the registered office of Montauk Holdings and at the office of the Company's sponsor from 29 September to 29 October 2015.

For and on behalf of the Board



Cape Town
18 September 2015