

# DIRECTORS' REPORT

for the year ended 31 March 2016

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## 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 performed by the Company's South African offices.

## DIVIDENDS

No dividends were declared or paid to the shareholders during the current year.

## SHARE CAPITAL

Details of the authorised and issued share capital are set out in note 9 of the consolidated and separate annual financial statements.

## DIRECTORATE

The directors of the Company appear on page 77.

## COMPANY SECRETARY

The secretary of the Company for the twelve months ended 31 March 2016 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 77 of this report.

## AUDITORS

It will be recommended that shareholders re-appoint Grant Thornton Johannesburg Partnership to office in accordance with section 90 of the South African Companies Act, with Mr Theunis Schoeman as the designated auditor.

## SPECIAL RESOLUTIONS OF SUBSIDIARIES

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

## AUDITOR'S REPORT

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

## DIRECTORS' EMOLUMENTS

Directors' emoluments incurred by the Company and its subsidiaries for the year ended 31 March 2016 are set out in note 28 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

There are no material 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 2016, a material effect on the financial position of the Group. Subsequent to the reporting date the Company initiated an arbitration proceeding against a contractor for the 20 Megawatt facility in Southern California related to certain schedule and performance issues.

## RENEWABLE IDENTIFICATION NUMBERS ("RINS")

The Group had approximately 5.9 million (2015: 10.0 million) RINs generated and unsold, classified as D3 cellulosic, as of 31 March 2016. The RINs have a zero carrying value.

## EVENTS SUBSEQUENT TO REPORTING DATE

Refer to note 34 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).