As filed with the Securities and Exchange Commission on January 8, 2021.

Registration No. 333-251312

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

**Amendment No. 3 to**

## FORM S-1
## REGISTRATION STATEMENT
***UNDER***
***THE SECURITIES ACT OF 1933***

# MONTAUK RENEWABLES, INC.

**(Exact name of registrant as specified in its charter)**

| **Delaware** | **4932** | **85-3189583** |
|---|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(Primary Standard Industrial Classification Code Number)** | **(I.R.S. Employer Identification Number)** |

**680 Andersen Drive, 5th Floor**
**Pittsburgh, PA 15220**
**(412) 747-8700**
**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)**

**Sean F. McClain**
**President and Chief Executive Officer**
**Montauk Renewables, Inc.**
**680 Andersen Drive, 5th Floor**
**Pittsburgh, PA 15220**
**(412) 747-8700**
**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

***Copies to:***

| **Bradley C. Brasser**<br>**Amy I. Pandit**<br>**Jones Day**<br>**500 Grant Street, Suite 4500**<br>**Pittsburgh, PA 15219**<br>**(412) 394-9547** | **John Ciroli**<br>**Vice President, General Counsel and Secretary**<br>**Montauk Renewables, Inc.**<br>**680 Andersen Drive, 5th Floor**<br>**Pittsburgh, PA 15220**<br>**(412) 747-8720** | **John T. Gaffney**<br>**Gibson, Dunn & Crutcher LLP**<br>**200 Park Avenue**<br>**New York, New York 10166-0193**<br>**(212) 351-2626** |
|---|---|---|

Approximate date of commencement of proposed sale to the public: **As soon as practicable after the effective date of this registration statement.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☒ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

**CALCULATION OF REGISTRATION FEE**

| **Title of Each Class of Securities to be Registered** | **Proposed Maximum Aggregate Offering Price (1)(2)** | **Amount of Registration Fee (3)** |
|---|---|---|
| Common stock, par value $0.01 per share | $20,000,000 | $2,182 |
| Common stock, par value $0.01 per share, offered by the selling stockholder | $ | $ |
| Total | $ | $ |

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes the aggregate offering price of additional shares that the underwriter has the option to purchase, if any. See "Underwriting."
(3) The registration fee with respect to the common stock offered by the Company was paid in connection with a prior filing of this registration statement. The registration fee with respect to the common stock offered by the selling stockholder will be paid prior to the effective date of this registration statement.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement will become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.**

**The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED JANUARY 8, 2021**

**Shares**

# MONTAUK RENEWABLES, INC.

## Common Stock

This is the initial public offering of shares of common stock, par value $0.01 per share (the "*common stock*"), of Montauk Renewables, Inc. We are offering shares of our common stock and the selling stockholder identified in this prospectus is offering shares of our common stock. We will not receive any proceeds from the sale of our common stock by the selling stockholder.

Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price for our common stock will be between $ and $ per share. We intend to apply to list our common stock on The Nasdaq Capital Market ("*Nasdaq*") under the symbol "MNTK."

Certain stockholders, which are Messrs. John A. Copelyn's and Theventheran (Kevin) G. Govender's respective affiliates, informed us that they intend to enter into an agreement (the "*Consortium Agreement*") whereby the parties thereto will agree to act in concert with respect to voting our common stock. After the Reorganization Transactions and prior to the completion of the offering, the parties to the Consortium Agreement will beneficially own, in the aggregate, approximately 54.2% of our common stock, and, after giving effect to this offering, will beneficially own approximately % of our common stock. As a result, we will be a "controlled company" within the meaning of the Nasdaq corporate governance standards. See "Management—Controlled Company Exception."

We are an "emerging growth company" under the federal securities laws and, as such, we have elected to comply with certain reduced public company reporting requirements for this prospectus and may elect to do so in future filings. See "Prospectus Summary—Implications of Being an Emerging Growth Company."

**Investing in our common stock involves risk. See "Risk Factors" beginning on page 17 to read about factors you should consider before buying shares of our common stock.**

**Neither the Securities and Exchange Commission (the "*SEC*"), any state securities commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

| | Per Share | Total |
|---|---|---|
| Initial public offering price | | |
| Underwriting discounts and commissions (1) | | |
| Proceeds, before expenses, to us | | |
| Proceeds, before expenses, to the selling stockholder | | |

(1) See the section titled "Underwriting" for additional information regarding total underwriter compensation.

We have granted the underwriter an option to purchase up to an additional shares of common stock at the initial public offering price less the underwriting discounts and commissions, for 30 days after the date of this prospectus.

The underwriter expects to deliver the shares of common stock to purchasers on or about , 2021.

## Roth Capital Partners

**The date of this prospectus is , 2021.**

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### Information in this Prospectus

You should rely only on the information contained in this prospectus or in any related free writing prospectus we may specifically authorize to be delivered or made available to you. Neither we, the selling stockholder nor the underwriter (or any of our or their respective affiliates) have authorized anyone to provide you with information different from, or in addition to, the information contained in this prospectus or any related free writing prospectus. Neither we, the selling stockholder nor the underwriter (or any of our or their respective affiliates) take any responsibility for, and neither we, the selling stockholder nor the underwriter (or any of our or their respective affiliates) provide any assurance as to the reliability of, any other information that others may give you. Neither we, the selling stockholder nor the underwriter (or any of our or their respective affiliates) are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of shares of our common stock. Our business, financial condition, results of operations, and prospects may have changed since that date.

## For Investors Outside the United States

The underwriter is offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. Neither we, the selling stockholder nor the underwriter have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our common stock and the distribution of this prospectus outside the United States.

## Industry, Market, and Other Data

This prospectus includes estimates, projections, and other information concerning our industry and market data, including data regarding the estimated size of the market, projected growth rates, and perceptions and preferences of consumers. We obtained this data from industry sources, third-party studies, including market analyses and reports, and internal company surveys. Industry sources generally state that the information contained therein has been obtained from sources believed to be reliable. Although we are responsible for all of the disclosure contained in this prospectus, and we believe the industry and market data to be reliable as of the date of this prospectus, this information could prove to be inaccurate.

## Basis of Presentation

In this prospectus, we present historical consolidated financial statements of Montauk USA (as defined below). During the year ended December 31, 2019, MNK (as defined below) and its subsidiaries (including Montauk USA) changed their financial year-end date from March 31 to December 31. As a result, MNK's and its subsidiaries' prior reporting period consisted of the twelve months ended March 31, 2019 and MNK's and its subsidiaries' most recent reporting period consisted of the nine months ended December 31, 2019. In connection with the preparation of the registration statement of which this prospectus forms a part, Montauk USA recast its historical financial statements for 2018 and 2019 to present its financial results on the basis of a fiscal year ended December 31. We also present a consolidated balance sheet as of September 30, 2020 for Montauk Renewables, Inc. Unless otherwise noted, any reference to a year not preceded by "fiscal" refers to a twelve-month calendar year ended December 31.

The functional currency for MNK is the South African Rand ("*ZAR*") and certain information contained in the "Executive Compensation" section of this prospectus, including the exercise prices of executive officers' outstanding stock option awards issued by MNK, is denominated in ZAR. The figures denominated in ZAR have been converted to U.S. Dollars ("*USD*") based on the exchange rate on the relevant day noted in each case.

## Non-GAAP Financial Measures

We refer to the terms "EBITDA" and "Adjusted EBITDA" in various places in this prospectus. These terms, as used in this prospectus, may be calculated differently from EBITDA as defined for purposes of any indebtedness we incur, including under our Amended Credit Agreement (as defined below). These measures are supplemental financial measures not prepared in accordance with U.S. Generally Accepted Accounting Principles ("*GAAP*"). These financial measures are not intended to serve as an alternative to GAAP measures of performance and may not be comparable to similarly titled measures presented by other companies.

We present these non-GAAP measures because we believe these measures assist investors in analyzing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance.

Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Non-GAAP Financial Measures" for reconciliations of the non-GAAP measures we present to the most closely comparable financial measures calculated in accordance with GAAP.

## PROSPECTUS SUMMARY

*The following summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read the entire prospectus, including the consolidated financial statements and the related notes included in this prospectus and the information set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."*

*Unless the context requires otherwise, the words "Montauk," the "Company," "we," "us" and "our" refer to Montauk Renewables, Inc. and its consolidated subsidiaries from and following the Reorganization Transactions. For a glossary of key industry terms used herein, see "Glossary of Key Terms."*

### Our Company

#### *Overview*

Montauk Renewables, Inc., a Delaware corporation ("*Montauk*"), is a renewable energy company specializing in the recovery and processing of environmentally detrimental methane ("*biogas*") from landfills and other non-fossil fuel sources for beneficial use as a replacement to fossil fuels. We develop, own, and operate renewable natural gas ("*RNG*") projects, using proven technologies that supply RNG into the transportation industry and use RNG to produce electrical power for the electrical grid ("*Renewable Electricity*"). Having participated in the industry for over 30 years, we are one of the largest U.S. producers of RNG. We established our operating portfolio of 12 RNG and three Renewable Electricity projects through self-development, partnerships, and acquisitions that span six states and have grown our revenues from $34.0 million in 2014 to $107.4 million in 2019.

Biogas is produced by microbes as they break down organic matter in the absence of oxygen (during a process called anaerobic digestion). Our two current sources of commercial scale biogas are landfill gas ("*LFG*") and anaerobic digester gas ("*ADG*"), which is produced inside an airtight tank used to breakdown organic matter, such as livestock waste. We typically secure our biogas feedstock through long-term fuel supply agreements and property lease agreements with biogas site hosts. Once we secure long-term fuel supply rights, we design, build, own, and operate facilities that convert the biogas into RNG or use the processed biogas to produce Renewable Electricity. We sell the RNG and Renewable Electricity through a variety of short-, medium-, and long-term agreements. Because we are capturing waste methane and making use of a renewable source of energy, our RNG and Renewable Electricity generate valuable Environmental Attributes (as defined below), which we are able to monetize under federal and state initiatives.

Based on our analysis, there are numerous sources of waste methane in the United States that could serve as potential future project opportunities. We expect to continue our growth through optimization of our current project portfolio, securing greenfield developments and acquiring existing projects, all while pursuing vertical integration opportunities. Our successful evaluation and execution of project opportunities is based on our ability to leverage our significant industry experience, relationships with customers and vendors, access to interconnections for rights-of-way, and capabilities to construct pipeline and electrical interconnections that ensure the economic viability of opportunities we pursue. We exercise financial discipline in pursuing these projects by targeting project returns that are in line with the relative risk of the specific projects and associated feedstock costs, offtake contracts and any other related attributes that can be monetized.

#### *Reorganization Transactions*

Montauk Holdings Limited, a corporation formed under the laws of the Republic of South Africa ("*MNK*"), is a holding company whose ordinary shares are currently traded on the Johannesburg Stock Exchange

("*JSE*") under the symbol "MNK." Prior to this offering, 100% of MNK's business and operations were conducted through its U.S. subsidiaries, and it held no assets other than the equity of its subsidiaries. Prior to January 4, 2021, Montauk Holdings USA, LLC was a direct wholly owned subsidiary of MNK ("*Montauk USA*"), and Montauk Energy Holdings LLC was a direct wholly owned subsidiary of Montauk USA until such date ("*MEH*"). On January 4, 2021, we entered into a share exchange with Montauk USA in which we replaced Montauk USA as the top tier subsidiary of MNK and we became the direct parent company of MEH. As we are the successor to all of Montauk USA's interests in MEH, we present historical consolidated financial statements of Montauk USA. In connection with the Reorganization Transactions and this offering, the existing shareholders of MNK will become stockholders of Montauk. After the Reorganization Transactions and the closing of this offering, MNK will not own any significant assets and we expect that MNK will be delisted from the JSE and liquidated. Accordingly, MNK's business is the business in which you are investing if you buy shares of our common stock in this offering. For more information, see "The Reorganization Transactions."

**Market Opportunity**

***Increasing Demand for RNG***

Demand for RNG produced from biogas is significant and growing in large part due to an increased focus by the U.S. public and federal, state and local regulatory authorities on reducing the emission of greenhouse gases ("*GHG*"), such as methane, and increasing the energy independence of the United States. According to the Environmental Protection Agency ("*EPA*"), methane is a significant GHG, which accounted for roughly 9.5% of all U.S. GHG emissions from human activities in 2018 and which has a comparative impact on global warming that is about 25 times more powerful than that of carbon dioxide (which is produced during the combustion process). Biogas processing facilities could substantially reduce methane emissions at landfills and livestock farms, which together accounted for approximately 27% of U.S. methane emissions in 2018 according to the EPA. The development of this energy source further supports the U.S. national security objective of attaining energy independence, as evidenced by the Energy Independence and Security Act of 2007 ("*EISA*"), which aimed to increase U.S. energy security, develop renewable energy production, and improve vehicle fuel economy.

Over the past decade, the fastest growing end market for RNG has been the transportation sector, where RNG is used as a replacement for fossil-based fuel. This growth has been driven, in large part, by more aggressive environmental subsidies to support the production of renewable transportation fuels. According to NGV America, a national organization dedicated to the development of a growing, profitable, and sustainable market for vehicles powered by natural gas or biomethane, from 2015 to 2020, "RNG use as a transportation fuel…increased 291%, displacing close to 7.5 million tons of carbon dioxide equivalent."

Given public calls for, and U.S. federal, state and local regulatory trends and policies aimed at, reducing GHG emissions and increasing U.S. energy independence, we expect continued regulatory support for RNG as a replacement for fossil-based fuels and therefore continued and growing demand for RNG over the next several years.

***Availability of Long-Term Feedstock Supply***

Biogas can be collected and processed to remove impurities for use as RNG (a form of high-Btu fuel) and injected into existing natural gas pipelines as it is fully interchangeable with natural gas. Partially treated biogas can be used directly in heating applications (as a form of medium-Btu fuel) or in the production of electricity. Common sources of biogas include landfills, livestock farms, and waste water resource recovery facilities ("*WRRFs*").

Landfill- and livestock-sourced biogas represent a significant opportunity to produce RNG and Renewable Electricity, while also reducing GHG emissions. While landfill projects for RNG and Renewable Electricity have been developed over the past few decades, undeveloped landfills remain a significant source of biogas. Moreover, as technology continues to develop and economic incentives grow, livestock farm biogas, in particular, represents a relatively untapped biogas opportunity.

While LFG has accounted for most of the growth in biogas projects to date, we believe that additional economically viable LFG project opportunities exist. According to the EPA Landfill Methane Outreach Program ("*EPALMOP*") project database, as of August 2020, there were 565 LFG projects in operation in the United States, including 399 operating LFG-to-electricity projects that may be converted to produce RNG, 11 construction projects, and 54 planned RNG and Renewable Electricity projects, as well as 477 additional candidate landfills. Based on the EPA data, these 477 candidate landfills have the potential to collect a combined 499 million standard cubic feet of LFG per day, or the equivalent of carbon dioxide emissions from approximately 63,000 barrels of oil. Based on our industry experience and technical knowledge and analysis, after evaluating their currently available LFG collection systems and potential production capacities, we believe that approximately 25 of these sites are potentially economically viable as projects for acquisition and growth. In the future, additional candidate landfills may become economically viable as their growth increases LFG production and requires installation of LFG collection systems.

The LFG market is heavily fragmented, which presents, in our view, a good opportunity for companies like ours to find project opportunities. The top ten players account for approximately 53% of installed LFG capacity as of August 2020, and over 90% of developers own five or fewer projects, according to the EPA. Aside from the top five players in the industry, which includes us, no company accounts for more than 5% of the total LFG-to-energy capacity. Within the LFG market, over three-quarters of projects are Renewable Electricity with power purchase agreements ("*PPAs*") dating back as far as 1984. As these PPAs expire, these legacy facilities present an opportunity for conversion to RNG facilities, which, in certain instances, can provide better financial returns than Renewable Electricity projects. This market fragmentation and limited expertise in RNG processing by other market participants creates significant acquisition opportunities for us.

Biogas from livestock farm waste also represents significant opportunities for RNG production that remain largely untapped. According to the U.S. Department of Agriculture, as of June 2018**,** biogas recovery systems are feasible at 2,704 dairy farms and 5,409 swine farms in the United States, with potential to produce roughly 172.0 million MMBtu of RNG annually, or the equivalent of the carbon dioxide emissions from 4,556 million gallons of gasoline. Additionally, all-in prices paid for RNG from livestock farms can be significantly higher than prices for RNG from landfills due to state-level low-carbon fuel incentives for these projects. Given our strong understanding of biogas processing and our market leadership in RNG, we believe we are well-positioned to take advantage of opportunities in this emerging market.

The availability of additional waste streams, including from organic waste diversion, food waste, sludge, and waste water, in combination with technological advances permitting new or more economical waste processing also have the potential to support long-term feedstock supply availability and the growth of our business.

***Use of Environmental Attributes to Promote RNG Growth***

When used as a transportation fuel or to produce electricity, RNG can generate additional revenue streams through U.S. federal, state and local government incentives (collectively, "*Environmental Attributes*"). These Environmental Attributes are provided for under a variety of programs, including the national Renewable Fuel Standards ("*RFS*") and state-level Renewable Portfolio Standards ("*RPS*") and Low Carbon Fuel Standard ("*LCFS*").

The RFS program requires transportation fuel to contain a minimum volume of renewable fuel. To fulfill this regulatory mandate, the EPA obligates refiners and importers ("*Obligated Parties*") to blend renewable fuel with standard fuel to meet renewable volume obligations ("*RVOs*"). Obligated Parties can comply with RVOs by either blending RNG into their existing fuel supply or purchasing Renewable Identification Numbers ("*RINs*"). RINs are generated when eligible renewable fuels are produced or imported and blended with a petroleum product for use as a transportation fuel. The RFS program has been a key driver of growth in the RNG industry since 2014 when the EPA ruled that RNG, when used as a transportation fuel, would qualify for D3 RINs (for cellulosic biofuels), which are generally the most valuable of the four RIN categories. In 2019, our projects generated approximately 15% of all D3 RINs in the United States.

The monetization of RNG also benefits from low-carbon fuel initiatives at the state-level, specifically from established programs in California and Oregon. California's LCFS ("*CA LCFS*") program requires fuel producers and importers to reduce the carbon intensity ("*CI*") of their products, with goals of a 10% reduction in carbon emissions from 1990 levels by 2020 and a 20% reduction by 2030. The California Air Resources Board ("*CARB*") awards CA LCFS credits to RNG projects based on each project's CI score relative to the target CI score for gasoline and diesel fuels. The CI score represents the overall net impact of carbon emissions for each RNG pathway and is determined on a project-by-project basis. Based on our expected CI scores, we anticipate that RNG produced by livestock farms can potentially earn two to three times the amount of revenue per MMBtu relative to RNG produced from LFG projects. Several other states are considering LCFS initiatives similar to those implemented in California and Oregon.

Additionally, biogas is considered to be a renewable resource in all 37 states that encourage or mandate the use of renewable energy. Thirty states, the District of Columbia, and Puerto Rico have RPS that require utilities to supply a percentage of power from renewable resources, and seven states have a Renewable Portfolio Goal that is similar to RPS, but is not a requirement. Many states allow utilities to comply with RPS through tradable Renewable Energy Credits ("*RECs*"), which provide an additional revenue stream to RNG projects that produce electricity from biogas.

The development of these governmental programs provide us with valuable Environmental Attribute revenue streams that we intend to continue to pursue and take advantage of as biogas continues to be fostered as a renewable source of energy in the United States.

**Our Strengths**

***Management and Project Expertise***

Our management team has decades of combined experience in the development, design, construction and operation of biogas facilities that produce RNG and Renewable Electricity. We believe that our team's proven track record and focus on development of RNG projects gives us a strategic advantage in continuing to grow our business profitably. Our diverse experience and integration of key technical, environmental, and administrative support functions support our ability to design and operate projects with sustained and predictable cash flows.

Our experience and extensive project portfolio has given us access to the full spectrum of available biogas-to-RNG and biogas-to-Renewable Electricity conversion technologies. We are technology agnostic and base project design on the available technologies (and related equipment) most suitable for the specific application, including membranes, media, and solvent-based gas cleanup technologies. We are actively engaged in the management of each project site and regularly serve engineering, construction management, and commissioning roles. This allows us to develop a comprehensive understanding of the operational performance of each technology and how to optimize application of the technology to specific projects, including through enhancements and improvements of operating or abandoned projects. We also work with key vendors on initiatives to develop and test upgrades to existing technologies.

***Access to Development Opportunities***

We have strong relationships throughout the industry supply chain from technology and equipment providers to feedstock owners, and RNG off-takers. We believe that the trust and strong reputation we have attained in combination with our understanding of the various and complex Environmental Attributes gives us a competitive advantage relative to new market entrants.

We leverage our relationships built over the past several decades to identify and execute new project opportunities. Typically, new development opportunities come from our existing relationships with landfill owners who value our long operating history and strong reputation in the industry. This includes new projects with or referrals from existing partners. These relationships include Waste Management and Republic Services, the two largest waste management companies in the United States, which operate ten of our 14 landfill sites. We are the leading third-party developer for Waste Management and operate projects on both private and publicly owned landfills. We actively seek to extend the term of our contracts at our project sites and view our positive relationships with the owners and managers of our host landfills as a contributing factor to our ability to extend contract terms as they come due. Additionally, as one of the largest producers of RNG from LFG, we also frequently receive requests for proposals ("*RFPs*") from landfill owners for new biogas facilities at their landfills.

Finally, our prominence in the industry often makes us a preferred suitor for owners seeking to sell existing projects. Acquisition opportunities often come to our attention by direct communications with industry participants as well as firms marketing portfolios of projects.

***Large and Diverse Project Portfolio***

We believe that we have one of the largest and most technologically diverse project portfolios in the RNG industry. Our ability to solve unique project development challenges and integrate such solutions across our entire project portfolio has supported the long-term successful partnerships we have with our landfill hosts. Because we are able to meet the varying needs of our host partners, we have a strong reputation and are actively sought out for new project and acquisition opportunities. Additionally, our size and financial discipline generally afford us the ability to achieve priority service and pricing from contractors, service providers, and equipment suppliers.

***Environmental, Health and Safety and Compliance Leadership***

Our executive team places the highest priority on the health and safety of our staff and third parties at our sites, as well as the preservation of the environment. Our corporate culture is built around supporting these priorities, as reflected in our well-established practices and policies. By setting and maintaining high standards in the renewable energy field, we are often able to contribute positively to the safety practices and policies of our host landfills, which reflects favorably on us with potential hosts when choosing a counterparty. Our high safety standards include use of wireless gas monitoring safety devices, active monitoring of all field workers, performing environmental health and safety ("*EHS*") audits and using technology throughout our safety processes from employee training in compliance with operational processes and procedures to emergency preparedness. By extension, we incorporate our EHS standards into our subcontractor selection qualifications to ensure that our commitment to high EHS standards is shared by our subcontractors providing further assurances to our host landfills. As of October 25, 2020, excluding two incidents related to COVID-19, our year-to-date Total Recordable Incident Rate ("*TRIR*") was 1.11, which is lower than the 2019 national average of 1.20 TRIR for the mining, quarrying and oil and gas extraction industries and the 2019 national average of 3.00 TRIR for all industries. As of September 2020, we have not received any U.S. Occupational Health and Safety Administration ("*OSHA*") or state OSHA citations in the last five years.

**Our Strategy**

We aim to maintain and grow our position as a leading producer of RNG in the United States. We support this objective through a multi-pronged strategy of:

- promoting the reduction of methane emissions and expanding the use of renewable fuels to displace fossil-based fuels;
- expanding our existing project portfolio and developing new project opportunities;
- expanding our industry position as a full-service partner for development opportunities, including through strategic transactions; and
- expanding our capabilities to new feedstock sources and technologies.

***Promoting the Reduction of Methane Emissions and Expanding the Use of Renewable Fuels to Displace Fossil-Based Fuels***

We share the renewable fuel industry's commitment to providing sustainable renewable energy solutions and to offering products with high economic and ecological value. By simultaneously replacing fossil-based fuels and reducing overall methane emissions, our projects have a substantial positive environmental impact. We are committed to capturing as much biogas from our host landfills as possible for conversion to RNG. As a leading producer of RNG, we believe it is imperative to our continued growth and success that we remain strong advocates for the sustainable development, deployment and utilization of RNG to reduce our dependence on fossil fuels while increasing our domestic energy production.

Many of our team members have been involved in the renewable fuel industry for over 30 years. We are a founding member and active participant in the Renewable Natural Gas Coalition ("*RNGC*"). The RNGC was formed to provide an educational platform and to be an advocate for the protection, preservation and promotion of the RNG industry in North America. The RNGC's diverse membership includes each sector of the RNG industry, such as waste collection and management companies, renewable energy developers, engineers, bankers, financiers, investors, marketers, transporters, manufacturers, and technology and service providers. Our participation allows us to align with industry colleagues to better understand the challenges facing the industry and to collaborate with them to develop creative solutions to such problems.

***Expanding Our Existing Project Portfolio and Developing New Project Opportunities***

We exercise financial discipline in pursuing projects by targeting project returns that are in line with the relative risk of the specific projects and associated feedstock costs, offtake contracts and any other related attributes that can be monetized. We are currently evaluating three project expansion opportunities at existing project sites and one new electricity-to-RNG conversion project. We regularly analyze potential new projects that are at various stages of negotiation and review. The potential projects typically include a mix of new project sites, project conversions and strategic acquisitions. Currently, no new potential projects are subject to definitive agreements and each potential opportunity is subject to competitive market conditions.

**Expanding Operations at Existing Project Sites.** We monitor biogas supply availability across our portfolio and seek to maximize production at existing projects by expanding operations when economically feasible. Most of our landfill locations continue to accept waste deliveries and the available LFG at these sites is expected to increase over time, which we expect to support expanded production. Additionally, we are evaluating opportunities to utilize excess gas for RNG production at some of our electricity projects.

**Expanding through Acquisition.** The RNG industry is highly fragmented with approximately 90% of operating projects owned by companies that own five or fewer projects. We believe that these small project portfolios present opportunity for industry consolidation. We are well-positioned to take advantage of this

consolidation opportunity because of our scale, operational and managerial capabilities, and execution track record in integrating acquisitions. Over the last ten years, we have acquired 11 projects and members of our current management team have led all of those acquisitions. We expect that, as we continue to scale up our business, our increased size, industry position and access to capital will provide us with increased acquisition opportunities.

**Converting Existing Electricity Projects to RNG.** We periodically evaluate opportunities to convert existing projects from electricity generation to RNG production given the favorable economics for RNG plus RIN sales relative to merchant electricity rates plus REC sales. To date, we have converted two projects from LFG-to-electricity to LFG-to-RNG and one project from ADG-to-electricity to ADG-to-RNG, and we are currently evaluating a fourth conversion opportunity for LFG-to-RNG.

**Leveraging and Creating Long-Term Relationships.** Dependable and economic sources of renewable methane are critical to our success. Our projects provide our landfill and livestock farm partners with a variety of benefits, including a means to monetize biogas from their sites and support their regulatory compliance. By addressing the management of byproducts of our project hosts' primary businesses, our services allow landfill owners and operators and livestock farms to increase their permitted landfill space and livestock count, respectively. These services facilitate long-term relationships with project hosts that may serve as a source for future projects and relationships.

***Expanding Our Industry Position as a Full-Service Partner for Development Opportunities, Including Through Strategic Transactions***

Over our three decades of experience, we have developed the full range of RNG project related capabilities from engineering, construction management, and operations, through EHS oversight and Environmental Attributes management. By vertically integrating across RNG services, we are able to reduce development and operational costs, optimize efficiencies and improve operations. Our full suite of capabilities allows us to serve as a multi-project partner for certain project hosts across multiple transactions, including through strategic transactions. To that end, we actively identify and evaluate opportunities to acquire entities that will further our vertically-integrated services.

***Expanding Our Capabilities to New Feedstock Sources and Technologies***

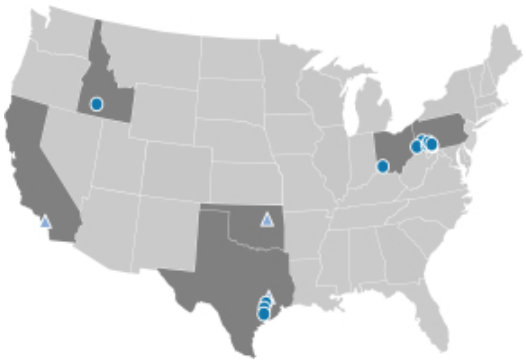
We intend to diversify our project portfolio beyond landfill biogas through expansion into additional methane producing assets, while opportunistically adding third-party developed technology capabilities to boost financial performance and our overall cost competitiveness. We are commercially operating our first livestock waste project (dairy), actively pursuing new fuel supply opportunities in WRRFs, and looking at long-term organic waste and sludge opportunities. The drive toward voluntary and most likely regulatory-required organic waste diversion from landfills is of particular interest as we leverage our current experience base, and we believe this trend will provide long-term growth opportunities.

We believe that the market has not yet unlocked the full potential of RNG and Renewable Electricity. As biogas processing technology continues to improve and the required energy intensity of the RNG and Renewable Electricity production process is reduced, we expect that we will be able to enter new markets for our products, such as providing fuel for the production of energy sources. With our experience and industry expertise, we are well-positioned to take advantage of opportunities to meet the clean energy needs of other industries looking to use renewable energy in their operations.

**Our Projects**

The map below shows the locations of our 15 operating projects. As of October 2020, approximately 73% of our expected 2020 RNG production has been monetized under fuel supply agreements with a remaining

term of more than 15 years. Additionally, as of October 2020, approximately 89% of our expected 2020 Renewable Electricity production has been monetized under fuel supply agreements with a remaining term of more than 15 years.



| Renewable Electricity Generation | | | |
|---|---|---|---|
| Site | COD (1) | Capacity (MW) | Source |
| Bowerman<br>Irvine, CA | 2016 | 23.6 | Landfill |
| Security<br>Houston, TX | 2003 | 3.4 | Landfill |
| AEL<br>Sand Spring, OK | 2013 | 3.2 | Landfill |
| Total Capacity (MW) | | 30.2 | |

| Renewable Natural Gas | | | |
|---|---|---|---|
| Site | COD(1) | Capacity (MMBtu/day) (2) | Source |
| Rumpke Cincinnati, OH | 1986 | 7,271 | Landfill |
| Atascocita Humble, TX | 2002*/<br>2018 | 5,570 | Landfill |
| McCarty<br>Houston, TX | 1986 | 4,415 | Landfill |
| Apex<br>Amsterdam, OH | 2018 | 2,673 | Landfill |
| Monroeville<br>Monroeville, PA | 2004 | 2,372 | Landfill |
| Valley<br>Harrison City, PA | 2004 | 2,372 | Landfill |
| Galveston<br>Galveston, TX | 2019 | 1,857 | Landfill |
| Raeger<br>Johnston, PA | 2006 | 1,857 | Landfill |
| Shade<br>Cairnbrook, PA | 2007 | 1,857 | Landfill (3) |
| Coastal Plains<br>Alvin, TX | 2020 | 1,775 | Landfill |
| Southern Davidsville, PA | 2007 | 928 | Landfill |
| Pico (4)<br>Jerome, ID | 2020 | 903 | Livestock (Dairy) |
| Total Capacity (MMBtu/day) | | 33,850 | |

● = Renewable Natural Gas Project
▲ = Renewable Electricity Project

(1) "COD" refers to the commercial operation date of each site.
(2) This is equivalent to the project's design capacity and assumes inlet methane content of 56% for all sites other than Pico, which assumes inlet methane content of 62%, and process efficiency of 91%.
(3) All of our landfill sites are accepting waste except our Shade site. Our Shade site is closed to accepting new waste, but is currently expected to continue to generate a commercial level of RNG for an additional ten years. Our operating RNG projects have an average expected remaining useful life of approximately 14 years.
(4) Pico was converted from a Renewable Electricity project to an RNG project as of August 2020. Pico is now reported under our Renewable Natural Gas segment as of October 2020.

In the last five years, we have developed six new projects, consisting of three greenfield LFG projects, two LFG projects that converted existing LFG-to-electricity projects to LFG-to-RNG projects, and one project that converted an existing ADG-to-electricity project to an ADG-to-RNG project. Stated capacity reflects the design capacity of each facility. Several of our projects have reserve capacity when comparing design capacity to available biogas feedstock. Several previous acquisitions are gas limited and operate in this fashion. Our larger projects are at or near design capacity and either have expansions planned or are being evaluated for future expansions dependent on the availability of excess biogas feedstock.

Eleven of our current RNG operating projects generate RNG from LFG, and our newest project generates RNG from ADG (livestock waste). Our RNG projects collectively have approximately 33,850 MMBtu/day of design capacity, which equates to emissions reductions of 624,000 tons of carbon dioxide, 252,822 tons

of methane, and 6.30 million metric tons of carbon dioxide equivalents annually over using fossil fuels, or the equivalent of the carbon dioxide, methane, and carbon dioxide equivalents emissions from consuming approximately 1,940,000 gallons of gasoline per day. In 2020, our RNG landfill sites had daily MMBtu/day generation design capacity ranging from approximately 7,271 MMBtu/day to 928 MMBtu/day.

Our LFG projects typically include vertical wells or horizontal trenches at landfills, conveyance pipe, pretreatment, processing and compression. ADG projects consist of an enclosed anaerobic digester as the source of biogas, with downstream pretreatment, processing and compression. Treatment of the gas typically includes the removal of hydrogen sulfide (H2S), moisture and contaminants within the gas, and then separation of the carbon dioxide (CO2) from the methane (CH4). Further treatment of the biogas is often required to remove residual nitrogen and/or oxygen to meet pipeline specifications.

Our Renewable Electricity projects utilize reciprocating engine generator sets to generate electricity at landfills. Our Renewable Electricity projects collectively have a design capacity of 30.2 MW, which equates to emissions reductions of 175,600 tons of carbon dioxide, 60,160 tons of methane, and 1.52 million metric tons of carbon dioxide equivalents annually over using fossil fuels, or the equivalent of the carbon dioxide, methane, and carbon dioxide equivalents emissions from consuming approximately 469,000 gallons of gasoline per day. During 2019, our Renewable Electricity projects collectively produced approximately 236,000 MWh.

**How We Generate Revenue**

We generate revenue from the sale of RNG and Renewable Electricity under short-, medium-, and long-term contracts that include the Environmental Attributes associated with these products. While RNG has the same chemical composition as natural gas from fossil sources, it has unique Environmental Attributes assigned to it due to its origin from low-carbon, renewable sources.

The Environmental Attributes that we sell are composed of RINs and state low-carbon fuel credits, which are generated from the conversion of biogas to RNG that is used as a transportation fuel, as well as RECs, which are generated from the conversion of biogas to Renewable Electricity. In addition to revenues generated from our product sales, we also generate revenues by providing operations and maintenance services to certain of our biogas site partners.

Our customers for RNG and RINs include large, long-term owner-operators of landfills and livestock farms, local utilities, and large refiners in the natural gas and refining sectors, such as Royal Dutch Shell plc and Exxon Mobil, and commercial RIN off-take parties. In addition to revenues from sales of RNG and RINs, we also share a portion of our Environmental Attributes with our off-take counterparties as in-kind consideration for the counterparty using our RNG as a transportation fuel.

Our customers for electricity typically include investor-owned and municipal electricity utilities that purchase electricity pursuant to fixed-price agreements.

Whenever possible, we seek to mitigate our exposure to commodity and Environmental Attribute pricing volatility. Through contractual arrangements with our site hosts and counterparties, we typically share pricing and production risks, while retaining our ability to benefit from potential upside. A significant portion of the RNG volume we produce is sold under bundled fixed-price arrangements for the RNG and Environmental Attributes, with a sharing arrangement where we benefit from prices above certain thresholds. For our remaining RNG projects, we may enter into in-kind sharing arrangements where our partners receive the Environmental Attributes instead of a cash payment, thereby sharing in the Environmental Attribute pricing risk.

We strive to sell our remaining RNG and Environmental Attributes under medium-and long-term indexed pricing and margin sharing arrangements designed to give us optimal price and revenue certainty. On the

electricity side, all of our products and related Environmental Attributes are sold under fixed-price contracts with escalators, limiting our pricing risk. Finally, our payments to our site hosts are generally in the form of royalties based on realized revenues, or, in some select cases, based on production volumes.

**Selected Risks Associated with Our Business**

Our business is subject to a number of risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this prospectus summary. Some of these principal risks include the following and may be further exacerbated by the COVID-19 pandemic:

- Our commercial success depends on our ability to develop and operate individual renewable energy projects.
- If there is not sufficient demand for renewable energy, or if renewable energy projects do not develop or take longer to develop than we anticipate, we may be unable to achieve our investment objectives.
- We may be unable to obtain, modify, or maintain the regulatory permits, approvals and consents required to construct and operate our projects.
- Existing regulations and policies, and future changes to these regulations and policies, may present technical, regulatory and economic barriers to the generation, purchase and use of renewable energy, and may adversely affect the market for credits associated with the production of renewable energy.
- Our use and enjoyment of real property rights for our projects may be adversely affected by the rights of lienholders and leaseholders that are superior to those of the grantors of those real property rights to our projects.
- In order to secure contracts for new projects, we typically face a long and variable development cycle that requires significant resource commitments and a long lead time before we realize revenues.
- While we currently focus on converting methane into renewable energy, in the future we may decide to expand our strategy to include other types of projects. Any future energy projects may present unforeseen challenges and result in a competitive disadvantage relative to our more established competitors.
- Our projects rely on interconnections to distribution and transmission facilities that are owned and operated by third parties, and as a result, are exposed to interconnection and transmission facility development and curtailment risks.
- We are dependent upon our relationships with Waste Management and Republic Services for the operation and maintenance of landfills on which several of our RNG and Renewable Electricity projects operate.
- We have significant customer concentration, with a limited number of customers accounting for a substantial portion of our revenues.
- Our PPAs, fuel-supply agreements, RNG off-take agreements and other agreements contain complex price adjustments, calculations and other terms based on gas price indices and other metrics, the interpretation of which could result in disputes with counterparties that could affect our results of operations and customer relationships.
- Our revenues may be subject to the risk of fluctuations in commodity prices.
- Our operations are subject to numerous stringent environmental, health and safety laws and regulations that may expose us to significant costs and liabilities.

- Our business is subject to the risk of climate change and extreme or changing weather patterns.
- We may be required to write-off or impair capitalized costs or intangible assets in the future or we may incur restructuring costs or other charges, each of which would harm our earnings.
- Our ability to use our U.S. net operating loss carryforwards to offset future taxable income may be subject to certain limitations.
- We may face intense competition and may not be able to successfully compete.
- Technological innovation may render us uncompetitive or our processes obsolete.
- Our business could be negatively affected by security threats, including cybersecurity threats and other disruptions.
- We have identified a material weakness in our internal control over financial reporting. If we are unable to remediate this material weakness, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business.
- No public market for our common stock currently exists in the United States, and an active public trading market may not develop or be sustained following this offering.
- Our shares of common stock may trade on more than one market and this may result in price variations.
- The concentration of our capital stock ownership may limit our stockholders' ability to influence corporate matters and may involve other risks.

**Implications of Being a Controlled Company**

After the Reorganization Transactions and prior to the completion of the offering, certain parties to the current consortium agreement will beneficially own, in the aggregate, approximately 54.2% of our common stock and, after completion of this offering, they will beneficially own, in the aggregate, approximately % of our common stock (or % if the underwriter exercises in full its option to purchase additional shares of our common stock). Certain stockholders, which are Messrs. Copelyn's and Govender's respective affiliates, have informed us that they intend to enter into the Consortium Agreement whereby the parties thereto will agree to act in concert with respect to voting our common stock, including in the election of directors, among other matters. As a result, we will be a "controlled company" within the meaning of the Nasdaq corporate governance standards. Under these corporate governance standards, a company of which more than 50% of the voting power is beneficially owned by an individual, group, or other company is a "controlled company" and may elect not to comply with certain corporate governance standards, including the requirements that (1) a majority of its board of directors consist of independent directors, (2) its board of directors have a compensation committee that is composed entirely of independent directors, and (3) its director nominees be selected, or recommended to the board of directors, by a majority of independent directors or by a nominations committee that consists entirely of independent directors and that has adopted a written charter or board resolution addressing the nominations process. Accordingly, our stockholders will not have the same protections afforded to stockholders of companies that are subject to these corporate governance requirements. In the event that we cease to be a "controlled company" and our common stock continues to be listed on Nasdaq, we will be required to comply with these provisions within the applicable transition periods.

**Implications of Being an Emerging Growth Company**

As a company with less than $1.07 billion in revenue during our last completed fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "*JOBS Act*"). An emerging growth company may take advantage of certain reduced reporting requirements that are otherwise applicable generally to public companies. These reduced reporting requirements include:

- an exemption from compliance with the auditor attestation requirement on the effectiveness of our internal control over financial reporting;
- an exemption from compliance with any requirement that the Public Company Accounting Oversight Board ("*PCAOB*") may adopt regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure about our executive compensation arrangements;
- an exemption from the requirements to obtain a non-binding advisory vote on executive compensation or any golden parachute arrangements;
- extended transition periods for complying with new or revised accounting standards; and
- the ability to present more limited financial data, including presenting only two years of selected financial data in this registration statement of which this prospectus is a part.

We will remain an emerging growth company until the earliest to occur of: (i) the end of the first fiscal year in which our annual gross revenue is $1.07 billion or more; (ii) the end of the fiscal year in which the market value of our common stock that is held by non-affiliates is at least $700.0 million as of the last business day of our most recently completed second fiscal quarter; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; and (iv) the end of the fiscal year during which the fifth anniversary of this offering occurs. We may choose to take advantage of some, but not all, of the available benefits under the JOBS Act.

We currently intend to take advantage of all of the exemptions discussed above, including the extended transaction periods for complying with new or revised accounting standards. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you invest.

See "Risk Factors—Emerging Growth Company Risks" for certain risks related to our status as an emerging growth company.

**Corporate Information**

Montauk Renewables, Inc. was originally incorporated in the State of Delaware on September 21, 2020. Our principal executive offices are located at 680 Andersen Drive, 5th Floor, Pittsburgh, PA 15220. Our telephone number is (412) 747-8700. Our website address is *www.montaukenergy.com*. Information contained in, or connected to, our website does not and will not constitute part of this prospectus or the registration statement of which this prospectus is a part.

| The Offering | |
|---|---|
| Issuer | Montauk Renewables, Inc. |
| Common stock offered by us | shares of common stock (or shares of common stock if the underwriter exercises its option to purchase additional shares in full). |
| Common stock offered by the selling stockholder | shares of common stock. |
| Common stock to be outstanding after this offering | shares of common stock (or shares of common stock if the underwriter exercises its option to purchase additional shares in full). |
| Option to purchase additional shares of common stock | The underwriter has an option to purchase an additional shares of common stock from us. The underwriter can exercise this option at any time within 30 days from the date of this prospectus. |
| Use of proceeds | We estimate that the net proceeds from the sale of our common stock in this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million ($ million if the underwriter exercises its option to purchase additional shares in full) based on an assumed initial public offering price of $ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus).<br><br>We intend to use the net proceeds that we receive in this offering to fund the identification of, and diligence activities with respect to, potential new projects, which include evaluating new project sites, project conversions and strategic acquisitions. The timing of our use of the net proceeds received in this offering may vary significantly depending on numerous factors. While we have no current agreements, commitments or understandings for any specific use of the net proceeds at this time, we continue to actively consider potential opportunities.<br><br>We will not receive any proceeds from the sale of shares of our common stock by the selling stockholder.<br><br>See "Use of Proceeds" for a complete description of the intended use of proceeds from this offering. |
| Underwriter warrants | Upon the closing of this offering, we will issue to the underwriter, warrants (the "*underwriter warrants*") entitling it to purchase a number of shares of common stock equal to 5% of the shares of common stock sold in this offering by us at an exercise price equal to 110% of the public offering price of the common stock in this offering. The underwriter warrants will expire five (5) years after the |

| | |
|---|---|
| | effective date of the registration statement of which this prospectus forms a part. See "Underwriting." |
| Reorganization Transactions | Montauk has completed the Equity Exchange (as defined below) and will complete the Distribution (as defined below) prior to the completion of this offering. See "The Reorganization Transactions." |
| Dividend policy | We declared dividends of $7.6 million and $4.1 million in May 2018 and October 2018, respectively. We did not declare any cash dividends in 2019 or 2020. The payment of future dividends on our common stock will be at the discretion of our Board of Directors and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends, and other considerations that our Board of Directors may deem relevant. See "Dividend Policy." |
| Risk factors | Investing in our common stock involves a high degree of risk. See the "Risk Factors" section of this prospectus for a discussion of factors you should carefully consider before investing in our common stock. |
| Listing | We intend to apply to have our common stock listed on Nasdaq under the symbol "MNTK." |

Except as otherwise indicated, the number of shares of our common stock outstanding after this offering:

- gives effect to the Distribution of shares of our common stock as a pro rata dividend to holders of MNK's ordinary shares in connection with the Reorganization Transactions;
- assumes no exercise of the underwriter's option to purchase additional shares and no exercise of the underwriter warrants;
- assumes an initial public offering price of $ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus);
- excludes an aggregate of 20,000,000 shares of our common stock that will be available for future equity awards under the Equity Plan (as defined below); and
- gives effect to our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws.

## Summary Consolidated Financial Data

The following tables set forth a summary of the historical consolidated financial data of Montauk USA for the years ended December 31, 2019 and 2018 and the nine months ended September 30, 2020 and 2019. The consolidated financial statements of Montauk USA, our predecessor for accounting purposes, will be our historical financial statements following this offering. The historical summary consolidated financial data set forth in the following tables for the years ended December 31, 2019 and 2018 and the nine months ended September 30, 2020 and 2019 has been derived from Montauk USA's consolidated financial statements included elsewhere in this prospectus. You should read this data together with Montauk USA's financial statements and the related notes appearing elsewhere in this prospectus and the information included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." Montauk USA's historical results are not necessarily indicative of our future results.

**Statement of Operations Data:**

| | Year ended December 31, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2020 | 2019 |
| | *(in thousands, except per share data)* | | | |
| Total revenues | $107,383 | $116,433 | $75,559 | $83,703 |
| Operating expenses | | | | |
| Operating and maintenance expenses | 39,783 | 29,073 | 30,884 | 30,306 |
| General and administrative expenses | 13,632 | 11,953 | 11,336 | 10,593 |
| Royalties, transportation, gathering and production fuel expenses | 20,558 | 22,359 | 14,769 | 16,197 |
| Depreciation and amortization | 19,760 | 16,195 | 16,120 | 14,754 |
| Impairment loss | 2,443 | 854 | 278 | 1,550 |
| Gains on insurance proceeds | — | — | (3,444) | — |
| Transaction costs | 202 | 176 | — | 202 |
| Total operating expenses | $ 96,378 | $ 80,610 | $69,943 | $73,602 |
| **Operating profit** | **$ 11,005** | **$ 35,823** | **$ 5,616** | **$10,101** |
| Other expenses (income): | | | | |
| Interest expense | $ 5,576 | $ 3,083 | $ 3,510 | $ 5,293 |
| Equity loss (gain) of nonconsolidated investments | (94) | 224 | — | (94) |
| Net loss (gain) on sale of assets | 10 | (266) | — | 10 |
| Other expense (income) | 47 | (3,781) | 250 | (17) |
| Total other expenses (income) | $ 5,539 | $ (740) | $ 3,760 | $ 5,192 |
| Income tax expense (benefit) | (354) | 7,796 | (291) | (539) |
| Net income | $ 5,820 | $ 28,767 | $ 2,147 | $ 5,448 |
| Pro forma basic earnings (loss) per share | $ | $ | $ | $ |
| Pro forma diluted earnings (loss) per share | $ | $ | $ | $ |
| Dividends per share | $ | $ | $ | $ |

**Balance Sheet Data:**

| | As of December 31, | | As of September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2020 | 2019 |
| | *(in thousands)* | | | |
| Cash and cash equivalents | $ 9,788 | $ 54,032 | $19,537 | $ 9,788 |
| Working capital (deficit) | (154) | 34,790 | 6,537 | (8,661) |

| | As of December 31, | | As of September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2020 | 2019 |
| | *(in thousands)* | | | |
| Property, plant and equipment—net | 193,498 | 168,418 | 189,957 | 187,868 |
| Total assets | 243,613 | 261,732 | 251,527 | 230,809 |
| Long-term debt | 57,256 | 74,649 | 58,656 | 43,577 |
| Member's equity | 154,257 | 147,941 | 156,867 | 154,050 |

**Other Financial and Operating Data:**

| | Year ended on December 31, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2020 | 2019 |
| | *(in thousands, unless otherwise indicated)* | | | |
| Renewable Natural Gas total revenues | $85,826 | $98,584 | $62,192 | $67,322 |
| Renewable Electricity Generation total revenues | $19,859 | $18,207 | $13,282 | $14,927 |
| CY RNG production volumes (MMBtu) | 5,361 | 4,485 | 4,451 | 4,040 |
| Total RINs Available for Sale | 37,866 | 21,841 | 30,767 | 29,851 |
| Adjusted EBITDA (1) | $33,615 | $56,921 | $21,376 | $27,038 |

(1) EBITDA Reconciliation:

The following table is a reconciliation of Montauk USA's net income from continuing operations to Adjusted EBITDA for the years ended December 31, 2019 and 2018 and the nine months ended September 30, 2020 and 2019:

| | Year ended December 31, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2020 | 2019 |
| | *(in thousands)* | | | |
| Net income | $ 5,820 | $28,767 | $ 2,147 | $ 5,448 |
| Depreciation and amortization | 19,760 | 16,195 | 16,120 | 14,754 |
| Interest expense | 5,576 | 3,083 | 3,510 | 5,293 |
| Income tax expense (benefit) | (354) | 7,796 | (291) | (539) |
| EBITDA | 30,802 | 55,841 | 21,486 | 24,956 |
| Impairment loss (1) | 2,443 | 854 | 278 | 1,550 |
| Transaction costs | 202 | 176 | — | 202 |
| Equity loss (gain) of nonconsolidated investments | (94) | 224 | — | (94) |
| Net loss (gain) on sale of assets | 10 | (266) | — | 10 |
| Non-cash hedging charges | 252 | 92 | (388) | 414 |
| **Adjusted EBITDA** | **$33,615** | **$56,921** | **$21,376** | **$27,038** |

(1) For the year ended December 31, 2019, we recorded an impairment of $1.5 million associated with our decision to cancel a site conversion agreement and we recorded an impairment loss of $0.9 million associated with an asset distribution from Red Top Renewable AG, LLC ("*Red Top*") for the year ended December 31, 2018. For the nine months ended September 30, 2020, we recorded an impairment loss of $0.3 million related to the termination of a development agreement related to our Pico acquisition. We recorded an impairment loss of $1.6 million for the nine months ended September 30, 2019 related to the cancellation of a site conversion agreement and conversion of existing Renewable Electricity to RNG sites as well as the write-off of Red Top assets.

## RISK FACTORS

*Investing in our common stock is speculative and involves a high degree of risk. You should carefully consider the following risk factors, as well as the other information in this prospectus, including the consolidated financial statements and the related notes included elsewhere in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations" before deciding to invest in our common stock. If any of the events described in the following risk factors actually occur, or if additional risks and uncertainties that are not presently known to us or that we currently deem immaterial later materialize, then our business, financial condition and results of operations could be adversely affected, the trading price of our common stock could decline, and you could lose all or part of your investment.*

### COVID-19 Risks

***The COVID-19 pandemic has had, and is expected to continue to have, an adverse effect on our business, financial condition and results of operations.***

In December 2019, there was an outbreak of a novel strain of coronavirus ("*COVID-19*") in China that has since spread to nearly all regions of the world. The outbreak was subsequently declared a pandemic by the World Health Organization in March 2020. To date, the COVID-19 pandemic and preventative measures taken to contain or mitigate the pandemic have caused, and are continuing to cause, business slowdowns or shutdowns in affected areas and significant disruptions in the financial markets both globally and in the United States.

In response to the COVID-19 pandemic and related mitigation measures, we began implementing changes in our business in March 2020 to protect our employees and customers, and to support appropriate health and safety protocols. For example, we arranged shifts at facilities to stagger employees to assist with following social distancing protocols, utilized overnight and weekend remote facility monitoring during normal operating shifts, implemented extensive cleaning and sanitation processes for both facilities and office spaces, incorporated temperature checks and facial covering requirements, instituted employee and visitor fitness questionnaires, restricted corporate travel and visitor access to sites and implemented work-from-home initiatives for certain employees. Further, we established the Infectious Disease and Response Committee (the "*IDRC*") to lead the development and implementation of Montauk's Infectious Disease and Response Plan and to oversee the company's response to any infectious disease event. These measures resulted in additional costs, which we expect will continue into 2021 as we continue to work to address employee safety.

Although we are unable to predict the ultimate effects of the COVID-19 pandemic at this time, to date, the pandemic has adversely affected, and is expected to continue to adversely affect, our business, financial condition and results of operations. While we are considered an essential company under the U.S. Federal Cybersecurity and Infrastructure Security Agency guidance and the various state or local jurisdictions in which we operate, the spread of COVID-19 has disrupted certain aspects of our operations, including our ability to execute on our business strategy and goals, and complete the development of our projects. Commissioning of our development sites was delayed four to five months in 2020. Delayed commissioning also delays the registrations and qualifications necessary for EPA pathways, which in turn delays revenue streams from these facilities. In addition, the COVID-19 pandemic has caused delays and disruptions in our operations, including contract cancellations, and decreased our operational efficiency in maintenance and operations. State and local mitigation protocols have contributed to reduced needs for transportation fuels, which has lowered and could continue to lower state-based environmental premiums. We have also faced a reduction in RINs pricing due to the outbreak of COVID-19.

Additionally, certain third parties with whom we engage, including our project partners, third-party manufacturers and suppliers, and regulators with whom we conduct business have adjusted their operations and are assessing future operational and project needs in light of the COVID-19 pandemic. If these third parties experience shutdowns or continued business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and adversely affected.

The COVID-19 pandemic could continue to adversely affect our business, financial condition and results of operations in the future. Such future effects may be material, and include, but are not limited to:

- reductions in state-based Environmental Attribute premiums associated with reduced volumes in the transportation sector;
- new "shelter-in-place" orders, quarantines or similar orders, which may reduce our operating effectiveness or the availability of personnel necessary to conduct our business activities;
- disruptions in our supply chain due to transportation delays, travel restrictions, raw material cost increases and shortages, and closures of businesses or facilities;
- delays in construction and other capital expenditure projects, regulatory approvals and collections of our receivables for the services we perform;
- attempts by customers to cancel or delay projects or for customers or subcontractors to invoke force majeure clauses in certain contracts resulting in a decreased or delayed demand for our products and services;
- the inability of a significant portion of our workforce, including our management team, to work as a result of illness or government restrictions; and
- reduced ability to access capital and limited availability of credit or financing upon acceptable terms or at all.

The situation surrounding the COVID-19 pandemic remains dynamic, and given its inherent uncertainty, it could have an adverse effect on our business in the future. The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of the virus, the extent and effectiveness of containment actions and the impact of these and other factors on our employees, customers, suppliers, and distributors. Should these conditions persist for a prolonged period, the COVID-19 pandemic, including any of the above factors and others that are currently unknown, could have a material adverse effect on our business, financial condition and results of operations. The impact of the COVID-19 pandemic may also exacerbate other risks discussed in these risk factors, any of which could have a material effect on us.

**Renewable Energy Risks**

***Our commercial success depends on our ability to develop and operate individual renewable energy projects.***

Our specific focus on the renewable energy sector exposes us to risks related to the supply of and demand for energy commodities and Environmental Attributes, the cost of capital expenditures, government regulation, world and regional events and economic conditions, and the acceptance of alternative power sources. As a renewable energy producer, we may also be negatively affected by lower energy output resulting from variable inputs, mechanical breakdowns, faulty technology, competitive electricity markets or changes to the laws and regulations that mandate the use of renewable energy sources by refiners and importers of gasoline and diesel fuel and electric utilities.

In addition, a number of other factors related to the development and operation of individual renewable energy projects could adversely affect our business, including:

- regulatory changes that affect the demand for or supply of Environmental Attributes and the prices thereof, which could have a significant effect on the financial performance of our projects and the number of potential projects with attractive economics;
- changes in energy commodity prices, such as natural gas and wholesale electricity prices, which could have a significant effect on our revenues;

- changes in pipeline gas quality standards or other regulatory changes that may limit our ability to transport RNG on pipelines for delivery to third parties or increase the costs of processing RNG to allow for such deliveries;
- changes in the broader waste collection industry, including changes affecting the waste collection and biogas potential of the landfill industry, which could impede the LFG resource that we currently target for our projects;
- substantial construction risks, including the risk of delay, that may arise as a result of inclement weather or labor disruptions;
- operating risks and the effect of disruptions on our business, including the effects of the COVID-19 pandemic on us, our customers, suppliers, distributors and subcontractors;
- entering into markets where we have less experience, such as our projects for biogas recovery at livestock farms;
- the need for substantially more capital to complete projects than initially budgeted and exposure to liabilities as a result of unforeseen environmental, construction, technological or other complications;
- failures or delays in obtaining desired or necessary land rights, including ownership, leases or easements;
- a decrease in the availability, pricing and timeliness of delivery of raw materials and components, necessary for the projects to function;
- obtaining and keeping in good standing permits, authorizations and consents from local city, county, state and U.S. federal governments as well as local and U.S. federal governmental organizations; and
- the consent and authorization of local utilities or other energy development off-takers to ensure successful interconnection to energy grids to enable power sales.

Any of these factors could prevent us from completing or operating our projects, or otherwise adversely affect our business, financial condition and results of operations.

***If there is not sufficient demand for renewable energy, or if renewable energy projects do not develop or take longer to develop than we anticipate, we may be unable to achieve our investment objectives.***

If demand for renewable energy fails to grow sufficiently, we may be unable to achieve our business objectives. In addition, demand for renewable energy projects in the markets and geographic regions that we target may not develop or may develop more slowly than we anticipate. Many factors will influence the widespread adoption of renewable energy and demand for renewable energy projects, including:

- cost-effectiveness of renewable energy technologies as compared with conventional and competitive technologies;
- performance and reliability of renewable energy products as compared with conventional and non-renewable products;
- fluctuations in economic and market conditions that impact the viability of conventional and competitive alternative energy sources;
- increases or decreases in the prices of oil, coal and natural gas;
- continued deregulation of the electric power industry and broader energy industry; and
- availability or effectiveness of government subsidies and incentives.

**Regulatory Risks**

***We may be unable to obtain, modify, or maintain the regulatory permits, approvals and consents required to construct and operate our projects.***

In order to construct, modify and operate our projects, we will need to obtain or may need to modify numerous environmental and other regulatory permits, approvals and consents from federal, state and local governmental entities, including air permits, wastewater discharge permits, permits or consents related to the management of municipal solid waste landfills and permits or consents related to the management and disposal of waste. A number of these permits, approvals and consents must be obtained prior to the start of development of a project. Other permits, approvals and consents are required to be obtained at, or prior to, the time of first commercial operation or within prescribed time frames following commencement of commercial operations. Any failure to successfully obtain or modify the necessary environmental and other regulatory permits, approvals and consents on a timely basis could delay the construction, modification or commencement of commercial operation of our projects. In addition, once a permit, approval or consent has been issued or acquired for a project, we must take steps to comply with the conditions of each permit, approval or consent conditions, including conditions requiring timely development and commencement of the project. Failure to comply with certain conditions within a permit, approval or consent could result in the revocation or suspension of such permit, approval or consent; the imposition of penalties; or other enforcement action by governmental entities. We also may need to modify permits, consents or approvals we have already obtained to reflect changes in project design or requirements, which could trigger a legal or regulatory review under a standard more stringent than the standard under which the permits, approvals or consents were originally issued.

Obtaining and modifying necessary permits, approvals and consents is a time-consuming and expensive process, and we may not be able to obtain or modify them on a timely or cost effective basis or at all. In the event that we fail to obtain or modify all necessary permits, approvals or consents, we may be forced to delay construction or operation of a project or abandon the project altogether, which could adversely affect our business, financial condition and results of operations. In addition, we may be required to make capital expenditures on an ongoing basis to comply with increasingly stringent federal, state, provincial and local EHS laws, regulations and permits.

***The reduction or elimination of government economic incentives for renewable energy projects or other related policies could adversely affect our business, financial condition and results of operations.***

We depend, in part, on Environmental Attributes, which are federal, state and local government incentives in the United States, provided in the form of RINs, RECs, LCFS credits, rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of renewable energy projects, that promote the use of renewable energy. RINs are created through the RFS program administered by the EPA, which requires transportation fuel sold in the United States to contain a minimum volume of renewable fuel and permits refineries and importers of transportation fuel to satisfy their RVOs by purchasing either (i) D5 RINs and cellulosic waiver credits ("*CWCs*") or (ii) D3 RINs. RECs are created through state law requirements for utilities to purchase a portion of their energy from renewable energy sources. 56% and 53% of our revenues for 2019 and 2018, respectively, were generated from the sale of Environmental Attributes. These government economic incentives could be reduced or eliminated altogether, or the categories of renewable energy qualifying for such government economic incentives could be changed. These renewable energy program incentives are subject to regulatory oversight and could be administratively or legislatively changed in a manner that could adversely affect our operations. Further, the generation of LCFS credits on our dairy farm project is expected to increase the percentage of our revenues generated from Environmental Attributes. Reductions in, changes to, or eliminations or expirations of governmental incentives could result in decreased demand for, and lower revenues from, our projects. Changes in the level or structure of the RPS of a state for electricity could also result in a decline in our revenues or decreased demand for, and lower revenues from, our electricity projects.

***Negative attitudes toward renewable energy projects from the U.S. government, other lawmakers and regulators, and activists could adversely affect our business, financial condition and results of operations.***

Parties with an interest in other energy sources, including lawmakers, regulators, policymakers, environmental and advocacy organizations or other activists may invest significant time and money in efforts to delay, repeal or otherwise negatively influence regulations and programs that promote renewable energy. Many of these parties have substantially greater resources and influence than we have. Further, changes in U.S. federal, state or local political, social or economic conditions, including a lack of legislative focus on these programs and regulations, could result in their modification, delayed adoption or repeal. Any failure to adopt, delay in implementing, expiration, repeal or modification of these programs and regulations, or the adoption of any programs or regulations that encourage the use of other energy sources over renewable energy, could adversely affect our business, financial condition and results of operations.

In addition, the current U.S. presidential administration may continue to create regulatory uncertainty in the renewable energy sector generally. Members of the current U.S. presidential administration, including representatives of the U.S. Department of Energy, have made public statements that indicate that the administration may not be supportive of various clean energy programs and initiatives designed to curtail climate change. For example, the United States announced its withdrawal from the 2015 Paris Agreement on climate change mitigation that will be effective on November 4, 2020. In addition, in June 2019, the EPA issued the final Affordable Clean Energy ("*ACE*") rule and repealed the Clean Power Plan (the "*CPP*"), which had previously established standards to limit carbon dioxide emissions from existing power generation facilities. Under the ACE rule, emissions from electric utility generation facilities would be regulated only through the use of various "inside the fence" or onsite efficiency improvements and emission control technologies. In contrast, the CPP allowed facility owners to reduce emissions with "outside the fence" measures, including those associated with renewable energy projects. The ACE rule is currently subject to legal challenges and may be subject to future challenges. The ultimate resolution of such legal challenges, and the ultimate impact of the ACE rule, is uncertain. As a result of the new ACE rule and other policies or actions of the current U.S. administration or the U.S. Congress, we may be subject to significant additional risks, including the following:

- a reduction or removal of clean energy programs and initiatives and the incentives they provide could diminish the market for renewable energy, slow the retirement of aging fossil fuel plants, including the retirements of coal generation plants, and reduce the ability for renewable energy project developers to compete for future projects, which may reduce incentives for such parties to develop renewable energy projects; and
- any effort to overturn federal and state laws, regulations, or policies that are supportive of renewable energy generation or that remove costs or other limitations on other types of electricity generation that compete with renewable energy projects could adversely affect our ability to compete with traditional forms of electricity generation and adversely affect our business, financial condition and results of operations.

The outcome of the 2020 election could lead to significant legislative and regulatory reforms affecting the regulation of our projects. If the current U.S. presidential administration or the U.S. Congress were to take action to eliminate or reduce legislation, regulations and incentives supporting renewable energy, such actions could decrease demand for renewable energy in the United States, which could adversely affect our business, financial condition and results of operations.

***Revenue from any projects we complete may be adversely affected if there is a decline in public acceptance or support of renewable energy, or regulatory agencies, local communities, or other third parties delay, prevent, or increase the cost of constructing and operating our projects.***

Certain persons, associations and groups could oppose renewable energy projects in general or our projects specifically, citing, for example, misuse of water resources, landscape degradation, land use, food

scarcity or price increase and harm to the environment. Moreover, regulation may restrict the development of renewable energy plants in certain areas. In order to develop a renewable energy project, we are typically required to obtain, among other things, environmental impact permits or other authorizations and building permits, which in turn require environmental impact studies to be undertaken and public hearings and comment periods to be held during which any person, association or group may oppose a project. Any such opposition may be taken into account by government officials responsible for granting the relevant permits, which could result in the permits being delayed or not being granted or being granted solely on the condition that we carry out certain corrective measures to the proposed project. Opposition to our projects' requests for permits or successful challenges or appeals to permits issued for our projects could adversely affect our operating plans.

As a result, we cannot guarantee that the renewable energy plants we currently plan to develop or, to the extent applicable, are developing, will ultimately be authorized or accepted by the local authorities or the local population. For example, the local population could oppose the construction of a renewable energy plant or infrastructure at the local government level, which could in turn lead to the imposition of more restrictive requirements. This type of negative response may lead to legal, public relations or other challenges that could impede our ability to meet our construction targets, achieve commercial operations for a project on schedule, address the changing needs of our projects over time or generate revenues.

In certain jurisdictions, if a significant portion of the local population were to mobilize against a renewable energy plant, it may become difficult, or impossible, for us to obtain or retain the required building permits and authorizations. Moreover, such challenges could result in the cancellation of existing building permits or even, in extreme cases, the dismantling of, or the retroactive imposition of changes in the design of, existing renewable energy plants.

Authorization for the use, construction, and operation of systems and associated transmission facilities on federal, state, and local lands will also require the assessment and evaluation of mineral rights, private rights-of-way, and other easements; environmental, agricultural, cultural, recreational, and aesthetic impacts; and the likely mitigation of adverse effects to these and other resources and uses. The inability to obtain the required permits and other federal, state and local approvals, and any excessive delays in obtaining such permits and approvals due, for example, to litigation or third-party appeals, could potentially prevent us from successfully constructing and operating such projects in a timely manner and could result in the potential forfeiture of any deposit we have made with respect to a given project. Moreover, project approvals subject to project modifications and conditions, including mitigation requirements and costs, could affect the financial success of a given project. Changing regulatory requirements and the discovery of unknown site conditions could also adversely affect the financial success of a given project.

A decrease in acceptance of renewable energy plants by local populations, an increase in the number of legal challenges, or an unfavorable outcome of such legal challenges could adversely affect our business, financial condition and results of operations. We may also be subject to labor unavailability due to multiple simultaneous projects in a geographic region. If we are unable to grow and manage the capacity that we expect from our projects in our anticipated timeframes, it could adversely affect our business, financial condition and results of operations.

***Existing regulations and policies, and future changes to these regulations and policies, may present technical, regulatory and economic barriers to the generation, purchase and use of renewable energy, and may adversely affect the market for credits associated with the production of renewable energy.***

The market for renewable energy is influenced by U.S. federal, state and local government regulations and policies concerning renewable energy. These regulations and policies are continuously being modified, which could result in a significant future reduction in the potential demand for renewable energy, including RINs, RECs and LCFS credits, renewable energy project development and investments. Any new government regulations applicable to our renewable energy projects or markets for renewable energy may result in significant

additional expenses or related development costs and, as a result, could cause a significant reduction in demand for our renewable energy.

The EPA annually sets proposed RVOs for D3 RINs in accordance with the mandates established by EISA. The EPA's issuance of timely and sufficient annual RVOs to accommodate the RNG industry's growing production levels is necessary to stabilize the RIN market. Although the 590 million D3 RIN volume for 2020 is a 41% increase over 2019 levels, there can be no assurance that the EPA will timely set annual RVOs or that the RVOs will continue to increase or satisfy the growing receivable natural gas market. The manner in which the EPA will establish RVOs beginning in 2023, when the statutory RVO mandates are set to expire, is expected to create additional uncertainty as to RIN pricing. In addition, the EPA has exempted a number of small refineries from their RVOs through the issuance of waivers under U.S. federal law and is expected to continue to do so. Uncertainty as to how the RFS program will continue to be administered and supported by the EPA under the current U.S. presidential administration has created price volatility and illiquidity in the RIN market and the inability to sell RINs on a forward basis beyond the current calendar year. We cannot assure you that we will be able to monetize the RINs we generate at the same price levels as we have in the past.

***In order to benefit from RINs and LCFS credits, our RNG projects are required to be registered and are subject to regulatory audit.***

We are required to register an RNG project with the EPA and relevant state regulatory agencies. Further, we qualify our RINs through a voluntary Quality Assurance Plan, which typically takes from three to five months from first injection of RNG into the commercial pipeline system. Although no similar qualification process currently exists for LCFS credits, we expect such a process to be implemented and would expect to seek qualification on a state by state basis under such future programs. Delays in obtaining registration, RIN qualification, and any future LCFS credit qualification of a new project could delay future revenues from the project and could adversely affect our cash flow. Further, we typically make a large investment in the project prior to receiving the regulatory approval and RIN qualification. By registering each RNG project with the EPA's voluntary Quality Assurance Plan, we are subject to quarterly third-party audits and semi-annual on-site visits of our projects to validate generated RINs and overall compliance with the RFS program. We are also subject to a separate third party's annual attestation review. The Quality Assurance Plan provides a process for RIN owners to follow, for an affirmative defense to civil liability, if used or transferred Quality Assurance Plan verified RINs were invalidly generated. A project's failure to comply could result in remedial action by the EPA, including penalties, fines, retirement of RINs, or termination of the project's registration, any of which could adversely affect our business, financial condition and results of operations.

**Operating Risks**

***Our renewable energy projects may not generate expected levels of output.***

The renewable energy projects that we construct and own are subject to various operating risks that may cause them to generate less than expected amounts of RNG or electricity. These risks include a failure or wearing out of our or our landfill operators', customers' or utilities' equipment; an inability to find suitable replacement equipment or parts; less than expected supply or quality of the project's source of biogas and faster than expected diminishment of such biogas supply; or volume disruption in our fuel supply collection system. Any extended interruption and or volume disruption in the project's operation, or failure of the project for any reason to generate the expected amount of output, could adversely affect our business and operating results. In addition, we have in the past, and may in the future, incur material asset impairment charges if any of our renewable energy projects incurs operational issues that indicate our expected future cash flows from the project are less than the project's carrying value. Any such impairment charge could adversely affect our operating results in the period in which the charge is recorded.

***The concentration in revenues from five of our projects and geographic concentration of our projects expose us to greater risks of production interruptions from severe weather or other interruptions of production or transmission.***

A substantial portion of our revenues are generated from five project sites. For the years ended December 31, 2019 and 2018, excluding the effect of derivative instruments, approximately 80.4% and 77.2%, respectively, of operating revenues were derived from these locations. During 2019, RNG production at our McCarty, Rumpke, Atascocita and Apex facilities accounted for approximately 22.6%, 29.8%, 20.3%, and 8.2% of our RNG revenues, respectively, and 29.5%, 22.6%, 20.2% and 10.4% of the RNG we produced during 2019, respectively. During 2019, Renewable Electricity production at our Bowerman Power LFG, LLC ("*Bowerman*") facility accounted for approximately 88.6% of our Renewable Electricity Generation revenues and 82.0% of the Renewable Electricity we produced during 2019. A lengthy interruption of production or transmission of renewable energy from one or more of these projects, as a result of a severe weather event, failure or degradation of our or a landfill operator's equipment or interconnection transmission problems could have a disproportionate effect on our revenues and cash flow.

Our Atascocita, McCarty, Galveston and Coastal Plains projects are located within 20 miles of each other near Houston, Texas and seven of our other RNG projects are located in relatively close proximity to each other in Pennsylvania and Ohio. Regional events, such as gas transmission interruptions, regional availability of replacement parts and service in the event of equipment failures and severe weather events in either of those geographic regions could adversely affect our RNG production and transmission more than if our projects were more geographically diversified.

***Our use and enjoyment of real property rights for our projects may be adversely affected by the rights of lienholders and leaseholders that are superior to those of the grantors of those real property rights to our projects.***

Our projects generally are, and any of our future projects are likely to be, located on land occupied pursuant to long-term easements, leases and rights of way. The ownership interests in the land subject to these easements, leases and rights-of-way may be subject to mortgages securing loans or other liens (such as tax liens) and other easement, lease rights and rights-of-way of third parties (such as leases of oil or mineral rights) that were created prior to our projects' easements, leases and rights-of-way. As a result, certain of our projects' rights under these easements, leases or rights-of-way may be subject, and subordinate, to the rights of those third parties. We may not be able to protect our operating projects against all risks of loss of our rights to use the land on which our projects are located, and any such loss or curtailment of our rights to use the land on which our projects are located and any increase in rent due on such lands could adversely affect our business, financial condition and results of operations.

***Our projects are not able to insure against all potential risks and may become subject to higher insurance premiums.***

Our projects are exposed to the risks inherent in the construction and operation of renewable energy projects, such as breakdowns, manufacturing defects, natural disasters, terrorist attacks and sabotage. We are also exposed to environmental risks. For example, our McCarty facility experienced the loss of one of its two production engines for the period of November 27, 2019 through March 27, 2020. The related commissioning and ramp up of the replacement engine was completed during the second quarter of 2020. Additionally, our Bowerman facility is located in California near major earthquake faults and fire zones. Recent California wild fires, which occurred in October of 2020, have forced our Bowerman facility to temporarily shut down and caused limited damage to our facility and equipment. We expect our production to be reduced by approximately 50% at the Bowerman facility during the fourth quarter of 2020 and we anticipate resuming full operations in January 2021. We expect that our Bowerman revenues will be reduced by approximately 25% in the fourth quarter of 2020 and by less than 10% through the first half of 2021.

We have insurance policies covering certain risks associated with our business. Our insurance policies do not, however, cover all losses, including those as a result of force majeure. Insurance liabilities are difficult to assess and quantify due to unknown factors, including the severity of an injury, the determination of our liability in proportion to other parties, the number of incidents not reported and the effectiveness of our safety program. In addition, while our insurance policies for some of our projects cover losses as a result of certain types of natural disasters, terrorist attacks or sabotage, among other things, such coverage is subject to important limitations and is not always available in the insurance market on commercially reasonable terms (if at all) and is often capped at predetermined limits. In addition, our insurance policies are subject to annual review by our insurers and may not be renewed on similar or favorable terms or at all. A serious uninsured loss or a loss significantly exceeding the limits of our insurance policies could adversely affect our business, financial condition and results of operations.

**New Project and Growth Risks**

***Acquisition, financing, construction and development of new projects and project expansions and conversions may not commence on anticipated timelines or at all.***

Our strategy is to continue to expand in the future, including through the acquisition of additional projects. From time to time, we enter into nonbinding letters of intent for projects. However, until the negotiations are finalized and the parties have executed definitive documentation, we cannot assure you that we will be able to enter into any development or acquisition transactions, or any other similar arrangements, on the terms in the applicable letter of intent or at all.

The acquisition, financing, construction and development of new projects involves numerous risks, including:

- difficulties in identifying, obtaining and permitting suitable sites for new projects;
- failure to obtain all necessary rights to land access and use;
- assumptions with respect to the cost and schedule for completing construction;
- assumptions with respect to the biogas potential, including quality, volume, and asset life, for new projects;
- the ability to obtain financing for a project on acceptable terms or at all;
- delays in deliveries or increases in the prices of equipment;
- permitting and other regulatory issues, license revocation and changes in legal requirements;
- increases in the cost of labor, labor disputes and work stoppages;
- failure to receive quality and timely performance of third-party services;
- unforeseen engineering and environmental problems;
- cost overruns;
- accidents involving personal injury or the loss of life; and
- weather conditions, global health crises such as COVID-19, catastrophic events, including fires, explosions, earthquakes, droughts and acts of terrorism, and other force majeure events.

In addition, new projects have no operating history and may employ recently developed technology and equipment. A new project may be unable to fund principal and interest payments under its debt service obligations or may operate at a loss, which may adversely affect our business, financial condition or results of operations.

We may also experience delays and cost overruns in converting existing facilities from Renewable Electricity to RNG production. During the conversation projects, there is a gap in production and relating

revenue while the electricity project is offline until it commences operation as an RNG facility, which adversely affects our financial condition and results of operations.

***In order to secure contracts for new projects, we typically face a long and variable development cycle that requires significant resource commitments and a long lead time before we realize revenues.***

The development, design and construction process for our renewable energy projects generally lasts from 12 to 24 months, on average. We frequently receive requests for proposals from potential site hosts as part of their consideration of alternatives for their proposed projects. Prior to responding to an RFP, we typically conduct a preliminary audit of the site host's needs and assess whether the site is commercially viable based on our expected return on investment, investment payback period, and other operating metrics, as well as the necessary permits to develop a project on that site. If we are awarded a project, we then perform a more detailed review of the site's facilities, which serves as the basis for the final specifications of the project. Finally, we negotiate and execute a contract with the site host. This extended development process requires the dedication of significant time and resources from our sales and management personnel, with no certainty of success or recovery of our expenses. A potential site host may go through the entire sales process and not accept our proposal. Further, upon commencement of operations, it typically takes 12 months or longer for the project to ramp up to our expected production level. All of these factors, and in particular, increased spending that is not offset by increased revenues, can contribute to fluctuations in our quarterly financial performance and increase the likelihood that our operating results in a particular period will fall below investor expectations.

***We plan to expand our business in part through developing RNG recovery projects at landfills and livestock farms, but we may not be able to identify suitable locations or complete development of new projects.***

Historically, development of new RNG projects at landfills and livestock farms has been a significant part of our growth strategy. We plan to continue to develop new RNG projects at landfills and livestock farms to expand our project skillsets and capabilities, expand and complement our existing geographic markets, add experienced management and increase our product offerings. However, we may be unable to implement this growth strategy if we cannot identify suitable landfills and livestock farms on which to develop projects, reach agreements with landfill or livestock farm owners to develop RNG projects on acceptable terms or arrange required financing for new projects on acceptable terms. While the EPA has identified an additional 477 landfills as candidates for biogas projects, based on our industry experience and technical knowledge and analysis, after evaluating their currently available LFG collection systems and potential production capacities, we believe that approximately 25 of these sites are potentially economically viable as projects for acquisition and growth. In the future, additional candidate landfills may become economically viable as their growth increases LFG production and requires installation of LFG collection systems. However, the time and effort involved in attempting to identify suitable sites and development of new projects may divert members of our management from our operations.

***Our dairy farm project has, and any future digester project will have, different economic models and risk profiles than our landfill facilities, and we may not be able to achieve the operating results we expect from these projects.***

Our dairy farm project produces significantly less RNG than our landfill facilities. As a result, we will be even more dependent on the LCFS credits and RINs produced at our dairy farm project than on the RINs produced at our landfill facilities for the project's commercial viability. Since the number of LCFS credits for RNG generated on dairy farms is significantly greater than the number of LCFS credits for RNG generated at landfills, we are substantially more dependent upon the revenue from LCFS credits for the commercial viability of the dairy farm project. In the event that CARB reduces the CI score that it applies to waste conversion projects, such as dairy digesters, the number of LCFS credits for RNG generated at our dairy farm project will decline. Additionally, revenue from LCFS credits also depends on the price per LCFS credit, which is driven by various market forces, including the supply of and demand for LCFS credits, which in turn depends on the demand for traditional transportation fuel and the supply of renewable fuel from other renewable energy sources, and mandated CI targets, which determine the number of LCFS credits required to offset LCFS deficits, and

which increase over time. Fluctuations in the price of LCFS credits or the number of LCFS credits assigned will have a significantly greater impact on the success of our dairy farm project than the value that RINs have on our landfill facilities. A significant decline in the value of LCFS credits could require us to incur an impairment charge on our dairy farm project and could adversely affect our business, financial condition and results of operations.

***While we currently focus on converting methane into renewable energy, in the future we may decide to expand our strategy to include other types of projects. Any future energy projects may present unforeseen challenges and result in a competitive disadvantage relative to our more established competitors.***

Our business is currently focused on converting methane into renewable energy. In the future, we may expand our strategy to include other types of projects. We cannot assure you that we will be able to identify attractive opportunities outside of our current area of focus or acquire or develop such projects at a price and on terms that are attractive or that, once acquired or developed, such projects will operate profitably. In addition, these projects could expose us to increased operating costs, unforeseen liabilities or risks, and regulatory and environmental concerns associated with entering into new sectors of the energy industry, including requiring a disproportionate amount of our management's attention and resources, which could adversely affect our business, as well as place us at a competitive disadvantage relative to more established market participants. A failure to successfully integrate such new projects into our existing project portfolio as a result of unforeseen operational difficulties or otherwise, could adversely affect our business, financial condition and results of operations.

***Any future acquisitions, investments or other strategic relationships that we make could disrupt our business, cause dilution to our stockholders or harm our business, financial condition or operating results.***

We expect future acquisitions of companies, purchases of assets and other strategic relationships to be an important part of our growth strategy. We plan to use acquisitions to expand our capabilities, expand our geographic markets, add experienced management and add to our project portfolio. However, we may not be able to identify suitable acquisition or investment candidates, reach agreements with acquisition targets on acceptable terms or arrange for any required financing for an acquisition on acceptable terms, any of which would materially impact our present strategy. Further, if we are successful in consummating acquisitions, those acquisitions could subject us to a number of risks, including:

- the purchase prices we pay could significantly deplete our cash reserves or result in dilution to our existing stockholders;
- we may find that the acquired companies or assets do not improve our customer offerings or market position as planned;
- we may have difficulty integrating the operations and personnel of the acquired companies;
- key personnel and customers of the acquired companies may terminate their relationships with the acquired companies as a result of or following the acquisition;
- we may experience additional financial and accounting challenges and complexities in areas such as tax planning and financial reporting;
- we may incur additional costs and expenses related to complying with additional laws, rules or regulations in new jurisdictions;
- we may assume or be held liable for risks and liabilities (including for environmental-related costs) as a result of our acquisitions, some of which we may not discover during our due diligence or adequately adjust for in our acquisition arrangements;
- our ongoing business and management's attention may be disrupted or diverted by transition or integration issues and the complexity of managing geographically diverse enterprises;

- we may incur one-time write-offs or restructuring charges in connection with an acquisition;
- we may acquire goodwill and other intangible assets that are subject to amortization or impairment tests, which could result in future charges to earnings; and
- we may not be able to realize the cost savings or other financial benefits we anticipated.

Any of these factors could adversely affect our business, financial condition and operating results.

**Third-Party Partner Risks**

***Failure of third parties to manufacture quality products or provide reliable services in a timely manner could cause delays in developing and operating our projects, which could damage our reputation, adversely affect our partner relationships or adversely affect our growth.***

Our success depends on our ability to develop and operate projects in a timely manner, which depends in part on the ability of third parties to provide us with timely and reliable products and services. In developing and operating our projects, we rely on products meeting our design specifications and components manufactured and supplied by third parties, and on services performed by subcontractors. We also rely on subcontractors to perform substantially all of the construction and installation work related to our projects, and we often need to engage subcontractors with whom we have no experience.

If any of our subcontractors are unable to provide services that meet or exceed our customers' expectations or satisfy our contractual commitments, our reputation, business and operating results could be harmed. In addition, if we are unable to avail ourselves of warranties and other contractual protections with providers of products and services, we may incur liability to our customers or additional costs related to the affected products and services, which could adversely affect our business, financial condition and results of operations. Moreover, any delays, malfunctions, inefficiencies or interruptions in these products or services could adversely affect the quality and performance of our projects and require considerable expense to maintain and repair our projects. This could cause us to experience interruption in our production and distribution of renewable energy and generation of related Environmental Attributes, difficulty retaining current relationships and attracting new relationships, or harm our brand, reputation or growth.

***Our projects rely on interconnections to distribution and transmission facilities that are owned and operated by third parties, and as a result, are exposed to interconnection and transmission facility development and curtailment risks.***

Our projects are interconnected with electric distribution and transmission facilities owned and operated by regulated utilities necessary to deliver the Renewable Electricity that we produce. Our RNG projects are similarly interconnected with gas distribution and interstate pipeline systems that are also required to deliver RNG A failure or delay in the operation or development of these distribution or transmission facilities could result in a loss of revenues or breach of a contract because such a failure or delay could limit the amount of RNG and Renewable Electricity that our operating projects deliver or delay the completion of our construction projects. In addition, certain of our operating projects' generation may be curtailed without compensation due to distribution and transmission limitations, reducing our revenues and impairing our ability to capitalize fully on a particular project's potential. Such a failure or curtailment at levels above our expectations could impact our ability to satisfy our supply agreements and adversely affect our business. For example, our Bowerman project lost a partial day in 2018 (March 31), and five days in 2019 (April 1-5), and then was curtailed for approximately 55 days (ending at 80% of power output) while the utility operator designed and permitted a permanent fix. Our Bowerman project also lost two days in 2019 (June 30-July 1) while the utility operator made permanent repairs. Additionally, we experience work interruptions from time to time due to federally required maintenance shutdowns.

We may acquire projects with their own interconnections to available transmission and distribution networks. In some cases, these projects may cover significant distances. A failure in our operation of these

projects that causes the projects to be temporarily out of service, or subject to reduced service, could result in lost revenues because it could limit the amount of Renewable Electricity and RNG our operating projects are able to deliver.

***We are dependent upon our relationships with Waste Management and Republic Services for the operation and maintenance of landfills on which several of our RNG and Renewable Electricity projects operate.***

We currently operate or are developing eight renewable energy projects (seven RNG projects and one Renewable Electricity project) on landfills operated by Waste Management and two RNG projects on landfills operated by Republic Services. Our projects located on Waste Management and Republic Services operated landfills represented approximately 30.7% and 23.7%, respectively, of our revenues for 2019. We are dependent upon Waste Management and Republic Services to operate and maintain their landfill facilities and provide a continuous supply of waste for conversion to RNG and Renewable Electricity. Further, we consider our relationship with these landfill operators an important factor in our growth strategy for additional projects. In the event that we fall out of favor with either of these landfill operators due to a dispute, problems with our operations at one of their facilities or otherwise, the landfill operator may seek to terminate the related project and be less inclined to work with us on future projects.

Additionally, Waste Management and Republic Services could seek to develop their own waste-to-renewable energy conversion projects at other existing landfill locations in lieu of contracting with us for these projects. Failure to maintain these favorable relationships could adversely affect our business, growth strategy, financial condition and results of operations.

***We have significant customer concentration, with a limited number of customers accounting for a substantial portion of our revenues.***

For 2019, sales to Royal Dutch Shell plc, ACT Fuels, Inc., and the City of Anaheim each represented approximately 14% of our operating revenues and sales to Victory Renewables, LLC and BP Products North America each represented approximately 11% of our operating revenues, respectively. In addition, five customers made up approximately 67% and 72% of our accounts receivable as of December 31, 2019 and December 31, 2018, respectively. Revenues from our largest customers may fluctuate from time to time based on our customers' business needs, market conditions or other factors outside of our control. If any of our largest customers terminates its relationship with us, such termination could adversely affect our revenues and results of operations.

***Our fuel supply agreements with site hosts have defined contractual periods, and we cannot assure you that we will be able to successfully extend these agreements.***

Fuel supply rights are issued by the landfill owner to operators for a contractual period. As operators, we have already invested resources in the development of existing sites and the ability to extend these contracts on expiration would enable us to achieve operational efficiency in continuing to generate revenues from a site without significant additional capital investments. We cannot assure you that we will be able to extend existing fuel supply agreements when they expire.

***Our PPAs, fuel-supply agreements, RNG off-take agreements and other agreements contain complex price adjustments, calculations and other terms based on gas price indices and other metrics, the interpretation of which could result in disputes with counterparties that could affect our results of operations and customer relationships.***

Certain of our PPAs, fuel supply agreements, RNG off-take agreements and other agreements require us to make payments or adjust prices to counterparties based on past or current changes in gas price indices, project productivity or other metrics and involve complex calculations. Moreover, the underlying indices governing

payments under these agreements are subject to change, may be discontinued or replaced. The interpretation of these price adjustments and calculations and the potential discontinuation or replacement of relevant indices or metrics could result in disputes with the counterparties with respect to these agreements. Any such disputes could adversely affect project revenues, expense margins, customer or supplier relationships, or lead to costly litigation, the outcome of which we would be unable to predict.

**Market Pricing Risks**

***Our renewable fuel projects may be exposed to the volatility of the price of RINs.***

The price of RINs is driven by various market forces, including gasoline prices and the availability of renewable fuel from other renewable energy sources and conventional energy sources. Refiners are permitted to carry-over up to 20% RINs generated for one calendar year after the RINs are generated to satisfy their RVOs. As a result, we are only able to sell RINs on a forward basis for the year in which the RINs are generated and the following year. We may be unable to manage the risk of volatility in RIN pricing for all or a portion of our revenues from RINs, which would expose us to the volatility of commodity prices with respect to all or the portion of RINs that we are unable to sell through forward contracts, including risks resulting from changes in regulations, general economic conditions and changes in the level of renewable energy generation. We expect to have quarterly variations in the revenues from the projects in which we generate revenue from the sale of RINs that we are unable to sell through forward contracts.

***Our revenues may be subject to the risk of fluctuations in commodity prices.***

The operations and financial performance of projects in the renewable energy sectors may be affected by the prices of energy commodities, such as natural gas, wholesale electricity and other energy-related products. For example, the price of renewable energy resources changes in relation to the market prices of natural gas and electricity. The market price for natural gas is sensitive to cyclical demand and capacity supply, changes in weather patterns, natural gas storage levels, natural gas production levels, general economic conditions and the volume of natural gas imports and exports. The market price of electricity is sensitive to cyclical changes in demand and capacity supply, and in the economy, as well as to regulatory trends and developments impacting electricity market rules and pricing, transmission development and investment to power markets within the United States and in other jurisdictions through interconnects and other external factors outside of the control of renewable energy power-producing projects. Volatility of commodity prices also creates volatility in the prices of Environmental Attributes, since the value of D3 RINs is linked to the price of CWCs, which are inversely affected by the wholesale price of unleaded gasoline. In addition, volatility of commodity prices, such as the market price of gas and electricity, may also make it more difficult for us to raise any additional capital for our renewable energy projects that may be necessary to operate, to the extent that market participants perceive that a project's performance may be tied directly or indirectly to commodity prices. Accordingly, the potential revenues and cash flows of these projects may be volatile and adversely affect the value of our investments.

Our off-take agreements for the sale of RNG are typically shorter in duration than our fuel supply agreements. Accordingly, if we are unable to renew or replace an off-take agreement for a project for which we continue to produce RNG, we would be subject to the risks associated with selling the RNG produced at that project at then-current market prices. We may be required to make such sales at a time when the market price for natural gas as a whole or in the region where that project is located, is depressed. If this were to occur, we would be subject to the volatility of gas prices and be unable to predict our revenues from such project, and the sales prices for such RNG may be lower than what we could sell the RNG for under an off-take agreement.

***We are subject to volatility in prices of RINs and other Environmental Attributes.***

Volatility of commodity prices creates volatility in the price of Environmental Attributes. The value of RINs is inversely proportionate to the wholesale price of unleaded gasoline. Further, the production of RINs

significantly in excess of the RVOs set by the EPA for a calendar year could adversely affect the market price of RINs, particularly towards the end of the year, if refiners and other Obligated Parties have satisfied their RVOs for the year. A significant decline in the price of RINs and price of LCFS credits for a prolonged period could adversely affect our business, financial condition and results of operations, and could require us to take an impairment charge relating to one or more of our projects.

***We are exposed to the risk of failing to meet our contractual commitments to sell RINs from our production.***

We have in the past, and may from time to time in the future, sell forward a portion of our RINs under contracts to fix the revenues from those attributes for financing purposes or to manage our risk against future declines in prices of such Environmental Attributes. If our RNG projects do not generate the amount of RINs sold under such forward contracts, or if for any reason the RNG we generate does not produce RINs, we may be required to make up the shortfall of RINs under such forward contracts through purchases on the open market or by making payments of liquidated damages.

***The failure of our hedge counterparties or significant customers to meet their obligations to us may adversely affect our financial results.***

To the extent we are able to hedge our RNG revenues, our hedging transactions expose us to the risk that a counterparty fails to perform under a derivative contract. Disruptions in the financial markets could lead to sudden decreases in a counterparty's liquidity, which could make them unable to perform under the terms of the derivative contract and we may not be able to realize the benefit of the derivative contract. Any default by the counterparty to these derivative contracts when they become due would adversely affect our business, financial condition and results of operations.

We also face credit risk through the sale of our RNG production. We are also subject to credit risk due to concentration of our RNG receivables with a limited number of significant customers. We do not require our customers to post collateral. The inability or failure of our significant customers to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results.

**Environmental Risks**

***Our operations are subject to numerous stringent environmental, health and safety laws and regulations that may expose us to significant costs and liabilities.***

Our operations are subject to stringent and complex federal, state and local EHS laws and regulations, including those relating to the release, emission or discharge of materials into the air, water and ground, the generation, storage, handling, use, transportation and disposal of hazardous materials and wastes, the health and safety of our employees and other persons, and the generation of RINs and LCFS credits.

These laws and regulations impose numerous obligations applicable to our operations, including the acquisition of permits before construction and operation of our projects; the restriction of types, quantities and concentration of materials that can be released into the environment; the limitation or prohibition of our activities on certain lands lying within wilderness, wetlands and other protected areas; the application of specific health and safety criteria addressing worker protection; and the imposition of substantial liabilities for pollution resulting from the ownership or operation of our properties. These laws, regulations and permits can require expensive pollution control equipment or operational changes to limit actual or potential impacts to the environment.

Numerous governmental entities have the power to enforce difficult and costly compliance measures or corrective actions pursuant to these laws and regulations and the permits issued under them. We may be required to make significant capital and operating expenditures on an ongoing basis, or to perform remedial or other

corrective actions at our properties, to comply with the requirements of these environmental laws and regulations or the terms or conditions of our permits. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil or criminal penalties, the imposition of investigatory or remedial obligations, and the issuance of orders limiting or prohibiting some or all of our operations. In addition, we may experience delays in obtaining or be unable to obtain required environmental regulatory permits or approvals, which may delay or interrupt our operations and limit our growth and revenue.

Our operations inherently risk incurring significant environmental costs and liabilities due to the need to manage waste from our processing facilities. Spills or other releases of regulated substances, including spills and releases that occur in the future, could expose us to material losses, expenditures and liabilities under applicable environmental laws, rules and regulations. Under certain of such laws and regulations, we could be held strictly liable for the removal or remediation of previously released materials or property contamination, regardless of whether we were responsible for the release or contamination and even if our operations met previous standards in the industry at the time they were conducted. In connection with certain acquisitions, we could acquire, or be required to provide indemnification against, environmental liabilities that could expose us to material losses. In addition, claims for damages to persons or property, including natural resources, may result from the EHS impacts of our operations. Our insurance may not cover all environmental risks and costs or may not provide sufficient coverage if an environmental claim is made against us.

New laws, changes to existing laws, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments could require us to make significant additional expenditures. Continued government and public emphasis on environmental issues can be expected to result in increased future investments for environmental controls at our plants. Present and future environmental laws and regulations, and interpretations of those laws and regulations, applicable to our operations, more vigorous enforcement policies and discovery of currently unknown conditions may require substantial expenditures that could have a material adverse effect on our results of operations and financial condition.

Our ability to generate revenue from sales of RINs and LCFS credits depends on our strict compliance with these federal and state programs, which are complex and can involve a significant degree of judgment. If the agencies that administer and enforce these programs disagree with our judgments, otherwise determine that we are not in compliance, conduct reviews of our activities or make changes to the programs, then our ability to generate or sell these credits could be temporarily restricted pending completion of reviews or as a penalty, permanently limited or lost entirely, and we could also be subject to fines or other sanctions. Moreover, the inability to sell RINs and LCFS credits could adversely affect our business.

***Liability relating to contamination and other environmental conditions may require us to conduct investigations or remediation at the properties underlying our projects and may impact the value of properties that we may acquire.***

We may incur liabilities for the investigation and cleanup of any environmental contamination at the properties underlying or adjacent to our projects, or at off-site locations where we arrange for the disposal of hazardous substances or wastes. Under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and other federal, state and local laws, an owner or operator of a property may become liable for costs of investigation and remediation, and for damages to natural resources. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances or whether the conduct giving rise to the release was legal at the time when it occurred. In addition, liability under certain of these laws is joint and several. We also may be subject to related claims by private parties alleging property damage and personal injury due to exposure to hazardous or other materials at or from those properties.

The presence of environmental contamination at a project may adversely affect an owner’s ability to sell such project or borrow funds using the project as collateral. To the extent that an owner of the real property

underlying one of our projects becomes liable with respect to contamination at the real property, the ability of the owner to make payments to us may be adversely affected.

The presence of any environmental contamination with respect to one of our projects could adversely affect our ability to sell the affected project, and we may incur substantial investigation costs, remediation costs or other damages, thus harming our business, financial condition and results of operations.

***Our business is subject to the risk of climate change and extreme or changing weather patterns.***

Extreme weather patterns related to climate change could cause changes in rainfall and storm patterns and intensities, water shortages and changing temperatures, which could result in significant volatility in the supply and prices of energy. In addition, legislation and increased regulation regarding climate change could impose significant costs on us and our suppliers, including costs related to capital equipment, environmental monitoring and reporting and other costs to comply with such regulations.

Furthermore, extreme weather events, such as lightning strikes, ice storms, tornados, extreme wind, hurricanes and other severe storms, wildfires and other unfavorable weather conditions or natural disasters, such as floods, fires, earthquakes, and rising sea-levels, could adversely affect the input and output commodities associated with the renewable energy sector. Such weather events or natural disasters could also require us to temporarily or permanently shut down the equipment associated with our renewable energy projects, such as our access to power and our power to biogas collection, separation and transmission systems, which would impede the ability of our projects to operate, and decrease production levels and our revenue. Operational problems, such as degradation of our project's equipment due to wear or weather or capacity limitations or outages on the electrical transmission network, could also affect the amount of energy that our projects are able to deliver. Any of these events, to the extent not fully covered by insurance, could adversely affect our business, financial condition and results of operations.

These events could result in significant volatility in the supply and prices of energy. This volatility may create fluctuations in commodity or energy prices and earnings of companies in the renewable energy sectors.

**Capital and Credit Risks**

***Our senior credit facility contains financial and operating restrictions that may limit our business activities and our access to credit.***

Provisions in our Amended Credit Agreement, as described under "Description of Indebtedness," imposes customary restrictions on our and certain of our subsidiaries' business activities and uses of cash and other collateral. These agreements also contain other customary covenants, including covenants that require us to meet specified financial ratios and financial tests.

The Amended Credit Agreement consists of a $95.0 million principal amount term loan and an $80.0 million revolving credit line that matures in December 2023. The Amended Credit Agreement may not be sufficient to meet our needs as our business grows, and we may be unable to extend or replace it on acceptable terms, or at all. Under the Amended Credit Agreement, we are required to maintain a maximum ratio of total liabilities to tangible net worth of no greater than 2.0 to 1.0 as of the end of any fiscal quarter. We are also required to maintain:

- as of the end of each fiscal quarter, a fixed charge coverage ratio (meaning as of any date of determination, the ratio, (a) the numerator of which is consolidated EBITDA (as defined in the Amended Credit Agreement) for the applicable measuring period ending on such date of determination, minus taxes paid in cash during such period, minus Tax Distributions made on a consolidated basis (other than the excluded entities) during such period, minus consolidated maintenance capital expenditures (other than the excluded entities) during such period, and (b) the denominator of which is the Fixed Charges (as defined in the Amended Credit Agreement), for such period) of at least 1.2 to 1.0; and

- as of the end of each fiscal quarter, a total leverage ratio (meaning as of any date of determination, the ratio of (a) Funded Debt (as defined in the Amended Credit Agreement) on a consolidated basis (other than the excluded entities) on such date to (b) the sum of (i) the EBITDA Credit (as defined in the Amended Credit Agreement) as of such date and (ii) consolidated EBITDA for the four preceding fiscal quarters then ending, all as determined on a consolidated basis in accordance with GAAP of not more than 3.0 to 1.0.

Consolidated EBITDA, as used in the Amended Credit Agreement, may be calculated differently than EBITDA or Adjusted EBITDA, as used in this prospectus.

The Amended Credit Agreement also contemplates that we would be in default if for any fiscal quarter, (a) the average monthly D3 RIN price (as determined in accordance with the Amended Credit Agreement) is less than $0.80 per RIN and (b) the consolidated EBITDA for such quarter is less than $6,000,000.

Our failure to comply with these covenants could result in the declaration of an event of default and cause us to be unable to borrow under the Amended Credit Agreement. In addition to preventing additional borrowings under the Amended Credit Agreement, an event of default, if not cured or waived, could result in the acceleration of the maturity of indebtedness outstanding under it which would require us to pay all amounts outstanding. If an event of default occurs, we may not be able to cure it within any applicable cure period, or at all. As of September 30, 2020, we were in compliance with all covenants. Certain of our debt agreements also contain subjective acceleration clauses based on a lender deeming that a "material adverse change" in our business has occurred. If these clauses are implicated, and the lender declares that an event of default has occurred, the outstanding indebtedness would likely be immediately due. If the maturity of our indebtedness is accelerated, we may not have sufficient funds available for repayment or we may not have the ability to borrow or obtain sufficient funds to replace the accelerated indebtedness on terms acceptable to us or at all.

***Changes to and replacement of the LIBOR Benchmark Interest Rate may adversely affect our business, financial condition and results of operations.***

Our Amended Credit Agreement and certain of our project loans are indexed to the London Interbank Offered Rate ("*LIBOR*") to calculate the loan interest rate. In 2017, the United Kingdom's Financial Conduct Authority ("*FCA*"), a regulator of financial services firms and financial markets in the United Kingdom, stated that it will plan for a phase out of regulatory oversight of LIBOR interest rate indices. The FCA has indicated that they will support the LIBOR indices through 2021 to allow for an orderly transition to alternative reference rates. However, this announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Consequently, at this time, it is not possible to predict whether and to what extent banks will continue to provide submissions for the calculation of LIBOR. Similarly, it is not possible to predict whether LIBOR will continue to be viewed as an acceptable market benchmark, what rate or rates may become accepted alternatives to LIBOR, or what the effect of any such changes in views or alternatives may be on the markets for LIBOR-indexed financial instruments. In June 2017, the Alternative Reference Rates Committee (the "*ARRC*") convened by the Federal Reserve Board and Federal Reserve Bank of New York announced the Secured Overnight Financing Rate ("*SOFR*") as its recommended alternative to LIBOR for USD obligations. However, because the SOFR is a broad U.S. Treasury repo financing rate that represents overnight secured funding transactions, it differs fundamentally from LIBOR.

Regulators, industry groups and certain committees (e.g., the ARRC) have published recommended fallback language for LIBOR-linked financial instruments, identified recommended alternatives for certain LIBOR rates (e.g., the SOFR as the recommended alternative to USD LIBOR), and proposed implementations of the recommended alternatives in floating rate instruments. However, at this time, it is not possible to predict whether these recommendations and proposals will be broadly accepted, whether they will continue to evolve and what the effect of their implementation may be on the markets for floating-rate financial instruments. The language in our LIBOR-based contracts and financial instruments has developed over time and may have various

events that trigger when a successor rate to the designated rate would be selected. If a trigger is satisfied, contracts and financial instruments may give the calculation agent discretion over the substitute index or indices for the calculation of interest rates to be selected. The implementation of a substitute index or indices for the calculation of interest rates under the Amended Credit Agreement and certain of our project loans may result in our incurring significant expenses in effecting the transition and could adversely affect our financial condition or results of operations.

***We may be required to write-off or impair capitalized costs or intangible assets in the future or we may incur restructuring costs or other charges, each of which would harm our earnings.***

In accordance with GAAP, we capitalize certain expenditures and advances relating to our acquisitions, pending acquisitions, project development costs, interest costs related to project financing and certain energy assets. In addition, we have considerable unamortized assets. In 2019, we recorded impairment charges of $0.9 million, $0.8 million and $0.8 million related to one digester joint venture, one RNG facility, and one Renewable Electricity facility, respectively. In 2018, we recorded impairment charges of $0.9 million related to two Renewable Electricity facilities. In addition, from time to time in future periods, we may be required to incur a charge against earnings in an amount equal to any unamortized capitalized expenditures and advances, net of any portion thereof that we estimate will be recoverable, through sale or otherwise, relating to: (i) any operation or other asset that is being sold, permanently shut down, impaired or has not generated or is not expected to generate sufficient cash flow; (ii) any pending acquisition that is not consummated; (iii) any project that is not expected to be successfully completed; and (iv) any goodwill or other intangible assets that are determined to be impaired. A material write-off or impairment change could adversely affect our ability to comply with the financial covenants under the Amended Credit Agreement, and otherwise adversely affect our business, financial condition and results of operations.

***Our ability to use our U.S. net operating loss carryforwards to offset future taxable income may be subject to certain limitations.***

As of December 31, 2019, we had U.S. federal net operating loss ("*NOL*") carryforwards of approximately $60.4 million, of which $42.9 million were incurred prior to the enactment of the U.S. Tax Cuts and Jobs Act of 2017 (the "*Tax Act*") and, therefore, can be carried forward for 20 years to fully offset taxable income in a future year, and of which $17.5 million were incurred in 2018 or later taxable years and, therefore, can generally be carried forward indefinitely to offset 80% of taxable income in a future year. The CARES Act temporarily lifts the 80% limitation, allowing us to use our NOLs to offset 100% of our taxable income for our 2018, 2019, and 2020 taxable years. Our NOL carryforwards incurred in 2017 or earlier taxable years expire between 2027 and 2037, while our NOL carryforwards incurred in 2018 or later taxable years survive indefinitely. Our ability to utilize our U.S. NOL carryforwards is dependent upon our ability to generate taxable income in future periods.

In addition, our U.S. NOL carryforwards and certain other tax attributes may be limited if we have experienced or experience an "ownership change" under Section 382 of the Internal Revenue Code of 1986, as amended (the "*Code*"), which generally occurs if one or more stockholders or groups of stockholders who own at least 5% of our shares increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling period that begins on the later of three years prior to the testing date and the date of the last ownership change. Similar rules may apply under state tax laws. Previous issuances and sales of MNK's ordinary shares, this offering of our common stock, and future issuances and sales of our common stock (including certain transactions involving our common stock that are outside of our control) could have caused or could cause an "ownership change." If an "ownership change" either had occurred or were to occur, Section 382 of the Code would impose an annual limit on the amount of pre-ownership change NOL carryforwards and other tax attributes we could use to reduce our taxable income, potentially increasing and accelerating our liability for income taxes, and also potentially causing certain tax attributes to expire unused. It is possible that such an ownership change could materially reduce our ability to use our U.S. NOL carryforwards or other tax attributes to offset taxable income, which could adversely affect our profitability.

**Competition Risks**

***We may face intense competition and may not be able to successfully compete.***

There are a number of other companies operating in the renewable energy and waste-to-energy markets. These include service or equipment providers, consultants, managers or investors.

We may not have the resources to compete with our existing competitors or with any new competitors, including in a competitive bidding process. Some of our competitors have significantly larger personnel, financial and managerial resources than we have, and we may fail to maintain or expand our business. Our competitors may also offer energy solutions at prices below cost, devote significant sales forces to competing with us or attempt to recruit our key personnel by increasing compensation, any of which could improve their competitive positions. Moreover, if the demand for renewable energy increases, new companies may enter the market, and the influx of added competition will pose an increased risk to us.

Further, certain of our strategic partners and other landfill operators could decide to manage, recover and convert biogas from waste to renewable energy on their own which would further increase our competition, limit the number of commercially viable landfill sites available for our projects or require us to reduce our profit margins to maintain or acquire projects.

***Technological innovation may render us uncompetitive or our processes obsolete.***

Our success will depend on our ability to create and maintain a competitive position in the renewable energy industry. We do not have any exclusive rights to any of the technologies that we utilize, and our competitors may currently use and may be planning to use identical, similar or superior technologies. In addition, the technologies that we use may be rendered obsolete or uneconomical by technological advances, more efficient and cost-effective processes or entirely different approaches developed by one or more of our competitors or others.

We may also face competition based on technological developments that reduce demand for electricity, increase power supplies through existing infrastructure or that otherwise compete with our projects. We also encounter competition in the form of potential customers electing to develop solutions or perform services internally rather than engaging an outside provider such as us.

***We may not be able to obtain long-term contracts for the sale of power produced by our projects on favorable terms and we may not meet certain milestones and other performance criteria under existing PPAs.***

Obtaining long-term contracts for the sale of power produced by our projects at prices and on other terms favorable to us is essential for the long term success of our business. We must compete for PPAs against other developers of renewable energy projects. This intense competition for PPAs has resulted in downward pressure on PPA pricing for newly contracted projects. The inability to compete successfully against other power producers or otherwise enter into PPAs favorable to us would negatively affect our ability to develop and finance our projects and negatively affect our revenues. In addition, the availability of PPAs depends on utility and corporate energy procurement practices that could evolve and shift allocation of market risks over time. In addition, PPA availability and terms are a function of a number of economic, regulatory, tax, and public policy factors, which are also subject to change.

Our PPAs typically require us to meet certain milestones and other performance criteria. Our failure to meet these milestones and other criteria, including minimum quantities, may result in price concessions, in which case we would lose any future cash flow from the relevant project and may be required to pay fees and penalties to our counterparty. We cannot assure you that we will be able to perform our obligations under such agreements or that we will have sufficient funds to pay any fees or penalties thereunder.

**Cybersecurity and Information Technology Risks**

***A failure of our information technology ("IT") and data security infrastructure could adversely affect our business and operations.***

We rely upon the capacity, reliability and security of our IT and data security infrastructure and our ability to expand and continually update this infrastructure in response to the changing needs of our business. Our existing IT systems and any new IT systems we may not perform as expected. We also face the challenge of supporting our older systems and implementing necessary upgrades. If we experience a problem with the functioning of an important IT system or a security breach of our IT systems, including during system upgrades or new system implementations, the resulting disruptions could adversely affect our business.

We and some of our third-party vendors receive and store personal information in connection with our human resources operations and other aspects of our business. Despite our implementation of reasonable security measures, our IT systems, like those of other companies, are vulnerable to damages from computer viruses, natural disasters, fire, power loss, telecommunications failures, personnel misconduct, human error, unauthorized access, physical or electronic security breaches, cyber-attacks (including malicious and destructive code, phishing attacks, ransomware, and denial of service attacks), and other similar disruptions. Such attacks or security breaches may be perpetrated by bad actors internally or externally (including computer hackers, persons involved with organized crime, or foreign state or foreign state-supported actors). Cybersecurity threat actors employ a wide variety of methods and techniques that are constantly evolving, increasingly sophisticated, and difficult to detect and successfully defend against. We have experienced such incidents in the past, and any future incidents could expose us to claims, litigation, regulatory or other governmental investigations, administrative fines and potential liability. Any system failure, accident or security breach could result in disruptions to our operations. A material network breach in the security of our IT systems could include the theft of our trade secrets, customer information, human resources information or other confidential data, including but not limited to personally identifiable information. Although past incidents have not had a material effect on our business operations or financial performance, to the extent that any disruptions or security breach results in a loss or damage to our data, or an inappropriate disclosure of confidential, proprietary or customer information, it could cause significant damage to our reputation, affect our relationships with our customers and strategic partners, lead to claims against us from governments and private plaintiffs, and ultimately harm our business. We cannot guarantee that future cyberattacks, if successful, will not have a material effect on our business or financial results.

Many governments have enacted laws requiring companies to provide notice of cyber incidents involving certain types of data, including personal data. If an actual or perceived cybersecurity breach or unauthorized access to our system or the systems of our third-party vendors, we may incur liability, costs, or damages, contract termination, our reputation may be compromised, our ability to attract new customers could be negatively affected, and our business, financial condition, and results of operations could be materially and adversely affected. Any compromise of our security could also result in a violation of applicable domestic and foreign security, privacy or data protection, consumer and other laws, regulatory or other governmental investigations, enforcement actions, and legal and financial exposure, including potential contractual liability. In addition, we may be required to incur significant costs to protect against and remediate damage caused by these disruptions or security breaches in the future.

We rely on the technology, infrastructure, and software applications of certain third parties in order to host or operate some of our business. Additionally, we rely on computer hardware purchased in order to operate our business. We do not have control over the operations of the facilities of the third parties that we use. If any of these third-party services experience errors, disruptions, security issues, or other performance deficiencies, if these services, software, or hardware fail or become unavailable due to extended outages, interruptions, defects, or otherwise, or if they are no longer available on commercially reasonable terms or prices (or at all), these issues could result in errors or defects in our platforms, cause our platforms to fail, our revenue and margins could decline, or our reputation and brand to be damaged, we could be exposed to legal or contractual liability, our

expenses could increase, our ability to manage our operations could be interrupted, and our processes for servicing our customers could be impaired until equivalent services or technology, if available, are identified, procured, and implemented, all of which may take significant time and resources, increase our costs, and could adversely affect our business. Many of these third-party providers attempt to impose limitations on their liability for such errors, disruptions, defects, performance deficiencies, or failures, and if enforceable, we may have additional liability to our customers or third-party providers. A failure to maintain our relationships with our third-party providers (or obtain adequate replacements), and to receive services from such providers that do not contain any material errors or defects, could adversely affect our ability to deliver effective products and solutions to our customers and adversely affect our business and results of operations.

***Our business could be negatively affected by security threats, including cybersecurity threats and other disruptions.***

As a renewable energy producer, we face various security threats, including among others, computer viruses, malware, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the internet, attachments to emails, persons with access to systems inside our organization, cybersecurity threats to gain unauthorized access to sensitive information or to expose, exfiltrate, alter, delete or render our data or systems unusable, threats to the security of our projects and infrastructure or third-party facilities and infrastructure, such as processing projects and pipelines, natural disasters, threats from terrorist acts and war.

Our implementation of various procedures and controls to monitor and mitigate these security threats, and to increase security for our information projects and infrastructure, may result in increased capital and operating costs. Moreover, there can be no assurance that such procedures and controls will be sufficient to prevent security breaches from occurring. If any of these security breaches were to occur, they could lead to the loss of sensitive information, critical infrastructure or capabilities essential to our operations, and could adversely affect our reputation, financial position, results of operations or cash flows. Cybersecurity attacks, in particular, are becoming more sophisticated and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and systems and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, and corruption of data. These events could lead to financial losses from remedial actions, loss of business or potential liability.

**Emerging Growth Company Risks**

***For as long as we are an emerging growth company, we will not be required to comply with certain requirements that apply to other public companies.***

We are an emerging growth company, as defined in the JOBS Act. For as long as we are an emerging growth company, which may be up to five full fiscal years, we, unlike other public companies, will not be required to, among other things: (i) provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act; (ii) comply with any new requirements adopted by the PCAOB requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer; (iii) provide certain disclosures regarding executive compensation required of larger public companies; or (iv) hold nonbinding advisory votes on executive compensation and any golden-parachute payments not previously approved. In addition, the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the "*Securities Act*"), for adopting new or revised financial accounting standards. We intend to take advantage of the longer phase-in periods for the adoption of new or revised financial accounting standards permitted under the JOBS Act until we are no longer an emerging growth company. If we were to subsequently elect instead to comply with these public company effective dates, such election would be irrevocable pursuant to the JOBS Act.

We will remain an emerging growth company for up to five years, although we will lose that status sooner if we have more than $1.07 billion of revenues in a fiscal year, have more than $700.0 million in market

value of our common stock held by non-affiliates, or issue more than $1.0 billion of non-convertible debt over a three-year period.

For so long as we rely on any of the exemptions available to emerging growth companies, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. We cannot predict whether investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock to be less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

***We have identified a material weakness in our internal control over financial reporting. If we are unable to remediate this material weakness, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business.***

During the preparation of our interim financial statements in connection with this offering, we and our independent public accounting firm identified a material weakness in internal control over financial reporting. The material weakness related to inadequate procedures and controls with respect to complete and accurate recording of inputs to the consolidated income tax provision and related accruals.

The identified control deficiency could result in a misstatement of our accounts or disclosures that would result in a material misstatement of our annual or interim consolidated financial statements that would not be prevented or detected, and accordingly, we determined that these control deficiencies constitute material weaknesses.

The material weakness also resulted in adjustments to deferred tax assets, income tax payable, member's equity and income tax expense (benefit) in our consolidated financial statements as of and for the nine months ended September 30, 2020 and 2019, which were recorded prior to their issuance.

Prior to the completion of this offering, we were not required to implement internal controls over financial reporting similar to those required by Sections 302 and 404 of the Sarbanes-Oxley Act. We are in the process of implementing measures designed to improve our internal control over financial reporting and remediate the control deficiencies that led to the material weaknesses, including increasing review of our tax calculations by external specialists and initiating design and implementation of our financial control environment which includes creation of additional controls including those designed to strengthen our review processes around preparation of the tax provision.

As a public company, we will be required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. As an emerging growth company, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal controls over financial reporting pursuant to Section 404 until the date we are no longer an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event that it is not satisfied with the level at which our controls are documented, designed or operating.

To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing additional internal controls and procedures and hiring additional accounting or internal audit staff. Testing and maintaining internal controls can divert our management's attention from other matters that are important to the operation of our business. If we identify material weaknesses in our internal controls over financial reporting or are unable to comply with the requirements of Section 404 or assert that our internal controls over financial reporting are effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose

confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected. In addition, we could become subject to investigations by the SEC or other regulatory authorities, which could require additional financial and management resources.

**Common Stock Risks**

***Our stock price may be volatile, and the value of our common stock may decline.***

The market price of our common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control, including:

- actual or anticipated fluctuations in our operating results due to factors related to our businesses;
- success or failure of our business strategies;
- our quarterly or annual earnings or those of other companies in our industries;
- our ability to obtain financing as needed;
- announcements by us or our competitors of significant acquisitions or dispositions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the failure of securities analysts to cover our common stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- investor perception of our company;
- overall market fluctuations;
- results from any material litigation or government investigation;
- changes in senior management or key personnel;
- changes in laws and regulations (including energy, environmental and tax laws and regulations) affecting our business;
- natural disasters and weather conditions disrupting our business operations;
- the trading volume of our common stock;
- changes in capital gains taxes and taxes on dividends affecting stockholders; and
- changes in the anticipated future growth rate of our business.

Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may also adversely affect the market price of our common stock, particularly in light of uncertainties surrounding the ongoing COVID-19 pandemic and the related impacts.

***No public market for our common stock currently exists in the United States, and an active public trading market may not develop or be sustained following this offering.***

No public market for our common stock currently exists in the United States. An active public trading market for our common stock may not develop following the completion of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies by using our shares as consideration.

***Our shares of common stock may trade on more than one market and this may result in price variations.***

We expect that our common stock will have a secondary listing on the JSE. Trading in our common stock will take place in USD on Nasdaq and ZAR on the JSE, and at different times, resulting from different time

zones, trading days and public holidays in the United States and South Africa. The trading prices of our common stock on these two markets may differ due to these and other factors. Any decrease in the price of our common stock on the JSE could cause a corresponding decrease in the trading price of the common stock on Nasdaq.

***Future sales of our common stock in the public market could cause the market price of our common stock to decline.***

Sales of a substantial number of shares of our common stock in the public market following the completion of this offering, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. Many of our existing equity holders have substantial unrecognized gains on the value of the equity they hold based upon the price of this offering, and therefore they may take steps to sell their shares or otherwise secure the unrecognized gains on those shares. We are unable to predict the timing of or the effect that such sales may have on the prevailing market price of our common stock.

All of our directors and officers and certain stockholders will be subject to lock-up agreements that restrict their ability to transfer shares of our capital stock for 180 days from the date of this prospectus, subject to certain exceptions. Roth Capital Partners, LLC may, in its sole discretion, permit our stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements, subject to applicable notice requirements. If not earlier released, all of the shares of common stock sold in this offering will become eligible for sale upon expiration of the 180-day lock-up period, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act.

In addition, there were 2,580,647 shares of MNK common stock issuable upon the exercise of outstanding stock options as of December 31, 2020 which will be cancelled in connection with the Reorganization Transactions. We intend to register shares under the Securities Act issuable pursuant to the terms of an equity incentive plan for awards to be granted in the future.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.***

The trading market for our common stock will be influenced by the research and reports that securities or industry analysts publish about us. Securities and industry analysts do not currently, and may never, publish research focused on us. If no securities or industry analysts commence coverage of us, the price and trading volume of our common stock likely would be adversely affected. If securities or industry analysts initiate coverage and one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our company, our common stock share price would likely decline. If analysts publish target prices for our common stock that are below the historical sales prices for the ordinary shares of MNK on the JSE or the then-current public price of our common stock, it could cause our stock price to decline significantly. Further, if one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our common stock price and trading volume to decline.

***We are a "controlled company" within the meaning of the Nasdaq rules and, as a result, qualify for, and intend to rely on, exemptions and relief from certain governance requirements.***

After the Reorganization Transactions and prior to the completion of the offering, the parties to the Consortium Agreement will beneficially own, in the aggregate, approximately 54.2% of our common stock and, after completion of this offering, they will beneficially own, in the aggregate, approximately % of our common stock (or % if the underwriter exercises in full its option to purchase additional shares of our common stock). These stockholders have informed us that they intend to enter into the Consortium Agreement whereby the parties thereto will agree to act in concert with respect to voting our common stock, including in the election of

directors, among other matters. See "Certain Relationships and Related Person Transactions—Consortium Agreement" for a complete description of the Consortium Agreement. As a result, we will continue to be a "controlled company" within the meaning of the Nasdaq corporate governance standards. Under these corporate governance standards, a company of which more than 50% of the voting power in the election of directors is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements. For example, controlled companies are not required to have:

- a board that is composed of a majority of "independent directors," as defined under the Nasdaq rules;
- a compensation committee that is composed entirely of independent directors; and
- director nominations that are made, or recommended to the full board of directors, by its independent directors, or by a nominations/governance committee that is composed entirely of independent directors.

***The concentration of our capital stock ownership may limit our stockholders' ability to influence corporate matters and may involve other risks.***

As a result of the Consortium Agreement, certain of our stockholders will control matters requiring stockholder approval, including the election of our directors and approval of significant corporate transactions. This concentration of ownership may also have the effect of delaying or preventing a change in control of us that may be otherwise viewed as beneficial by stockholders other than management. Accordingly, other stockholders may not have any influence over significant corporate transactions and other corporate matters. There is also a risk that certain controlling stockholders may have interests which are different from other stockholders and that they will pursue an agenda which is beneficial to themselves at the expense of other stockholders.

***You will incur immediate and substantial dilution in your investment because our earlier investors paid less than the initial public offering price when they purchased their shares.***

If you purchase shares in this offering, you will incur immediate dilution of $ in net tangible book value per share (or $ if the underwriter exercises its option to purchase additional shares in full), based on an assumed initial public offering price of $ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus) because the price that you pay will be greater than the net tangible book value per share of the shares acquired. This dilution arises because our earlier investors paid less than the initial public offering price when they purchased their shares of our common stock. See "Dilution."

***Provisions of our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, and Delaware law may prevent or delay an acquisition of us, which could decrease the trading price of our common stock.***

In connection with this offering, we adopted an Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, which together with applicable Delaware law, may discourage, delay or prevent a merger or acquisition that our stockholders consider favorable. These provisions may discourage, delay or prevent certain types of transactions involving an actual or a threatened acquisition or change in control of us, including unsolicited takeover attempts, even though the transaction may offer our stockholders the opportunity to sell their common stock at a price above the prevailing market price. See "Description of Capital Stock—Anti-takeover Effects of Certain Provisions of Our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Delaware Law" for more information.

***Our Amended and Restated Certificate of Incorporation provides that, unless we determine otherwise, the Court of Chancery of the State of Delaware and the U.S. federal district courts are the sole and exclusive forums for certain litigation matters, which could discourage stockholder lawsuits or limit our stockholders' ability to bring a claim in any judicial forum that they find favorable for disputes with us or our officers and directors.***

Pursuant to our Amended and Restated Certificate of Incorporation, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) is the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law ("*DGCL*"), our Amended and Restated Certificate of Incorporation, or our Amended and Restated Bylaws, or (iv) any action asserting a claim governed by the internal affairs doctrine. We refer to this provision in our Amended and Restated Certificate of Incorporation as the Delaware Forum Provision. The Delaware Forum Provision does not apply to any claim arising under the Securities Act or the Exchange Act. Furthermore, unless we consent in writing to the selection of an alternative forum, the U.S. federal district courts are, to the fullest extent permitted by law, the sole and exclusive forum for any action asserting a claim arising under the Securities Act. We refer to this provision in our Amended and Restated Certificate of Incorporation as the Federal Forum Provision. Any person or entity purchasing or otherwise acquiring an interest in any of our securities shall be deemed to have notice of and to have consented to the Delaware Forum Provision and the Federal Forum Provision, provided, however, that such security holders cannot and will not be deemed to have waived compliance with the U.S. federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision may impose additional litigation costs on security holders in pursuing any such claims to the extent the provisions require the security holders to litigate in a particular or different forum. Additionally, these forum selection clauses may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our stockholders or us. The Court of Chancery of the State of Delaware and the federal district courts, as applicable, may reach a different judgment or result than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to our stockholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. The Federal Forum Provision may impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters.

***Certain of our directors reside outside of the United States and it may be difficult to enforce judgments against them in the United States.***

Two of our directors, all of our executive officers and all of our operating assets reside in the United States. Certain of our directors, including John A. Copelyn, Theventheran (Kevin) G. Govender and Mohamed H. Ahmed are residents of South Africa. Another director, Michael A. Jacobson, is a resident of Australia. As a result, it may not be possible for you to effect service of legal process, within the United States or elsewhere, upon certain of our directors, including matters arising under U.S. federal securities laws. This may make it difficult or impossible to bring an action against these individuals in the United States in the event that a person believes that their rights have been violated under applicable law or otherwise. Even if an action of this type is successfully brought, the laws of the United States and of South Africa or Australia may render a judgment unenforceable.

**General Risk Factors**

***Our issuance of additional capital stock in connection with financings, acquisitions, investments, our equity incentive plans or otherwise will dilute stockholders.***

We expect to issue additional capital stock in the future that will result in dilution to stockholders. We expect to grant equity awards to employees, directors and consultants under our equity incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in companies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our common stock to decline.

***We will have broad discretion in the use of the net proceeds to us from this offering and may not use them effectively.***

We will have broad discretion in the application of the net proceeds that we receive from this offering, including for any of the purposes described in the section titled "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds that we receive from this offering, our ultimate use may vary substantially from our currently intended use. Investors will need to rely upon the judgment of our management with respect to the use of such proceeds. Pending use, we may invest the net proceeds that we receive from this offering in short-term, investment-grade, interest-bearing securities, such as money market accounts, certificates of deposit, commercial paper, and guaranteed obligations of the U.S. government that may not generate a high yield for our stockholders. If we do not use the net proceeds that we receive in this offering effectively, our business, financial condition and results of operations could be harmed, and the market price of our common stock could decline.

***We are highly dependent on our senior management team and other highly skilled personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy.***

Our success depends, in significant part, on the continued services of our senior management team and on our ability to attract, motivate, develop and retain a sufficient number of other highly skilled personnel, including engineering, design, finance, marketing, sales and support personnel. Our senior management team has extensive experience in the renewable energy industry, and we believe that their depth of experience is instrumental to our continued success. The loss of any one or more members of our senior management team, for any reason, including resignation or retirement, could impair our ability to execute our business strategy and adversely affect our business, financial condition and results of operations.

Competition for qualified highly skilled personnel can be strong, and we cannot assure you that we will be successful in attracting or retaining such personnel now or in the future. Any inability to recruit, develop and retain qualified employees may result in high employee turnover and may force us to pay significantly higher wages, which may harm our profitability. Additionally, we do not carry key personnel insurance for any of our management executives, and the loss of any key employee or our inability to recruit, develop and retain these individuals as needed, could adversely affect our business, financial condition and results of operations.

***Our ability to pay regular dividends on our common stock is subject to the discretion of our Board of Directors.***

Our common stock will have no contractual or other legal right to dividends. The payment of future dividends on our common stock will be at the discretion of our Board of Directors and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board of Directors deems relevant. Accordingly, we may not make, or may have to reduce or eliminate, the payment of dividends on our common stock, which could adversely affect the market price of our common stock. See "Dividend Policy."

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements" that involve substantial risks and uncertainties. All statements other than statements of historical or current fact included in this prospectus are forward-looking statements. Forward-looking statements refer to our current expectations and projections relating to our financial condition, results of operations, plans, objectives, strategies, future performance, and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "assume," "believe," "can have," "contemplate," "continue," "could," "design," "due," "estimate," "expect," "forecast," "goal," "intend," "likely," "may," "might," "objective," "plan," "predict," "project," "potential," "seek," "should," "target," "will," "would," and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operational performance or other events. For example, all statements we make relating to our estimated and projected costs, expenditures, and growth rates, our plans and objectives for future operations, growth, or initiatives, or strategies are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expect and, therefore, you should not unduly rely on such statements. The risks and uncertainties that could cause those actual results to differ materially from those expressed or implied by these forward-looking statements include but are not limited to:

- the impact of the ongoing COVID-19 pandemic on our business, financial condition and results of operations;
- our ability to develop and operate new renewable energy projects, including with livestock farms;
- reduction or elimination of government economic incentives to the renewable energy market;
- delays in acquisition, financing, construction and development of new projects, including expansion plans into new areas such as dairy;
- the length of development cycles for new projects, including the design and construction processes for our renewable energy projects;
- dependence on third parties for the manufacture of products and services;
- identifying suitable locations for new projects;
- reliance on interconnections to distribution and transmission products for our Renewable Natural Gas and Renewable Electricity Generation segments;
- our projects not producing expected levels of output;
- concentration of revenues from a small number of customers and projects;
- dependence on our landfill operators;
- our outstanding indebtedness and restrictions under our credit facility;
- our ability to extend our fuel supply agreements prior to expiration;
- our ability to meet milestone requirements under our PPAs;
- existing regulation and changes to regulations and policies that effect our operations;
- decline in public acceptance and support of renewable energy development and projects;
- our expectations regarding the period during which we qualify as an emerging growth company under the JOBS Act;
- market volatility and fluctuations in commodity prices and the market prices of Environmental Attributes;
- profitability of our planned livestock farm projects;

- sustained demand for renewable energy;
- security threats, including cyber-security attacks;
- the need to obtain and maintain regulatory permits, approvals and consents;
- potential liabilities from contamination and environmental conditions;
- potential exposure to costs and liabilities due to extensive environmental, health and safety laws;
- impacts of climate change, changing weather patterns and conditions, and natural disasters;
- failure of our information technology and data security systems;
- increased competition in our markets;
- continuing to keep up with technology innovations;
- an active trading market for our common stock may not develop;
- our belief that we are taking the appropriate measures to remediate the material weakness identified in our internal control over financial reporting;
- concentrated stock ownership by a few stockholders and related control over the outcome of all matters subject to a stockholder vote; and
- the other risks and uncertainties detailed in the section titled "Risk Factors."

We make many of our forward-looking statements based on our operating budgets and forecasts, which are based upon detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results.

See the "Risk Factors" section and elsewhere in this prospectus for a more complete discussion of the risks and uncertainties mentioned above and for discussion of other risks and uncertainties we face that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements as well as others made in this prospectus and hereafter in our other SEC filings and public communications. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties.

We caution you that the risks and uncertainties identified by us may not be all of the factors that are important to you. Furthermore, the forward-looking statements included in this prospectus are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events, or otherwise, except as required by law.

## THE REORGANIZATION TRANSACTIONS

### Prior Organizational Structure

MNK is a holding company that is the ultimate parent of various subsidiaries through which its business is operated. Until January 4, 2021, its subsidiaries included Montauk USA as shown below.


### The Reorganization Transactions

MNK is a holding company whose ordinary shares are currently traded on the JSE under the symbol "MNK." MNK's sole asset consists of our business. Our operations, however, have always been and remain based in the United States. We are pursuing the Reorganization Transactions and this offering to raise the profile of our operations in the United States by obtaining a primary listing on a stock exchange in the country where our core operations are located. In particular, the market for RNG generated from landfill methane, which generation comprises our primary business, is not currently well-developed in South Africa for various reasons, most notably quality constraints in respect of existing landfill sites. The lack of public and market awareness in South Africa regarding this sector diminishes MNK's ability to raise capital in South Africa. We believe that access to a liquid and informed U.S. equity market will be of great benefit to our operations as a potential future source of funding for growth, including through acquisitions, new developments, and redevelopments of existing sites.

Montauk, the issuer of the common stock offered hereby, is a newly formed holding company that is participating in a series of Reorganization Transactions with MNK and its subsidiaries. Montauk had no significant operations or assets prior to January 4, 2021 when it engaged in the Equity Exchange with Montauk USA described below.

Montauk USA owned 100% of the shares of MEH. Prior to this offering and the Reorganization Transactions, MNK's business and operations were conducted entirely through MEH and its U.S. subsidiaries, and MNK held no assets other than equity of its subsidiaries.

On January 4, 2021, MNK and its subsidiaries were reorganized through a series of transactions that resulted in Montauk owning all of the assets and entities through which MNK's business and operations are conducted. The key steps involved in this reorganization included or will include:

- On January 4, 2021, Montauk USA transferred to Montauk all of the issued and outstanding equity of MEH (and any other assets and liabilities of Montauk USA) in exchange for all of the outstanding shares of Montauk common stock (the "*Transfer*"). Subsequently, Montauk USA was the sole stockholder of Montauk and MEH was a wholly owned subsidiary of Montauk.

- On January 4, 2021, Montauk USA distributed all of the shares of Montauk common stock to Montauk USA's sole equity holder, MNK, and elected to be disregarded for U.S. tax purposes (collectively, with the Transfer, the "*Equity Exchange*"). Montauk is now a direct wholly owned subsidiary of MNK and Montauk USA ceased to own any assets.
- MNK will distribute all of the outstanding shares of Montauk common stock as a pro rata dividend to holders of MNK's ordinary shares (the "*Distribution*"), subject to any tax withholding obligations under applicable South African law. Each ordinary share of MNK outstanding as of , New York City time, on , 2021, the record date for the Distribution (the "*Record Date*"), will entitle the holder thereof to receive one share of Montauk common stock. The Transaction Implementation Agreement with MNK will govern the Distribution, the allocation of assets and liabilities between MNK and Montauk, and Montauk's relationship with MNK following the Reorganization Transactions. See "Certain Relationships and Related Party Transactions—Relationship with MNK—Transaction Implementation Agreement."
- Following the Distribution, MNK and Montauk USA will be liquidated.

We refer to the Equity Exchange and the Distribution collectively as the "*Reorganization Transactions*." We have completed the Equity Exchange and intend to complete the Distribution prior to the closing of this offering. All material approvals and actions required to execute each of the Reorganization Transactions have been or will have been obtained or taken, as appropriate, prior to the commencement of this offering. This offering will not be consummated unless each of the Reorganization Transactions is completed.

Following the completion of the Reorganization Transactions, but immediately prior to the consummation of this offering, MNK and holders of MNK's ordinary shares will hold 100% of the outstanding shares of our common stock. Immediately following the consummation of this offering, MNK and holders of MNK's ordinary shares will hold approximately % of the outstanding shares of our common stock, or approximately % if the underwriter exercises its option to purchase additional shares in full.

After full completion of the Reorganization Transactions and this offering, (i) Montauk USA will not own any assets and (ii) all entities through which MNK's business and operations are currently conducted will be owned, directly or indirectly, by Montauk. Additionally, MNK will adopt a plan contemporaneously with the completion of the Reorganization Transactions that will authorize the liquidation and dissolution of MNK. As a result, we expect that MNK will be delisted from the JSE and liquidated subsequent to the consummation of this offering. Accordingly, MNK's business is the business in which you are investing if you buy shares of common stock in this offering.

Following the completion of Reorganization Transactions and this offering, Montauk will be the parent holding company of MEH and its subsidiaries as shown below:


We will provide further information regarding the Reorganization Transactions in subsequent amendments to this registration statement of which this prospectus forms a part and prior to the completion of this offering.

## USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million, or approximately $ million if the underwriter exercises in full its option to purchase additional shares, based on an assumed initial public offering price of $ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus).

We intend to use the net proceeds that we receive in this offering to fund the identification of, and diligence activities with respect to, potential new projects, which include evaluating new project sites, project conversions and strategic acquisitions. The timing of our use of the net proceeds received in this offering may vary significantly depending on numerous factors. While we have no current agreements, commitments or understandings for any specific use of the net proceeds at this time, we continue to actively consider potential opportunities.

We will not receive any proceeds from the sale of shares of our common stock by the selling stockholder.

Assuming no exercise of the underwriter's option to purchase additional shares, each $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus) would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated expenses payable by us. Similarly, an increase (decrease) of one million shares of common stock sold in this offering by us would increase (decrease) our net proceeds by $ , assuming the initial public offering price of $ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus), remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

The foregoing represents our current intentions with respect to the use and allocation of the net proceeds of this offering based upon our present plans and business condition, but our management will have significant flexibility and discretion in applying the net proceeds. The occurrence of unforeseen events or changed business conditions could result in application of the net proceeds of this offering in a manner other than as described in this prospectus.

## DIVIDEND POLICY

We declared dividends of $7.6 million and $4.1 million in May 2018 and October 2018, respectively. We did not declare any cash dividends in 2019 or 2020. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our Board of Directors, subject to compliance with contractual restrictions and covenants in the agreements governing our current and future indebtedness. Any such determination will also depend upon our business prospects, results of operations, financial condition, cash requirements and availability, and other factors that our Board of Directors may deem relevant.

Because we are a holding company and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we receive from our subsidiaries. In addition, under Delaware law, our Board of Directors may declare dividends only to the extent of our surplus (which is defined as total assets at fair market value minus total liabilities, minus statutory capital) or, if there is no surplus, out of our net profits for the then current or immediately preceding fiscal year.

Accordingly, you may need to sell your shares of our common stock to realize a return on your investment, and you may not be able to sell your shares at or above the price you paid for them. See “Risk Factors—General Risk Factors—Our ability to pay regular dividends on our common stock is subject to the discretion of our Board of Directors.”

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2020:

- on an actual basis;
- on a pro forma basis to give effect to the Reorganization Transactions as if such transactions had occurred on September 30, 2020; and
- on a pro forma as adjusted basis to give effect to (i) the pro forma adjustments set forth above; (ii) our receipt of the estimated net proceeds from the sale of common stock by us in the offering, after deducting the underwriting discounts and commissions and estimated fees and expenses payable by us, based on an assumed initial public offering price of $ per share (the midpoint of the range appearing on the cover page of this prospectus); and (iii) the application of the net proceeds of this offering, as described in "Use of Proceeds."

You should read this information in conjunction with "Use of Proceeds," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated financial statements and related notes included elsewhere in this prospectus.

| | As of September 30, 2020 | | |
|---|---|---|---|
| | Actual (1) | Pro Forma | Pro Forma as Adjusted (2) |
| | (in thousands, except per share data) | | |
| Cash and cash equivalents | $ 19,537 | $ | $ |
| Debt: | | | |
| Term Loans | 32,500 | | |
| Revolving Credit Facility | 36,698 | | |
| Total debt | 69,198 | | |
| Member's equity: | | | |
| Common stock, $0.01 par value: 1,000 shares authorized, 10 shares issued and outstanding, actual; 690,000,000 shares authorized, shares issued and outstanding, pro forma; 690,000,000 shares authorized, shares issued and outstanding, pro forma as adjusted | — | | |
| Preferred stock, $0.01 par value: 10,000,000 shares authorized, no shares issued and outstanding, pro forma; 10,000,000 shares authorized, no shares issued and outstanding pro forma as adjusted | | | |
| Additional paid-in capital | — | | |
| Accumulated deficit | — | | |
| Accumulated other comprehensive loss | — | | |
| Total Member's equity | 156,867 | | |
| Total capitalization | $224,345 | $ | $ |

(1) Reflects historical consolidated financial data of Montauk USA derived from Montauk USA's unaudited consolidated financial statements included elsewhere in this prospectus.

(2) Each $1.00 increase or decrease in the public offering price per share would increase or decrease, as applicable, our net proceeds, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, by $ million (assuming no exercise of the underwriter's option to purchase additional shares). Similarly, an increase or decrease of one million shares of common stock sold in this offering by us would increase or decrease, as applicable, our net proceeds, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, by $ , based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated public offering price range set forth on the cover page of this prospectus.

## DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the offering price per share and the pro forma as adjusted net tangible book value per share after this offering. Historical net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the number of shares of common stock outstanding. Dilution in pro forma net tangible book value per share represents the difference between the amount per share paid by purchasers of our common stock in this offering and the pro forma as adjusted net tangible book value per share of common stock immediately after the consummation of this offering.

Our historical net tangible book value as of September 30, 2020 was $ million, or $ per share. Our pro forma net tangible book value as of September 30, 2020 was approximately $ million, or $ per share.

After giving effect to the sale of shares of common stock in this offering at the assumed initial public offering price of $ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus), less the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of September 30, 2020 would have been approximately $ , or approximately $ per share. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution in net tangible book value of $ per share to new investors of common stock in this offering. The following table illustrates this per share dilution:

| | | |
|---|---|---|
| Assumed initial public offering price per share | $ | $ |
| Historical net tangible book value per share as of September 30, 2020 | | |
| Pro forma net tangible book value per share as of September 30, 2020 | | |
| Increase in pro forma net tangible book value per share attributable to new investors in this offering | | |
| Pro forma net tangible book value per share immediately after this offering | | |
| Dilution per share to new investors in this offering | $ | $ |

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus), would increase (decrease) our as adjusted net tangible book value, after this offering by $ million, or $ per share and the dilution per share to new investors by $ , in each case assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriter were to fully exercise its option to purchase additional shares of our common stock, including pursuant to the underwriter warrants, our pro forma net tangible book value would be $ per share. This represents a decrease in pro forma as adjusted net tangible book value of $ per share to our existing investors and an immediate dilution of $ per share to new investors.

A one million share increase (decrease) in the number of shares offered by us would increase (decrease) our as adjusted net tangible book value by approximately $ million, or $ per share, and the dilution per share to new investors by approximately $ , in each case assuming the initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on an as adjusted basis as of September 30, 2020, after giving effect to this offering, the total number of shares of common stock purchased from us, the total cash consideration paid to

us, or to be paid, and the average price per share paid, or to be paid, by new investors purchasing shares in this offering, at an assumed initial public offering price of $ per share, which is the midpoint of the estimated public offering price range set forth on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions:

| | Shares Purchased | | Total Consideration | | Average Price Per Share |
|---|---|---|---|---|---|
| | Number | Percent | Amount | Percent | |
| Existing stockholders | | % | $ | % | $ |
| New investors | | | | | |
| Total | | 100% | $ | 100% | $ |

If the underwriter were to fully exercise its option to purchase additional shares of our common stock, the percentage of shares of our common stock held by existing investors would be %, and the percentage of shares of our common stock held by new investors would be %.

Sales of shares of our common stock by the selling stockholder in this offering will reduce the number of shares held by the existing stockholders to , or approximately % of the total shares of common stock outstanding after this offering (or approximately % of the total shares of common stock outstanding after this offering, if the underwriter exercises its option to purchase additional shares in full) and will increase the number of shares held by new investors to , or approximately % of the total shares of common stock outstanding after this offering (or shares, or approximately % of the total shares of common stock outstanding after this offering, if the underwriter exercises its option to purchase additional shares in full).

The foregoing tables and calculations exclude shares of our common stock, reserved for future issuance under the Equity Plan as of the date hereof, which will be effective upon the completion of this offering. To the extent equity awards are granted and exercised, there will be further dilution to new investors.

The above discussion and tables are based on the number of shares outstanding at , after giving effect to the Reorganization Transactions. In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities could result in further dilution to our stockholders.

## SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth a summary of the historical consolidated financial data of Montauk USA for the years ended December 31, 2019 and 2018 and the nine months ended September 30, 2020 and 2019. The consolidated financial statements of Montauk USA, our predecessor for accounting purposes, will be our historical financial statements following this offering. The historical summary consolidated financial data set forth in the following tables for the years ended December 31, 2019 and 2018 and the nine months ended September 30, 2020 and 2019 have been derived from Montauk USA's consolidated financial statements included elsewhere in this prospectus. You should read this data together with Montauk USA's financial statements and the related notes appearing elsewhere in this prospectus and the information included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." Montauk USA's historical results are not necessarily indicative of our future results.

**Statement of Operations Data:**

| | Year ended December 31, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2020 | 2019 |
| | *(in thousands, except per share data)* | | | |
| Total revenues | $ 107,383 | $ 116,433 | $ 75,559 | $ 83,703 |
| Operating expenses | | | | |
| Operating and maintenance expenses | 39,783 | 29,073 | 30,884 | 30,306 |
| General and administrative expenses | 13,632 | 11,953 | 11,336 | 10,593 |
| Royalties, transportation, gathering and production fuel expenses | 20,558 | 22,359 | 14,769 | 16,197 |
| Depreciation and amortization | 19,760 | 16,195 | 16,120 | 14,754 |
| Impairment loss | 2,443 | 854 | 278 | 1,550 |
| Gains on insurance proceeds | — | — | (3,444) | — |
| Transaction costs | 202 | 176 | — | 202 |
| Total operating expenses | $ 96,378 | $ 80,610 | $ 69,943 | $ 73,602 |
| **Operating profit** | **$ 11,005** | **$ 35,823** | **$ 5,616** | **$ 10,101** |
| Other expenses (income): | | | | |
| Interest expense | $ 5,576 | $ 3,083 | $ 3,510 | $ 5,293 |
| Equity loss (gain) of nonconsolidated investments | (94) | 224 | — | (94) |
| Net loss (gain) on sale of assets | 10 | (266) | — | 10 |
| Other expense (income) | 47 | (3,781) | 250 | (17) |
| Total other expenses (income) | $ 5,539 | $ (740) | $ 3,760 | $ 5,192 |
| Income tax expense (benefit) | (354) | 7,796 | (291) | (539) |
| Net income | $ 5,820 | $ 28,767 | $ 2,147 | $ 5,448 |
| | | | | |
| Pro forma basic earnings (loss) per share | $ | $ | $ | $ |
| Pro forma diluted earnings (loss) per share | $ | $ | $ | $ |
| Dividends per share | $ | $ | $ | $ |

**Balance Sheet Data:**

| | As of December 31, | | As of September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2020 | 2019 |
| | *(in thousands)* | | | |
| Cash and cash equivalents | $ 9,788 | $ 54,032 | $ 19,537 | $ 9,788 |
| Working capital (deficit) | (154) | 34,790 | 6,537 | (8,661) |
| Property, plant and equipment—net | 193,498 | 168,418 | 189,957 | 187,868 |
| Total assets | 243,613 | 261,732 | 251,527 | 230,809 |
| Long-term debt | 57,256 | 74,649 | 58,656 | 43,577 |
| Member's equity | 154,257 | 147,941 | 156,867 | 154,050 |

**Non-GAAP measures:**

| | Year ended on December 31, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2020 | 2019 |
| | *(in thousands)* | | | |
| EBITDA (1) | $30,802 | $55,841 | $21,486 | $24,956 |
| Adjusted EBITDA (1) | $33,615 | $56,921 | $21,376 | $27,038 |

(1) See "Summary Consolidated Financial Data" for a reconciliation of Montauk USA's income from continuing operations to EBITDA and Adjusted EBITDA for the periods presented.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes to those statements included elsewhere in this prospectus. The historical consolidated financial data discussed below reflects the historical results of operations and financial position of Montauk USA. The consolidated financial statements of Montauk USA, our predecessor for accounting purposes, will be our historical financial statements following this offering. The historical financial data discussed below relates to periods prior to the Reorganization Transactions. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Special Note Regarding Forward-Looking Statements" and "Risk Factors" and elsewhere in this prospectus.*

### Our Company

#### *Overview*

Montauk is a renewable energy company specializing in the recovery and processing of biogas from landfills and other non-fossil fuel sources for beneficial use as a replacement to fossil fuels. We develop, own, and operate RNG projects, using proven technologies that supply RNG into the transportation industry and use RNG to produce Renewable Electricity. Having participated in the industry for over 30 years, we are one of the largest U.S. producers of RNG. We established our operating portfolio of 12 RNG and three Renewable Electricity projects through self-development, partnerships, and acquisitions that span six states and have grown our revenues from $34.0 million in 2014 to $107.4 million in 2019.

Biogas is produced by microbes as they break down organic matter in the absence of oxygen (during a process called anaerobic digestion). Our two current sources of commercial scale biogas are LFG and ADG, which is produced inside an airtight tank used to breakdown organic matter, such as livestock waste. We typically secure our biogas feedstock through long-term fuel supply agreements and property lease agreements with biogas site hosts. Once we secure long-term fuel supply rights, we design, build, own, and operate facilities that convert the biogas into RNG or use the processed biogas to produce Renewable Electricity. We sell the RNG and Renewable Electricity through a variety of short-, medium-, and long-term agreements. Because we are capturing waste methane and making use of a renewable source of energy, our RNG and Renewable Electricity generate valuable Environmental Attributes, which we are able to monetize under federal and state initiatives.

#### *Factors Affecting Revenue*

Our total operating revenues include renewable energy and related Environmental Attributes sales. Renewable energy sales primarily consist of the sale of biogas including LFG and ADG, which is either sold or converted to Renewable Electricity. Environmental Attributes are generated and monetized from the renewable energy.

We report revenues from two operating segments: Renewable Natural Gas and Renewable Electricity Generation. Corporate relates to additional discrete financial information for the corporate function; primarily used as a shared service center for maintaining functions such as executive, accounting, treasury, legal, human resources, tax, environmental, engineering, and other operations functions not otherwise allocated to a segment. As such, the corporate entity is not determined to be an operating segment, but is discretely disclosed for purposes of reconciliation to the Company's consolidated financial statements.

- *Renewable Natural Gas Revenues:* We record revenues from the production and sale of RNG and the generation and sale of the Environmental Attributes, such as RINs and LCFS credits, derived from RNG. Our RNG revenues from Environmental Attributes are recorded net of a portion of

Environmental Attributes shared with off-take counterparties as consideration for such counterparties using the RNG as a transportation fuel. We monetize a portion of our RNG production under fixed-price and counterparty sharing agreements, which provide floor prices in excess of commodity indices and sharing percentages of the monetization of Environmental Attributes. Under these sharing arrangements, we receive a portion of the profits derived from counterparty monetization of the Environmental Attributes in excess of the floor prices.

- *Renewable Electricity Generation Revenues:* We record revenues from the production and sale of Renewable Electricity and the generation and sale of the Environmental Attributes, such as RECs, derived from Renewable Electricity. All of our Renewable Electricity production is monetized under fixed-price PPAs from our existing operating projects.
- *Corporate Revenues:* Corporate reports realized and unrealized gains or losses under our gas hedge programs. Corporate also relates to additional discrete financial information for the corporate function; primarily used as a shared service center for maintaining functions such as executive, accounting, treasury, legal, human resources, tax, environmental, engineering and other operations functions not otherwise allocated to a segment.

Our revenues are priced based on published index prices which can be influenced by factors outside our control, such as market impacts on commodity pricing and regulatory developments. With our royalty payments structured as a percentage of revenue, royalty payments fluctuate with changes in revenues. Due to these factors, we place a primary focus on managing production volumes and operating and maintenance expenses as these factors are most controllable by us.

***RNG Production***

Our RNG production levels are subject to fluctuations based on numerous factors, including:

- *Disruptions to Production:* Disruptions to waste placement operations at our active landfill sites, severe weather events, failure or degradation of our or a landfill operator's equipment or interconnection or transmission problems could result in a reduction of our RNG production. We strive to address any issues that may arise proactively through preventative maintenance, process improvement and flexible redeployment of equipment to maximize production and useful life.
- *Quality of Biogas:* We are reliant upon the quality and availability of biogas from our site partners. The quality of the waste at our landfill project sites is subject to change based on the volume and type of waste accepted. Variations in the quality of the biogas could affect our RNG production levels. At three of our projects, we operate the wellfield collection system, which allows greater control over the quality and consistency of the collected biogas. At two of our projects, we have operating and management agreements by which we earn revenue for managing the wellfield collection systems. Additionally, our dairy farm project will benefit from the consistency of feedstock and controlled environment of collection of waste to improve biogas quality.
- *RNG Production from Our Growth Projects:* We employ a multi-pronged growth strategy that enables us to pursue growth through: (i) expanding, converting and optimizing our existing portfolio, (ii) acquiring and developing new projects and (iii) broadening our sources of fuel supply. We also anticipate increased production at certain of our existing projects as open landfills continue to take in additional waste and the gas available for collection increases. Delays in commencement of production or extended commissioning issues at a new project or a conversion project would delay any realization of production from that project.

***Pricing***

Our Renewable Natural Gas and Renewable Electricity Generation segments' revenues are primarily driven by the prices under our off-take agreements and PPAs and the amount of RNG and Renewable Electricity

that we produce. We sell the RNG produced from our projects under a variety of short-term and medium-term agreements to counterparties, with contract terms varying from three years to five years. Our contracts with counterparties are typically structured to be based on varying natural gas price indices for the RNG produced. All of the Renewable Electricity produced at our biogas-to-electricity projects is sold under long-term contracts to creditworthy counterparties, typically under a fixed price arrangement with escalators. We are considering conversion to RNG for one Renewable Electricity site in our portfolio.

The pricing of Environmental Attributes, which accounts for a substantial portion of our revenues, is subject to volatility based on a variety of factors, including regulatory and administrative actions and commodity pricing.

Our dairy farm project is expected to be awarded a more attractive CI by CARB, thereby generating LCFS credits at a multiple of those generated by our landfill projects.

The sale of RINs, which is subject to market price fluctuations, accounts for a substantial portion of our revenues. We manage against the risk of these fluctuations through forward sales of RINs, although currently we only sell RINs in the calendar year they are generated and the following calendar year. The EPA set the 2020 RVOs for D3 RINs at 590 million gallons, representing a 41% increase over the 2019 RVOs, and is expected to promulgate final 2021 RVOs by June 2021.

***Factors Affecting Operating Expenses***

Our operating expenses include royalties, transportation, gathering and production fuel expenses, project operating and maintenance expenses, general and administrative expenses, depreciation and amortization, net loss (gain) on sale of assets, impairment loss and transaction costs.

- *Project Operating and Maintenance Expenses:* Operating and maintenance expenses primarily consist of expenses related to the collection and processing of biogas, including biogas collection system operating and maintenance expenses, biogas processing operating and maintenance expenses, and related labor and overhead expenses. At the project level, this includes all labor and benefit costs, ongoing corrective and proactive maintenance, project level utility charges, rent, health and safety, employee communication, and other general project level expenses.
- *Royalties, Transportation, Gathering and Production Fuel Expenses:* Royalties represent payments made to our facility hosts, typically structured as a percentage of revenue. Transportation and gathering expenses include capacity and metering expenses representing the costs of delivering our RNG and Renewable Electricity production to end users. These expenses include payments to pipeline operators and other agencies that allow for the transmission of our gas and electricity commodities to end users. Production fuel expenses generally represent alternative royalty payments based on quantity usage of biogas feedstock.
- *General and Administrative Expenses:* General and administrative expenses primarily consist of corporate expenses and unallocated support functions for our operating facilities, including personnel costs for executive, finance, accounting, investor relations, legal, human resources, operations, engineering, environmental registration and reporting, health and safety, IT and other administrative personnel and professional fees and general corporate expenses.
- *Depreciation and Amortization:* Expenses related to the recognition of the useful lives of our intangible and fixed assets. We spend significant capital to build and own our facilities. In addition to development capital, we annually reinvest to maintain these facilities.
- *Impairment Loss:* Expenses related to reductions in the carrying value(s) of fixed and/or intangible assets based on periodic evaluations whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

- *Transaction Costs:* Transaction costs primarily consist of expenses incurred for due diligence and other activities related to potential acquisitions and other strategic transactions.

***Key Operating Metrics***

Total operating revenues reflect both sales of renewable energy and sales of related Environmental Attributes. As a result, our revenues are primarily affected by unit production of RNG and Renewable Electricity, production of Environmental Attributes, and the prices at which we monetize such production. Set forth below is an overview of these key metrics:

- *Production volumes:* We review performance by site based on unit of production calculations for RNG and Renewable Electricity, measured in terms of MMBtu and MWh, respectively. While unit of production measurements can be influenced by schedule facility maintenance schedules, the metric is used to measure the efficiency of operations and the impact of optimization improvement initiatives. We monetize a majority of our RNG commodity production under variable-price agreements, based on indices. A portion of our Renewable Natural Gas segment commodity production is monetized under fixed-priced contracts. A majority of our Renewable Electricity Generation segment commodity production is monetized under fixed-priced PPAs
- *Production of Environmental Attributes:* We monetize Environmental Attributes derived from our production of RNG and Renewable Electricity. We carry-over a portion of the RINs generated from RNG production to the following year and monetize the carried over RINs in such following calendar year. A majority of our Renewable Natural Gas segment Environmental Attributes are self-monetized, though a portion are generated and monetized by third parties under counterparty sharing agreements. A majority of our Renewable Electricity Generation segment Environmental Attributes are monetized as a component of our fixed-price PPAs.
- *Average realized price per unit of production:* Our profitability is highly dependent on the commodity prices for natural gas and electricity, and the Environmental Attribute prices for RINs, LCFS credits, and RECs. Realized prices for Environmental Attributes monetized in a year may not correspond directly with that year's production as attributes may be carried over and subsequently monetized. Realized prices for Environmental Attributes monetized in a year may not correspond directly to index prices due to the forward selling of commitments.

The following table summarizes the key operating metrics described above, which metrics we use to measure performance.

| | Year ended December 31, | | | |
|---|---|---|---|---|
| | 2019 | 2018 | Change $ | Change % |
| | *(in thousands, unless otherwise indicated)* | | | |
| **Revenues** | | | | |
| Renewable Natural Gas Total Revenues | $ 85,926 | $ 98,584 | $(12,658) | (12.8)% |
| Renewable Electricity Generation Total Revenues | $ 19,859 | $ 18,207 | $ 1,652 | 9.1% |
| **RNG Metrics** | | | | |
| CY RNG production volumes (MMBtu) | 5,361 | 4,485 | 876 | 19.5% |
| Less: Current period RNG volumes under fixed/floor-price contracts | (1,987) | (1,952) | (35) | 1.8% |
| Plus: Prior period RNG volumes dispensed in current period | 371 | 154 | 217 | 140.9% |
| Less: Current period RNG production volumes not dispensed | (266) | (371) | 105 | 28.3% |
| Total RNG volumes available for RIN generation (1) | 3,479 | 2,316 | 1,163 | 50.2% |
| **RIN Metrics** | | | | |
| Current RIN generation (x 11.727) (2) | 40,791 | 27,146 | 13,645 | 50.3% |
| Less: Counterparty share (RINs) | (3,729) | (5,389) | 1,660 | 30.8% |
| Plus: Prior period RINs carried into CY | 1,690 | 1,774 | (84) | (4.7)% |
| Less: CY RINs carried into next CY | (886) | (1,690) | 804 | 47.6% |
| Total RINs available for sale (3) | 37,866 | 21,841 | 16,025 | 73.4% |
| Less: RINs sold | (36,767) | (22,091) | (14,676) | (66.4)% |
| RIN Inventory | 1,099 | (250) | 1,349 | 539.6% |
| RNG Inventory (volumes not dispensed for RINs) (4) | (266) | (371) | 105 | 28.3% |
| Average Realized RIN price | $ 1.45 | $ 2.37 | $ (0.92) | (38.8)% |
| **Operating Expenses** | | | | |
| Renewable Natural Gas Operating Expenses | $ 46,853 | $ 37,997 | $ 8,856 | 23.3% |
| Operating Expenses per MMBtu (actual) | $ 8.74 | $ 8.47 | $ 0.27 | 3.2% |
| Renewable Electricity Generation Operating Expenses | $ 13,299 | $ 11,969 | $ 1,330 | 11.1% |
| $/MWh (actual) | $ 56.36 | $ 48.71 | $ 7.65 | 15.7% |
| **Other Metrics** | | | | |
| Renewable Electricity Generation Volumes Produced (MWh) | 236 | 246 | (10) | (4.1)% |
| Average Realized Price $/MWh (actual) | $ 84.16 | $ 74.10 | $ 10.06 | 13.6% |

(1) RINs are generated in the month following the month that gas is produced and dispensed. Volumes under fixed/floor-price arrangements generate RINs which we do not self-market.
(2) One MMBtu of RNG has the same energy content as 11.727 gallons of ethanol, and thus may generate 11.727 RINs under the RFS program.
(3) Represents RINs available to be self-marketed by us during the reporting period.
(4) Represents gas production for which RINs are not generated.

**Results of Operations**

**Comparison of Years Ended December 31, 2019 and 2018**

The following table summarizes our revenues, expenses and net income for the periods set forth below:

| | Year ended December 31, | | | |
|---|---|---|---|---|
| | 2019 | 2018 | Change $ | Change % |
| | *(in thousands)* | | | |
| **Total operating revenues** | $107,383 | $116,433 | $ (9,050) | (7.8)% |
| **Operating expenses:** | | | | |
| Operating and maintenance expenses | $ 39,783 | $ 29,073 | $ 10,710 | 36.8% |
| General and administrative expenses | 13,632 | 11,953 | 1,679 | 14.0 |
| Royalties, transportation, gathering and production fuel | 20,558 | 22,359 | (1,801) | (8.1) |
| Depreciation and amortization | 19,760 | 16,195 | 3,565 | 22.0 |
| Impairment loss | 2,443 | 854 | 1,589 | 186.1 |
| Transaction costs | 202 | 176 | 26 | 14.8 |
| Total operating expenses | $ 96,378 | $ 80,610 | $ 15,768 | 19.6% |
| **Operating profit** | 11,005 | 35,823 | (24,818) | (69.3)% |
| Other expenses (income): | 5,539 | (740) | 6,279 | 848.6% |
| Income tax expense (benefit) | (354) | 7,796 | (8,150) | (104.5)% |
| **Net income** | $ 5,820 | $ 28,767 | $(22,947) | (79.8)% |

***Revenues for the Years Ended December 31, 2019 and 2018***

Total revenues in 2019 were $107.4 million, a decrease of $9.0 million (7.8%) compared to $116.4 million in 2018. The primary driver for this decrease related to falling D3 RIN index pricing in 2019 as compared to 2018. Partially offsetting the unfavorable price environment was our ability to increase RNG production. In addition to commissioning a new facility during the fourth quarter of 2019, 2019 included a full year of production from two facilities commissioned during the second and third quarters of 2018. Specifically, the following facilities and their commercial operation dates ("*COD*") were: Atascocita, May 2018; Apex, August 2018; and Galveston, October 2019.

***Renewable Natural Gas Revenues***

We produced 5.4 million MMBtu of RNG during 2019, an increase over the 4.5 million MMBtu (20%) produced in 2018. Of this increase, 0.9 million MMBtu of RNG were produced from development sites commissioned during 2018. A site commissioned in 2019 produced 0.1 million MMBtu of RNG.

Revenues from the Renewable Natural Gas segment in 2019 were $85.8 million, a decrease of $12.8 million (13%) compared to $98.6 million in 2018. Average commodity pricing for natural gas for 2019 was 34.7% lower than the prior year. During 2019, we self-monetized 36.8 million RINs, representing a 14.7 million increase (67%) compared to 22.1 million in 2018. The increase was attributable to a shift in our strategy to a self-marketing strategy to sell Environmental Attributes based on index pricing rather than under contract arrangements. Average pricing realized on RIN sales during 2019 was $1.44 as compared to $2.38 in 2018, a decrease of 39.6%. This decrease of the D3 RIN index was driven by a drop in RIN demand due to 2018 RIN carryover, small refinery exceptions to RVOs, and industry production. This compares to the average D3 RIN index price for 2019 of $1.15 being approximately 49.9% lower than the average D3 RIN index price in 2018. The CWC price in 2019 was $1.77, a 9.6% decrease from $1.96 from 2018. RIN sales in 2019 were priced generally on the D3 RIN index while 2018 RIN sales also included sales based on the D5 RIN index plus a portion of the CWC.

At December 31, 2019, we had approximately 0.9 million RINs generated and unsold in inventory as well as 0.3 million MMBtu available for RIN generation. We had to purchase RINs in 2019 to satisfy 2018 commitments and had 1.7 million RINs generated and unsold at December 31, 2018. We had 0.4 million MMBtu available for RIN generation at December 31, 2018.

***Renewable Electricity Generation Revenues***

We produced 0.2 million MWh in Renewable Electricity in 2019, consistent with the prior year. In 2019, we elected to end the contract and exit our Monmouth, New Jersey facility and ended electricity production at our Coastal Plains location during its conversion to an RNG site. In 2018, we ended electricity production at our Atascocita location during its conversion to an RNG site. Finally, in 2018, we acquired Pico and began reporting our electricity production in the Renewable Electricity Generation segment. As of October 1, 2020, Pico is now reported in our Renewable Natural Gas segment due to its conversion to an RNG site.

Revenues from Renewable Electricity facilities in 2019 were $19.9 million, an increase of $1.7 million (9.1%) compared to $18.2 million in 2018. Pico accounted for $1.0 million of the $1.7 million increase in 2019. For 2019, 93.9% of Renewable Electricity Generation segment revenues were derived from the monetization of Renewable Electricity at fixed prices as compared to 88.9% in 2018.

***Corporate Revenue***

Our gas hedge program during 2019 was priced at rates in excess of the actual index price resulting in realized gains of $1.7 million, an increase of $2.1 million (574.9%) compared to realized losses of $0.4 million in 2018.

**Expenses for the Years Ended December 31, 2019 and 2018**

***General and Administrative Expenses***

Total general and administrative expenses of $13.6 million in 2019 increased by $1.7 million (14.0%) compared to $12.0 million in 2018. Employee related costs, including severance, increased approximately $1.3 million (28.9%) in 2019 as compared to the prior year period. Additionally, our insurance premiums increased approximately $0.6 million (48.3%) in 2019 over 2018. Third-party consulting fees decreased approximately $0.7 million (45.6%) in 2019 resulting from our previous efforts at completing a transaction to change securities exchanges.

***Renewable Natural Gas Expenses***

Operating and maintenance expenses for our RNG facilities in 2019 were $28.6 million, an increase of $10.5 million (57.9%) compared to $18.1 million in 2018. Of the total, $6.1 million related to development sites commissioned during 2018. A site commissioned in 2019 contributed $0.8 million to the total. Exclusive of the effects of these development sites, operating and maintenance expenses in 2019 were $17.7 million, an increase of $3.7 million (26.0%) compared to $14.1 million in 2018. The increase is attributable to the timing of equipment maintenance and expenses relating to gas cleaning component materials. Royalties, transportation, gathering and production fuel expenses for our RNG facilities for 2019 were $18.2 million, a decrease of $1.6 million (8.3%) compared to $19.8 million in 2018; however, royalties, transportation, gathering and production fuel expenses increased as a percentage of RNG revenues from 20.1%, or $19.8 million, in 2018 to 21.2%, or $18.2 million, in 2019. Of the total, $5.7 million related to development sites commissioned during 2018. A site commissioned in 2019 contributed $0.1 million to the total. Exclusive of the effects of the development sites, royalty related costs in 2019 were $12.5 million, a decrease of $5.1 million (28.8%) compared to $17.6 million in 2018. This decrease correlates to the decrease in revenue recognized by non-development sites in 2019 from 2018.

***Renewable Electricity Expenses***

Operating and maintenance expenses for our Renewable Electricity facilities in 2019 were $11.0 million, an increase of $1.5 million (15.5%) compared to $9.5 million in 2018. We reported the results of Pico within the Renewable Electricity Generation segment until October 2020. Of the total, Pico contributed $1.2 million in 2019 and, exclusive of Pico, Renewable Electricity facility operating and maintenance expenses increased by $0.7 million (7.4%). The increase is largely attributed to non-capitalized optimization costs for the Bowerman electricity generation facility and to a lesser extent the timing of equipment maintenance at the Security electricity generation location. Royalties, transportation, gathering and production fuel expenses for our Renewable Electricity facilities for 2019 were $2.4 million, a decrease of $0.1 million (4.1%) compared to $2.5 million in 2018 and as a percentage of Renewable Electricity Generation segment revenues decreased from 13.9% to 13.1%. This decrease relates to reduced royalty related expenses at sites converted to RNG sites during 2018 and from a site vacated in 2019.

***Royalty Payments***

Royalties, transportation, gathering, and production fuel expenses in 2019 were $20.6 million, a decrease of $1.8 million (8.1%) compared to $22.4 million in 2018. We make royalty payments to our fuel supply site partners on the commodities we produce and the associated Environmental Attributes. These royalty payments are typically structured as a percentage of revenue subject to a cap, with fixed minimum payments when Environmental Attribute prices fall below a defined threshold. To the extent commodity and Environmental Attributes' prices fluctuate, our royalty payments may fluctuate upon renewal or extension of a fuel supply agreement or in connection with new projects. Our fuel supply agreements are typically structured as 20-year contracts, providing long-term visibility into the margin impact of future royalty payments.

***Depreciation***

Depreciation and amortization in 2019 was $19.8 million, an increase of $3.6 million (22.0%) compared to $16.2 million in 2018. The increase was due to approximately $52.9 million in development site assets being placed into service during 2018 at the time of COD. In 2019, approximately $21.2 million of assets were placed into service at the time of COD.

***Impairment loss***

We calculated and recorded an impairment loss of $2.4 million for 2019, an increase of $1.6 million (186.1%) compared to $0.9 million in 2018. The impairment loss was due to the cancellation of a site conversion agreement and conversion of existing Renewable Electricity to RNG sites in 2019 and the write-off of assets distributed from our Red Top joint venture. In 2018, the impairments related to the conversion of existing Renewable Electricity to RNG sites and continued deterioration in market pricing for electricity. We calculated impairments based upon replacement cost, if applicable, and pre-tax cash flow projections.

***Other Expenses (Income)***

Other expenses in 2019 were $5.5 million, an increase of $4.8 million (685.7%) compared to income of $0.7 million in 2018. During 2018, we realized a gain of $2.6 million attributable to one-time settlement proceeds from arbitration related to the construction of a facility as well as a non-cash gain of $1.2 million related to an outstanding liability for the construction of the same facility which was not required to be paid.

We recorded a gain of $0.1 million in 2019 associated with the sale of the Red Top joint venture interests and related distribution of fixed assets. We recorded our share of losses from Red Top in 2018 of ($0.2) million.

***Income Tax Expense (Benefit)***

Prior to 2018, we generated sizeable NOLs, which reduced our income tax payable for 2018 and 2019. Based upon our historical pre-tax book income and forecasts, we expect to utilize all remaining NOLs sometime after 2022 and thus have not recorded a valuation allowance against such NOLs.

Our effective income tax rate for 2019 was a benefit of 6.5% compared to an expense of 21.3% for the prior year period. We recorded a deferred tax asset related to disallowed interest expense which was fully offset by a deferred tax liability related to bonus depreciation. In 2018, we revalued our deferred tax assets associated with the enactment of the Tax Act resulting in a reduction of approximately $6.3 million of its existing deferred tax assets.

***Operating Profit for the Years Ended December 31, 2019 and 2018***

Operating profit in 2019 was $11.0 million, a decrease of $24.8 million (69.3%) compared to $35.8 million in 2018. RNG operating profit for 2019 was $25.7 million, a decrease of $25.1 million (49.5%) compared to $50.8 million in 2018. Renewable Electricity Generation operating loss for 2019 was $2.4 million, an increase of $0.1 million (4.7%) compared to $2.3 million in 2018.

**Results of Operations**

**Comparison of Nine Months Ended September 30, 2020 and 2019**

The following table summarizes our revenues, expenses and net income for the periods set forth below:

| | Nine months ended September 30, | | | |
|---|---|---|---|---|
| | 2020 | 2019 | Change $ | Change % |
| | *(in thousands)* | | | |
| **Total operating revenues** | $75,559 | $83,703 | $(8,144) | (9.7)% |
| **Operating expenses:** | | | | |
| Operating and maintenance expenses | $30,884 | $30,306 | $ 578 | 1.9% |
| General and administrative expenses | 11,336 | 10,593 | 743 | 7.0 |
| Royalties, transportation, gathering and production fuel | 14,769 | 16,197 | (1,428) | (8.8) |
| Depreciation and amortization | 16,120 | 14,754 | 1,366 | 9.3 |
| Impairment loss | 278 | 1,550 | (1,272) | (82.1) |
| Gains on insurance proceeds | (3,444) | — | (3,444) | (100) |
| Transaction costs | — | 202 | (202) | (100) |
| Total operating expenses | 69,943 | 73,602 | (3,659) | (5.0) |
| **Operating profit** | $ 5,616 | $10,101 | $(4,485) | (44.4)% |
| Other expenses: | | | | |
| Interest expense | $ 3,510 | $ 5,293 | $(1,783) | (33.7)% |
| Equity loss (gain) of nonconsolidated investments | — | (94) | 94 | 100 |
| Net loss (gain) on sale of assets | — | 10 | (10) | (100) |
| Other expense (income) | 250 | (17) | 267 | 1,571 |
| Income tax benefit | (291) | (539) | 248 | 46.0 |
| **Net income** | $ 2,147 | $ 5,448 | $(3,301) | (60.6)% |

The following table summarizes the key operating metrics described above, which metrics we use to measure performance.

| | Nine months ended September 30, | | | |
|---|---|---|---|---|
| | 2020 | 2019 | Change $ | Change % |
| **Revenues** | *(in thousands, unless otherwise indicated)* | | | |
| Renewable Natural Gas Total Revenues | $ 62,192 | $ 67,322 | $(5,130) | (7.6)% |
| Renewable Electricity Generation Total Revenues | $ 13,282 | $ 14,927 | $(1,645) | (11.0)% |
| **RNG Metrics** | | | | |
| CY RNG production volumes (MMBtu) | 4,451 | 4,040 | 411 | 10.2% |
| Less: Current period RNG volumes under fixed/floor-price contracts | (1,579) | (1,480) | (99) | (6.7)% |
| Plus: Prior period RNG volumes dispensed in current period | 266 | 371 | (105) | (28.3)% |
| Less: Current period RNG production volumes not dispensed | (320) | (282) | (38) | (13.5)% |
| Total RNG volumes available for RIN generation (1) | 2,818 | 2,649 | 169 | 6.4% |
| **RIN Metrics** | | | | |
| Current RIN generation (x 11.727) (2) | 33,049 | 31,065 | 1,984 | 6.4% |
| Less: Counterparty share (RINs) | (3,612) | (2,904) | (708) | (24.4)% |
| Plus: Prior period RINs carried into CY | 1,330 | 1,690 | (360) | (21.3)% |
| Less: CY RINs carried into next CY | — | — | — | — |
| Total RINs available for sale (3) | 30,767 | 29,851 | 916 | 3.1% |
| Less: RINs sold | (30,269) | (26,686) | (3,583) | (13.4)% |
| RIN Inventory | 498 | 3,165 | (2,667) | (84.3)% |
| RNG Inventory (volumes not dispensed for RINs) (4) | 320 | 282 | 38 | 13.5% |
| Average Realized RIN price | $ 1.25 | $ 1.59 | $ (0.34) | (21.4)% |
| **Operating Expenses** | | | | |
| Renewable Natural Gas Operating Expenses | $ 23,015 | $ 21,719 | $ 1,296 | 6.0% |
| Operating Expenses per MMBtu (actual) | $ 5.17 | $ 5.38 | $ (0.21) | (3.9)% |
| Renewable Electricity Generation Operating Expenses | $ 9,216 | $ 10,309 | $(1,093) | (10.6)% |
| $/MWh (actual) | $ 60.62 | $ 56.41 | $ 4.21 | 7.5% |
| **Other Metrics** | | | | |
| Renewable Electricity Generation Volumes Produced (MWh) | 152 | 183 | (31) | (16.9)% |
| Average Realized Price $/MWh (actual) | $ 87.14 | $ 81.69 | $ 5.45 | 6.7% |

(1) RINs are generated the month following the month gas is produced and dispensed. Volumes under fixed/floor-price arrangements generate RINs which we do not self-market.
(2) One MMBtu of RNG has the same energy content as 11.727 gallons of ethanol, and thus may generate 11.727 RINs under the RFS program.
(3) Represents RINs available to be self-marketed by us during the reporting period.
(4) Represents gas production on which RINs are not generated.

***Revenues for the Nine Months Ended September 30, 2020 and 2019***

Total revenues for the nine months ended September 30, 2020 were $75.6 million, a decrease of $8.1 million (9.7%) compared to $83.7 million for the nine months ended September 30, 2019. The primary driver for this decrease related to a 7.6% decrease in RNG revenues related to decreased commodity prices of approximately 29.6% and realized RIN pricing of 21.4% as compared to the prior year period. Improved volumes and related increased RIN sales partially offset this decrease. To a lesser extent, reduced renewable electricity volumes in the current year period led to a decrease of 11.0% over the prior year period.

***Renewable Natural Gas Revenues***

We produced 4.5 million MMBtu of RNG during the nine months ended September 30, 2020, an increase over the 4.0 million MMBtu (10.2%) produced during the nine months ended September 30, 2019. Of this increase, 0.2 million MMBtu of RNG were produced from a development site commissioned after the nine months ended September 30, 2019. Wellfield improvement initiatives at our Apex site yielded an increase of 0.1 million MMBtu over the prior year period. Our McCarty site was unfavorably impacted by the loss of one of its production engines leading to a reduction in 2020 of 0.1 million MMBtu over the 2019 period.

Revenues from the Renewable Natural Gas segment for the nine months ended September 30, 2020 were $62.2 million, a decrease of $5.1 million (7.6%) compared to $67.3 million for the nine months ended September 30, 2019. Average commodity pricing for natural gas for the nine months ended September 30, 2020 was 29.6% lower than the comparative period. During the nine months ended September 30, 2020, we self-monetized 30.3 million RINs, representing a 3.6 million increase (13.4%) compared to 26.7 million during the nine months ended September 30, 2019. The increase was primarily related to increased MMBtu production over the prior year period. D3 RIN pricing continued its decline through 2019, with the third quarter of 2019 experiencing the largest decline with a D3 RIN price index average of $0.68. The negative impact of the COVID-19 pandemic on D3 RIN pricing in the second quarter of 2020 has decreased, and D3 RIN pricing has continued to improve throughout 2020 with a third quarter D3 RIN price index average of $1.55. Average pricing realized on RIN sales during the nine months ended September 30, 2020 was $1.25 as compared to $1.59 during the nine months ended September 30, 2019, a decrease of 21.4%. This compares to the average D3 RIN index price for the nine months ended September 30, 2020 of $1.39 being approximately 10.6% higher than the average D3 RIN index price during the nine months ended September 30, 2019. Approximately 8.0 million of our RIN sales during the nine months ended September 30, 2019 were based on D5 RIN index pricing and the cellulosic waiver credit which results in a RIN sales price in excess of the D3 RIN index.

At September 30, 2020, we had approximately 0.4 million RINs generated and unsold in inventory as well as 0.3 million MMBtu available for RIN generation. We had approximately 3.2 million RINs generated and unsold at September 30, 2019. We had 0.3 million MMBtu available for RIN generation at September 30, 2019.

***Renewable Electricity Generation Revenues***

We produced 0.2 million MWh in Renewable Electricity during the nine months ended September 30, 2020, consistent with the comparative period. During the nine months ended September 30, 2019, we elected to end the contract and exit our Monmouth, New Jersey facility and ended electricity production at our Coastal Plains location during its conversion to an RNG site.

Revenues from Renewable Electricity facilities for the nine months ended September 30, 2020 were $13.3 million, a decrease of $1.6 million (11.0%) compared to $14.9 million for the nine months ended September 30, 2019. The exit of Monmouth and conversion of Coastal Plains resulted in approximately $1.1 million of the decrease. Pico accounted for $0.4 million of the $1.6 million decrease between the nine months ended September 30, 2020 and 2019. For 2020, 100% of Renewable Electricity Generation segment revenues were derived from the monetization of Renewable Electricity at fixed prices as compared to 70.7% during the nine months ended September 30, 2019.

***Corporate Revenue***

Our gas hedge program during the nine months ended September 30, 2020 was priced at rates in excess of the actual index price resulting in realized gains of $0.1 million, a decrease of $1.4 million (94.2%) compared to realized gain of $1.5 million during the nine months ended September 30, 2019.

**Expenses for the nine months ended September 30, 2020 and 2019**

***General and Administrative Expenses***

Total general and administrative expenses of $11.3 million for the nine months ended September 30, 2020 increased by $0.7 million (7.0%) compared to $10.6 million for the nine months ended September 30, 2019. Employee related costs, including severance, increased approximately $0.2 million (4.1%) for the nine months ended September 30, 2020 as compared to the prior comparative period. Additionally, our insurance premiums increased approximately $0.5 million (40.4%) for the nine months ended September 30, 2020 over the nine months ended September 30, 2019.

***Renewable Natural Gas Expenses***

Operating and maintenance expenses for our RNG facilities for the nine months ended September 30, 2020 were $23.0 million, an increase of $1.3 million (6.0%) compared to $21.7 million for the nine months ended September 30, 2019. Of the total, $2.4 million related to a development site commissioned after the nine months ended September 30, 2019. A site commissioned during the nine months ended September 30, 2020 contributed $0.1 million to the total. Exclusive of the effects of these development sites, operating and maintenance expenses for the nine months ended September 30, 2020 were $20.3 million, a decrease of $1.2 million (5.6%) compared to $21.5 million for the nine months ended September 30, 2019. The decrease is primarily attributable to reduced media change-outs at our McCarty location. Partially offsetting this decrease were increased utility expenses at our Rumpke location. Royalties, transportation, gathering and production fuel expenses for our RNG facilities for the nine months ended September 30, 2020 were $13.4 million, a decrease of $0.9 million (6.7%) compared to $14.3 million for the nine months ended September 30, 2019; however, royalties, transportation, gathering and production fuel expenses increased as a percentage of RNG revenues from 21.2% for the nine months ended September 30, 2020 to 21.4% for the nine months ended September 30, 2019. Of the total, $0.7 million related to development sites commissioned during October 2019. A site commissioned during the nine months ended September 30, 2020 contributed an immaterial amount. Exclusive of the effects of the development sites, royalty related costs for the nine months ended September 30, 2020 were $12.6 million, a decrease of $1.7 million (11.7%) compared to $14.3 million for the nine months ended September 30, 2019. This decrease correlates to the decrease in revenue recognized by non-development sites for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019.

***Renewable Electricity Expenses***

Operating and maintenance expenses for our Renewable Electricity facilities for the nine months ended September 30, 2020 were $7.9 million, a decrease of $0.5 million (6.4%) compared to $8.4 million for the nine months ended September 30, 2019. We reported the results of Pico within the Renewable Electricity Generation segment until October 2020. Of the total, Pico contributed $1.4 million for the nine months ended September 30, 2020 and, exclusive of Pico, Renewable Electricity facility operating and maintenance expenses decreased by $1.1 million (14.4%). The decrease is largely attributed to a reduction of $0.7 million associated with the exit and conversion of our Monmouth and Coastal Plains, respectively, sites. Our Bowerman site also had decreased planned maintenance during the current period. Royalties, transportation, gathering and production fuel expenses for our Renewable Electricity facilities for the nine months ended September 30, 2020 were $1.4 million, a decrease of $0.5 million (29.4%) compared to $1.9 million for nine months ended September 30, 2019 and as a percentage of Renewable Electricity Generation segment revenues decreased from 13.9% for the nine months ended September 30, 2019 to 10.8% in the nine months ended September 30, 2020. This decrease relates to $0.6 million in royalty related expenses incurred in 2019 associated with Monmouth and Coastal Plains.

***Royalty Payments***

Royalties, transportation, gathering, and production fuel expenses for the nine months ended September 30, 2020 were $14.8 million, a decrease of $1.4 million (8.8%) compared to $16.2 million for the nine

months ended September 30, 2019. We make royalty payments to our fuel supply site partners on the commodities we produce and the associated Environmental Attributes. These royalty payments are typically structured as a percentage of revenue subject to a cap, with fixed minimum payments when Environmental Attribute prices fall below a defined threshold. To the extent commodity and Environmental Attributes' prices fluctuate, our royalty payments may fluctuate upon renewal or extension of a fuel supply agreement or in connection with new projects. Our fuel supply agreements are typically structured as 20-year contracts, providing long-term visibility into the margin impact of future royalty payments.

***Depreciation***

Depreciation and amortization for the nine months ended September 30, 2020 was $16.1 million, an increase of $1.3 million (9.3%) compared to $14.8 million for the nine months ended September 30, 2019. The increase was due to approximately $21.3 million in development site assets being placed into service after the nine months ended September 30, 2019 at the time of COD. For the nine months ended September 30, 2020, approximately $35.3 million of assets were placed into service at the time of COD.

***Impairment Loss***

We calculated and recorded an impairment loss of $0.3 million for the nine months ended September 30, 2020, a decrease of $1.3 million (82.1%) compared to $1.6 million for the nine months ended September 30, 2019. The impairment loss for the nine months ended September 30, 2020 was related to the termination of a development agreement related to our Pico acquisition. The impairment loss for the nine months ended September 30, 2019 was due to the cancellation of a site conversion agreement and conversion of existing Renewable Electricity to RNG sites in 2019 and the write-off of assets distributed from our Red Top joint venture. We calculated impairments based upon replacement cost, if applicable, and pre-tax cash flow projections.

***Gains on Insurance Proceeds***

During the nine months ended September 30, 2020, we received insurance proceeds related to an engine failure at our McCarty RNG location. During the fourth quarter of 2019, one of the McCarty production engines failed resulting in reduced production. The engine was replaced and commissioning began during the first quarter of 2020. We submitted this claim to our insurance carrier and have received total proceeds of $3.4 million for business interruption and property loss, net of deductibles. These proceeds were recorded within "Operating expenses" in the consolidated statements of operations.

***Other Expense (Income)***

Other expense was $3.8 million for the nine months ended September 30, 2020, a decrease of $1.4 million (27.6%) compared to $5.2 million for the nine months ended September 30, 2019. Other expense for the comparative periods was primarily comprised of interest expense.

***Income Tax Benefit***

Income tax benefit decreased $248 for the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019 primarily due to the impact of generated tax credits compared to lower pre-tax earnings in the current year. We recorded a tax benefit of ($2,251) in connection with the January 1, 2020 dissolution of the Montauk Energy Capital, LLC partnership which will allow all entities under Montauk Energy Capital, LLC to file as part of our consolidated federal tax group.

See Note 14, "Income Taxes" to our unaudited consolidated financial statements for more information on the computation of the income tax expense in interim periods.

The CARES Act, enacted by the United States on March 27, 2020, did not have a material impact on our provision for income taxes for the nine months ended September 30, 2020. The Company is continuing to analyze the ongoing impact of the CARES Act.

***Operating Profit for the Nine Months Ended September 30, 2020 and 2019***

Operating profit for the nine months ended September 30, 2020 was $5.6 million, a decrease of $4.5 million (44.4%) compared to $10.1 million for the nine months ended September 30, 2019. RNG operating profit for the nine months ended September 30, 2020 was $18.8 million, a decrease of $3.2 million (14.5%) compared to $22.0 million for the nine months ended September 30, 2019. Renewable Electricity Generation operating loss for the nine months ended September 30, 2020 was $1.8 million, a decrease of $0.7 million (27.8%) compared to $2.5 million for nine months ended September 30, 2019. The aforementioned decreased revenues within our RNG and Renewable Electricity Generation segments drove the decrease in operating profit. The primary reason for the reduced RNG revenues was related to index price declines of both our commodity sales and our RIN sales. To a lesser extent, the lower Renewable Electricity Generation revenues were related to site exits and conversions in the prior year period.

**Key Trends**

***Trends Affecting the Renewable Fuel Market***

We believe rising demand for RNG is attributable to a variety of factors, including growing public support for renewable energy, U.S. governmental actions to increase energy independence, environmental concerns increasing demand for natural gas-powered vehicles, job creation, and increasing investment in the renewable energy sector.

Key drivers for the long-term growth of RNG include the following factors:

- Regulatory or policy initiatives, including the federal RFS program and state-level low-carbon fuel programs in states such as California and Oregon, that drive demand for RNG and its derivative Environmental Attributes.
- Efficiency, mobility and capital cost flexibility in our operations enable RNG to compete successfully in multiple markets. Our operating model is nimble, as we commonly use modular equipment; our RNG processing equipment is more efficient than its fossil-fuel correlates.
- Demand for compressed natural gas ("*CNG*") from natural gas-fueled vehicles. The RNG we create is pipeline quality and can be used for transportation fuel when converted to CNG. CNG is commonly used by medium-duty fleets that are close to fueling stations, such as city fleets, local delivery trucks and waste haulers.
- Regulatory requirements, market pressure and public relations challenges increase the time, cost and difficulty of permitting new fossil fuel-fired facilities.

There is significant potential for sustained growth in biogas conversion from waste sources, given evolving consumer preferences, regulatory conditions, ongoing waste industry trends, and project economics. We believe that our status as a large producer of RNG from LFG, our 30-year track record of developing and operating projects, and our deep relationships with some of the largest landfill owners in the country position us well to continue to grow our portfolio. We intend to continue to pursue financially disciplined growth through our proven growth channels, including expansion of existing projects, conversion projects, optimization across our portfolio, greenfield development and acquisitions.

The primary factors that we believe will affect our future operating results are as follows:

*Conversion of Electricity Projects to RNG Projects*

We periodically evaluate opportunities to convert existing facilities from Renewable Electricity to RNG production. These opportunities tend to be most attractive for any merchant electricity facilities given the favorable economics for the sale of RNG plus RINs relative to the sale of market rate electricity plus RECs. This strategy has been an increasingly attractive avenue for growth since 2014 when RNG from landfills became eligible for D3 RINs. However, during the conversion of a project, there is a gap in production while the electricity project is offline until it commences operation as an RNG facility, which can adversely affect us. This

timing effect may adversely affect our 2021 operating results as a result of our potential conversion of Renewable Electricity projects. Upon completion of a conversion, we expect that the increase in revenue upon commencement of RNG production will more than offset the loss of revenue from Renewable Electricity production. Historically, we have taken advantage of these opportunities on a gradual basis at our merchant electricity facilities, such as Atascocita and Coastal Plains.

*Acquisition and Development Pipeline*

The timing and extent of our development pipeline affects our operating results due to:

- *Impact of Higher Selling, General and Administrative Expenses Prior to the Commencement of a Project's Operation:* We incur significant expenses in the development of new RNG projects. Further, the receipt of RINs is delayed, and typically does not commence for a period of four to six months after the commencement of injecting RNG into a pipeline, pending final registration approval of the project by the EPA and then the subsequent completion of a third-party quality assurance plan certification. During such time, the RNG is either physically or theoretically stored and later withdrawn from storage to allow for the generation of RINs.
- *Shifts in Revenue Composition for Projects from New Fuel Sources:* As we expand into livestock farm projects, our revenue composition from Environmental Attributes will change. We believe that livestock farms offer us a lucrative opportunity, as the value of LCFS credits for dairy farm projects, for example, are a multiple of those realized from landfill projects due to the significantly more attractive CI score of livestock farms.
- *Incurrence of Expenses Associated with Pursuing Prospective Projects That Do Not Come to Fruition:* We incur expenses to pursue prospective projects with the goal of a site host accepting our proposal or being awarded a project in a competitive bidding process. Historically, we have evaluated opportunities which we decided not to pursue further due to the prospective project not meeting our internal investment thresholds or a lack of success in a competitive bidding process. To the extent we seek to pursue a greater number of projects or bidding for projects becomes more competitive, our expenses may increase.

*Regulatory, Environmental and Social Trends*

Regulatory, environmental and social factors are key drivers that incentivize the development of RNG and Renewable Electricity projects and influence the economics of these projects. We are subject to the possibility of legislative and regulatory changes to certain incentives, such as RINs, RECs and GHG initiatives. The EPA is expected to promulgate final 2021 RVOs by June 2021, which will affect the market price of RINs for 2021. The manner in which the EPA will establish RVOs beginning in 2023, when the statutory RVO mandates are set to expire, is expected to create additional uncertainty as to RIN pricing. Further changes to the CI score assigned to a project upon its renewal or a change in the way CARB develops the CI score for a new project could significantly affect the profitability of a project, particularly in the case of a livestock farm project.

**Non-GAAP Financial Measures**

The following table presents Adjusted EBITDA, a non-GAAP financial measure for each of the periods presented below. We present Adjusted EBITDA because we believe the measure assists investors in analyzing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, Adjusted EBITDA is a financial measurement of performance that management and the Board of Directors use in their financial and operational decision-making and in the determination of certain compensation programs. Adjusted EBITDA is a supplemental performance measure that is not required by, or presented in accordance with, GAAP. Adjusted EBITDA should not be considered an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities or a measure of our liquidity or profitability.

The following table provides our EBITDA and Adjusted EBITDA for the periods presented, as well as a reconciliation to net income:

| | Year ended December 31, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2020 | 2019 |
| | *(in thousands)* | | | |
| Net income | $ 5,820 | $28,767 | $ 2,147 | $ 5,448 |
| Depreciation and amortization | 19,760 | 16,195 | 16,120 | 14,754 |
| Interest expense | 5,576 | 3,083 | 3,510 | 5,293 |
| Income tax expense (benefit) | (354) | 7,796 | (291) | (539) |
| EBITDA | 30,802 | 55,841 | 21,486 | 24,956 |
| Impairment loss (1) | 2,443 | 854 | 278 | 1,550 |
| Transaction costs | 202 | 176 | — | 202 |
| Equity loss (gain) of nonconsolidated investments | (94) | 224 | — | (94) |
| Net loss (gain) on sale of assets | 10 | (266) | — | 10 |
| Non-cash hedging charges | 252 | 92 | (388) | 414 |
| **Adjusted EBITDA** | **$33,615** | **$56,921** | **$ 21,376** | **$ 27,038** |

(1) For the year ended December 31, 2019, we recorded an impairment of $1.5 million associated with our decision to cancel a site conversion agreement and we recorded an impairment loss of $0.9 million associated with an asset distribution from Red Top for the year ended December 31, 2018. For the nine months ended September 30, 2020, we recorded an impairment loss of $0.3 million related to the termination of a development agreement related to our Pico acquisition. We recorded an impairment loss of $1.6 million for the nine months ended September 30, 2019 related to the cancellation of a site conversion agreement and conversion of existing Renewable Electricity to RNG sites as well as the write-off of Red Top assets.

**Liquidity and Capital Resources**

***Sources of Liquidity***

At December 31, 2019 and 2018, our cash and cash equivalents, net of restricted cash, was $9.8 million and $54.0 million, respectively. At September 30, 2020 and 2019, our cash and cash equivalents, net of restricted cash, was $19.5 million and $3.0 million, respectively. We intend to fund near-term development projects using cash flows from operations and borrowings under our revolving credit facility. We believe that we will have sufficient cash flows from operations and borrowing availability under our credit facility to meet our debt service obligations and anticipated required capital expenditures (including for projects under development) for at least the next 24 months. However, we are subject to business and operational risks that could adversely affect our cash flows and liquidity.

At December 31, 2019, we had debt before debt issuance costs of $68.2 million, compared to debt before debt issuance costs of $95.0 million at December 31, 2018. In September 2019, we repaid $38.2 million in term loan debt associated with the Second Amendment (as defined below). These debt maturities are reflected in the contractual obligations table below. The debt is subject to various financial covenants. At September 30, 2020, we had debt before debt issuance costs of $69.2 million, compared to debt before issuance costs of $68.2 million at December 31, 2019. As of September 30, 2020, we were in compliance with all financial covenants associated with the borrowings.

Our debt before issuance costs is as follows:

| | As of | | |
|---|---|---|---|
| | September 30, 2020 | December 31, 2019 | December 31, 2018 |
| | | *(in thousands)* | |
| Term Loans | $ 32,500 | $ 40,000 | $ 95,000 |
| Revolving Credit Facility | 36,698 | 28,198 | — |
| Debt before debt issuance costs | **$ 69,198** | **$ 68,198** | **$ 95,000** |

In addition, we had $36.7 million available to be borrowed under our revolving credit facility at September 30, 2020.

***Amended Credit Agreement***

On December 12, 2018, we entered into an amended revolving credit and term loan agreement (as amended, the "*Amended Credit Agreement*"), with Comerica Bank ("*Comerica*") and certain other financial institutions. The Amended Credit Agreement, which is secured by substantially all of our assets and assets of certain of our subsidiaries and provides for a five-year $95.0 million term loan and a five-year $80.0 million revolving credit facility.

As of December 31, 2019, $40.0 million was outstanding under the term loan and $28.2 million was outstanding under the revolving credit facility. The term loan amortizes in quarterly installments of $2.5 million and has a final maturity of December 12, 2023 with an interest rate of 4.642% and 5.511% at December 31, 2019 and 2018, respectively. The revolving and term loans under the Amended Credit Agreement bear interest at the Eurodollar Margin or Base Rate Margin based on our Total Leverage Ratio (in each case, as those terms are defined in the Amended Credit Agreement).

The Amended Credit Agreement contains customary covenants applicable to us and certain of our subsidiaries, including financial covenants. The Amended Credit Agreement is subject to customary events of default, and contemplates that we would be in default if, for any fiscal quarter (x) the average monthly D3 RIN price (as determined in accordance with the Amended Credit Agreement) is less than $0.80 per RIN and (y) the consolidated EBITDA for such quarter is less than $6.0 million.

Under the Amended Credit Agreement, we are required to maintain the following ratios:

- a maximum ratio of Total Liabilities to Tangible Net Worth (in each case, as those terms are defined in the Amended Credit Agreement) of greater than 2.0 to 1.0 as of the end of any fiscal quarter; and
- as of the end of each fiscal quarter, (x) a Fixed Charge Coverage Ratio (as defined in the Amended Credit Agreement) of not less than 1.2 to 1.0 and (y) a Total Leverage Ratio (as defined in the Amended Credit Agreement) of not more than 3.0 to 1.0.

On August 28, 2019, we received a waiver for a Specified Event of Default (as defined in the Amended Credit Agreement), for the period from August 31, 2019 to October 1, 2019. The Specified Event of Default related to the average monthly D3 RIN price being less than the minimum required price for a consecutive three-month period. The waiver was temporary in nature and expired on October 1, 2019, at which time no events of default were ongoing.

As of September 30, 2020, we were in compliance with all financial covenants related to the Amended Credit Agreement.

The Amended Credit Agreement replaced our prior credit agreements with Comerica Bank and a portion of the proceeds of the term loan made under the Amended Credit Agreement were used by us to, among other things, fully satisfy an aggregate of $52.5 million outstanding under such credit agreements. For additional information regarding the Amended Credit Agreement, see the sections entitled "Description of Indebtedness" and Note 2, "Debt" to our audited consolidated financial statements.

***Debt Financing***

We have historically funded our growth and capital expenditures with our working capital, cash flow from operations and debt financing. Our Amended Credit Agreement provides us with an $80.0 million revolving credit facility, with a $75.0 million accordion option, providing us with access to additional capital to implement our acquisition and development strategy.

***Cash Flow***

The following table presents information regarding our cash flows and cash equivalents for years ended December 31, 2019 and 2018 and the nine months ended September 30, 2020 and 2019:

| | Year ended December 31, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2020 | 2019 |
| | *(in thousands)* | | | |
| Net cash flows provided by operating activities | $ 27,464 | $ 49,681 | $ 21,947 | $ 21,662 |
| Net cash flows used in investing activities | (44,566) | (52,886) | (13,054) | (32,057) |
| Net cash flows (used in) provided by financing activities | (27,515) | 34,231 | 1,000 | (41,014) |
| Net (decrease) increase in cash, cash equivalents and restricted cash | (44,617) | 31,026 | 9,893 | (51,409) |
| Restricted cash, end of period | 574 | 947 | 718 | 567 |
| Cash and cash equivalents, end of period | 10,362 | 54,979 | 19,537 | 3,003 |

For 2019, we generated $27.5 million of cash from operating activities, a 44.7% decrease from the prior year primarily due to increased operating costs associated with new operating locations being commissioned. When we commission new sites, we invest capital to ramp up operations prior to the project generating revenue. In addition, our operating profit was also adversely affected by lower RIN pricing in 2019 over the prior year period. Our net cash flows used in investing activities has historically focused on project development and facility maintenance. For 2019, our capital expenditures were $45.2 million, of which $12.6 million, $10.7 million and $10.6 million related to the construction of our Galveston, Coastal Plains, and Pico RNG facilities, respectively. For 2018, our capital expenditures were $40.2 million, of which $6.1 million related to the construction of the Atascocita RNG facility, $9.3 million for the Galveston RNG facility, $6.4 million for the Coastal Plains RNG facility, and $9.8 million for the Apex RNG facility. Our net cash flows used in financing activities of $27.5 million for 2019 increased by $61.8 million (180.4%) compared to 2018, primarily due to lower borrowings in 2019. Additionally, we made a distribution to acquire outstanding share rights related to a minority partner of a fully consolidated entity, but otherwise paid no dividends in 2019 as compared to $11.8 million in 2018. Higher debt issuance costs in the prior year period related to closing of the Amended Credit Agreement.

For the nine months ended September 30, 2020, we generated $21.9 million of cash from operating activities, a 1.3% increase from the prior comparative period primarily due to the receipt of insurance proceeds related to the McCarty engine failure of $3.4 million. The proceeds reimbursed the Company for the lost operating profit during the period of reduced production. Without the receipt of these insurance proceeds, cash from operating activities for the nine months ended September 30, 2020 would have decreased $3.0 million compared to the nine months ended September 30, 2019. This decrease would have been driven primarily from reduced commodity and attribute index pricing which negatively impacted operating profit. Our net cash flows

used in investing activities has historically focused on project development and facility maintenance. For the nine months ended September 30, 2020, our capital expenditures were $14.2 million, of which $4.6 million, $4.1 million and $2.0 million related to the construction of our Coastal Plains, McCarty, and Pico RNG facilities, respectively. For the nine months ended September 30, 2019, our capital expenditures were $33.6 million, of which $9.8 million related to the construction of the Coastal Plains RNG facility, $9.0 million for the Galveston RNG facility, $6.4 million for the Pico RNG facility, and $1.7 for the Apex RNG facility. Our net cash flows provided by financing activities of $1.0 million for the nine months ended September 30, 2020 increased by $42.0 million (102.4%) compared to $41.0 million of cash flows used in financing activities the nine months ended September 30, 2019, primarily due to borrowing and repayment activities associated with the September 2019 amendment to our Amended Credit Agreement.

***Contractual Obligations and Commitments***

The following table summarizes our outstanding contractual obligations as of December 31, 2019 that require us to make future cash payments:

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 Year | 1-3 Years | 3-5 years | More than 5 years |
| | | | *(in thousands)* | | |
| Long-term debt (1) | $ 66,566 | $ 9,310 | $19,140 | $ 38,116 | $ — |
| Operating lease obligations (2) | 856 | 301 | 527 | 28 | — |
| Minimum obligation under gas rights agreements (3) | 57,500 | 3,408 | 10,224 | 10,224 | 33,644 |
| **Total (4) (5)** | **$124,922** | **$13,019** | **$29,891** | **$ 48,368** | **$ 33,644** |

(1) Includes fixed interest associated with these obligations.
(2) Operating lease obligations consist of leases for various office spaces and equipment.
(3) Minimum royalty and capital obligations associated with fuel supply agreements at certain operating sites.
(4) This table does not include the estimated discounted liability for the decommissioning and removal requirements for specific gas processing and distribution assets of $5.9 million. See Note 10, “Asset Retirement Obligations” to our audited consolidated financial statements.
(5) This table excludes any obligations which may arise in connection with any future site closures.

**Internal Control Over Financial Reporting**

In the preparation of our financial statements to meet the requirements of this offering, we determined a material weakness in our internal control over financial reporting existed during 2019 and remained unremediated as of September 30, 2020. See “Risk Factors-Emerging Growth Company Risks-We have identified a material weakness in our internal control over financial reporting. If we are unable to remediate this material weakness, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business.”

**Critical Accounting Policies and Estimates**

Our consolidated financial statements are prepared in conformity with GAAP and require our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates, and such estimates may change if the underlying conditions or assumptions change.

***Revenue Recognition***

The Financial Accounting Standards Board ("*FASB*") issued Revenue from Contracts with Customers ("*ASC 606*") superseding virtually all existing revenue recognition guidance. We adopted this new standard in the first quarter of 2018 using the modified retrospective approach. Revenue from our point in time product sales continue to be recognized when products are shipped or services are invoiced. Revenue from our product and service sales provided under long-term agreements is recognized as we transfer control of the product or renders service to its customers, which approximates the time when the customer is invoiced. The adoption of ASC 606 had no material effect on our financial position, results of operations, or cash flows, and no adjustment to January 1, 2018 opening retained earnings was needed.

Our revenues are comprised of renewable energy and the related Environmental Attribute sales provided under long-term contracts with its customers. All revenue is recognized when we satisfy our performance obligation(s) under the contract (either implicit or explicit) by transferring the promised product to the customer either when (or as) the customer obtains control of the product. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer. A contract's transaction price is allocated to each distinct performance obligation. We allocate the contract's transaction price to each performance obligation using the product's observable market standalone selling price for each distinct product in the contract.

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring our products. As such, revenue is recorded net of allowances and customer discounts. To the extent applicable, sales, value add, and other taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis. The nature of our long-term contracts may give rise to several types of variable consideration, such as periodic price increases. This variable consideration is outside of our control as the variable consideration is dictated by the market.

The nature of the Company's long-term contracts may give rise to several types of variable consideration, such as periodic price increases. This variable consideration is outside of the Company's influence as the variable consideration is dictated by the market. Therefore, the variable consideration associated with the long-term contracts is considered fully constrained.

***RINs***

We generate D3 RINs through our production and sale of RNG used for transportation purposes as prescribed under the RFS program. Our operating costs are associated with the production of RNG. The RINs are generated as an output of our renewable operating projects. The RINs that we generate are able to be separated and sold independently from the energy produced. Therefore, no cost is allocated to the RIN when it is generated. Revenue is recognized on these Environmental Attributes when there is an agreement in place to monetize the credits at an agreed upon price with a customer and transfer of control has occurred.

***RECs***

We generate RECs through our production and conversion of landfill methane into Renewable Electricity in various states, including California, Oklahoma, and Texas. These states have various laws requiring utilities to purchase a portion of their energy from renewable resources. Our operating costs are associated with the production of Renewable Electricity. The RECs are generated as an output of our renewable operating projects. The RECs that we generate are able to be separated and sold independently from the electricity produced. Therefore, no cost is allocated to the REC when it is generated. Revenue is recognized on these Environmental Attributes when there is an agreement in place to monetize the credits at an agreed upon price with a customer and transfer of control has occurred.

***Income Taxes***

We are subject to income taxes in the U.S. federal jurisdiction and various state and local jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply.

Our deferred tax assets are a result of NOLs, the difference between book and tax basis in property, plant, and equipment and tax credit carryforwards. The realization of deferred tax assets is dependent upon our ability to generate sufficient future taxable income during the periods in which those temporary differences become deductible, prior to the expiration of the tax attributes. The evaluation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns and forecasting future profitability by tax jurisdiction.

See Note 15, "Income Taxes" to our audited consolidated financial statements included elsewhere in this prospectus. We evaluate our deferred tax assets at reporting periods on a jurisdictional basis to determine whether adjustments to the valuation allowance are appropriate considering changes in facts or circumstances. As of each reporting date, management considers new evidence, both positive and negative, when determining the future realization of our deferred tax assets. We account for uncertain tax positions using a "more-likely-than-not" threshold for recognizing and resolving uncertain tax positions. The evaluation of uncertain tax positions is based on factors that include, but are not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity and changes in facts or circumstances related to a tax position. Given our current level of pre-tax earnings and forecasted future pre-tax earnings, we expect to generate income before taxes in the United States in future periods at a level that would fully utilize our U.S. federal NOL carryforwards and the majority of its state NOL carryforwards prior to their expiration.

***Intangible Assets***

Separately identifiable intangible assets are recorded at their fair values upon acquisition. We account for intangible assets in accordance with ASC 350, Intangibles—Goodwill and Other. Finite-lived intangible assets include interconnections, customer contracts, and trade names and trademarks. The interconnection intangible asset is the exclusive right to utilize an interconnection line between the operating project and a utility substation to transmit produced electricity. Included in that right is full maintenance provided on this line by the utility. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful life. We evaluate our finite-lived intangible assets for impairment as events or changes in circumstances indicate the carrying value of these assets may not be fully recoverable. Events that could result in an impairment include, among others, a significant decrease in the market price or the decision to close a site.

Indefinite-lived intangible assets are not amortized and include emission allowances and land use rights. 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 environmental permits are required in certain regions in the United States. Except for permanent allocations of NOx credits, allowances available for use each year are capped at a level necessary for ozone attainment per the National Ambient Air Quality Standards. We assess the impairment of intangible assets that have indefinite lives at least on an annual basis or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

If finite-lived or indefinite-lived intangible assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The fair value is determined based on the present value of expected future cash flows. We use our best estimates in making these evaluations, however, actual future pricing, operating costs and discount rates could vary from the assumptions used in our estimates and the impact of such variations could be material.

***Finite-Lived Asset Impairment***

In accordance with FASB Accounting Standards Codification ("*ASC*") Topic 360, Property, Plant and Equipment and intangible assets with finite useful lives are evaluated for impairment whenever events or changes in

circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset or asset group to future undiscounted cash flows expected to be generated by the asset or asset group. Such estimates are based on certain assumptions, which are subject to uncertainty and may materially differ from actual results, including considering project specific assumptions for long-term credit prices, escalated future project operating costs and expected site operations. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Fair value is generally determined by considering (i) internally developed discounted cash flows for the asset group, (ii) third-party valuations, and/or (iii) information available regarding the current market value for such assets. We use our best estimates in making these evaluations and consider various factors, including future pricing and operating costs. However, actual future market prices and project costs could vary from the assumptions used in our estimates and the impact of such variations could be material.

We recorded impairment of $2.4 million and $0.9 million for the years ended December 31, 2019 and 2018, respectively. See Note 4, “Asset Impairment” to our audited consolidated financial statements included elsewhere in this prospectus.

***Off-Balance Sheet Arrangements***

Off-balance sheet arrangements comprise those arrangements that may potentially impact our liquidity, capital resources and results of operations, even though such arrangements are not recorded as liabilities under GAAP. Our off-balance sheet arrangements are limited to the outstanding letters of credit and operating leases described below. Although these arrangements serve a variety of our business purposes, we are not dependent on them to maintain our liquidity and capital resources, and we are not aware of any circumstances that are reasonably likely to cause the off-balance sheet arrangements to have a material adverse effect on liquidity and capital resources.

During 2019, we did not have off-balance sheet arrangements other than outstanding letters of credit of approximately $7.6 million. During 2018, we did not have off-balance sheet arrangements other than outstanding letters of credit and operating leases of approximately $8.3 million and $0.4 million, respectively.

**Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risks related to Environmental Attribute pricing, commodity pricing, changes in interest rates and credit risk with our contract counterparties. We currently have no foreign exchange risk and do not hold any derivatives or other financial instruments purely for trading or speculative purposes.

We employ various strategies to economically hedge the risks related to these market risks, including derivative transactions relating to commodity pricing and interest rates. Any realized or unrealized gains or losses from our derivative transactions are reported within corporate revenue in our consolidated financial statements. For information about our realized or unrealized gains or losses with respect to our derivative transactions and the fair value of such financial instruments, see Note 11, “Derivative Instruments” and Note 12, “Fair Value of Financial Instruments” to our audited consolidated financial statements.

***Environmental Attribute Pricing Risk***

We attempt to negotiate the best prices for our Environmental Attributes and to competitively price our products to reflect the fluctuations in market prices. Reductions in the market prices of Environmental Attributes may have a material adverse effect on our revenues and profits as they directly reduce our revenues.

To manage this market risk we use a mix of short-, medium-, and long-term sales contracts and sell a portion of our Environmental Attributes at fixed-prices, through floor-price margin share agreements and pursuant to forward contracts with terms between one and two years.

We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to RIN prices. Our analysis. which may differ from actual results, was based on a 2020 estimated D3 RIN Index price of approximately $1.35 and our actual 2019 RINs sold. The estimated annual impact of a hypothetical 10% decrease in the average realized price per RIN would have a negative effect on our operating profit of approximately $4.0 million.

***RIN and Renewable Electricity Pricing Risk***

The price of RNG and Renewable Electricity changes in relation to the market prices of wholesale gas and wholesale electricity, respectively. Pricing for wholesale gas and wholesale electricity is volatile and we expect this volatility to continue in the future. Further, volatility of wholesale gas and electricity prices also creates volatility in the prices of Environmental Attributes.

We use a mix of short-, medium-, and long-term sales contracts and commodity hedging derivatives to manage our exposure to our pricing risk. In particular, during the calendar years 2018 and 2019 we entered into derivative transactions to hedge our exposure to the market price of wholesale gas.

We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to the market price of wholesale gas. Our analysis. which may differ from actual results, was based on a 2020 estimated NYMEX average Index Price of approximately $2.10/MMBtu and our actual 2019 gas production sold pursuant to contracts that do not provide for a fixed or floor price. The estimated annual impact of a hypothetical 10% decrease in the market price of wholesale gas would have a negative effect on our operating profit of approximately $0.6 million.

***Interest Rate Risk***

In order to maintain liquidity and fund a portion of development and working capital needs, we have the Amended Credit Facility, which bears a variable interest rate based on the Eurodollar Margin or Base Rate Margin based on our Total Leverage Ratio (in each case, as those terms are defined in the Amended Credit Agreement). We use interest rate swaps to set the variable interest rates under the Amended Credit Facility at a fixed interest rate to manage our interest rate risk.

As of December 31, 2019, we had $65.6 million outstanding under the Amended Credit Facility. Our weighted average interest rate on variable debt balances during 2019 was approximately 3.76%. We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to changes in interest rates. Based on our analysis, which may differ from actual results, a hypothetical increase in our effective borrowing rate of 10% would not have a material effect on our annual interest expenses and consolidated financial statements.

***Credit Risk***

We have certain financial and derivative instruments that subject us to credit risk. These consist of our interest rate swaps and commodity price hedging contracts. We are exposed to credit losses in the event of non-performance by the counterparties to our financial and derivative instruments.

We are also subject to credit risk due to concentration of our RNG receivables with a limited number of significant customers. This concentration increases our exposure to credit risk on our receivables, since the financial insolvency of these customers could have a significant impact on our results of operations.

**Emerging Growth Company**

We are an emerging growth company, as defined in the JOBS Act. The JOBS Act allows emerging growth companies to delay the adoption of new or revised accounting standards until such time as those

standards apply to private companies. We intend to utilize these transition periods, which may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the transition periods afforded under the JOBS Act.

**Recent Accounting Pronouncements**

For a description of our recently adopted accounting pronouncements and recently issued accounting standards not yet adopted, see Note 2, "Summary of Significant Accounting Policies" to our consolidated financial statements appearing elsewhere in this prospectus.

## INDUSTRY OVERVIEW

This section includes market and industry data that we have developed from publicly available information; various industry publications and other published industry sources and our internal data and estimates. Although we believe the publications and reports are reliable, we have not independently verified the data. Our internal data, estimates and forecasts are based upon information obtained from trade and business organizations and other contacts in the market in which we operate and our management's understanding of industry conditions.

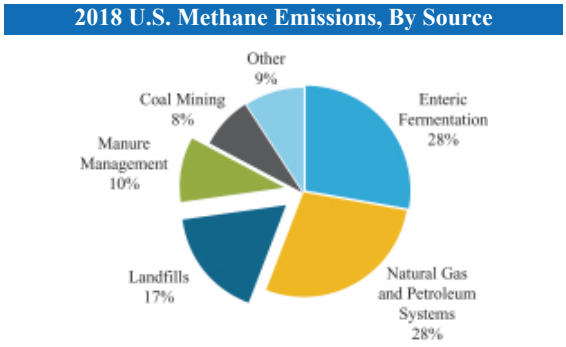
### Biogas

Biogas is naturally produced from the decomposition of organic waste in the absence of oxygen. Biogas can be collected and processed for use as RNG (a form of high-Btu fuel), electricity, or boiler heat (a form of medium-Btu fuel). RNG has the same applications as natural gas produced from fossil fuels and can serve as a replacement for pipeline-quality natural gas. Common sources of biogas include landfills, livestock waste and WRRFs.

Biogas is produced from anaerobic digestion either as LFG or as ADG. An anaerobic digester is an airtight tank that creates an oxygen-free environment to enable the breakdown of organic matter and other products into usable products such as biogas.

Methane is the primary component of biogas and natural gas, though the composition of biogas varies depending upon the source and anaerobic conditions. Methane from the decomposition of organic matter in landfills or in digesters from livestock waste and WRRFs can be harvested to produce RNG. Methane is one of the main GHGs, in addition to carbon dioxide and nitrous oxide, and accounts for roughly 9.5 % of all GHG emissions in the United States according to the EPA. Furthermore, methane is a more potent GHG with a global warming potential about 25 times more powerful than that of carbon dioxide according to the EPA. The main sources of methane emissions in the United States include the production and transport of coal, natural gas and petroleum systems, livestock waste and other agricultural practices, and landfills, as outlined in the chart below. Biogas processing facilities can play a key role in reducing methane emissions produced by landfills and livestock waste, which together accounted for 27% of U.S. methane emissions in 2018.

*Sources of U.S. Methane Emissions*



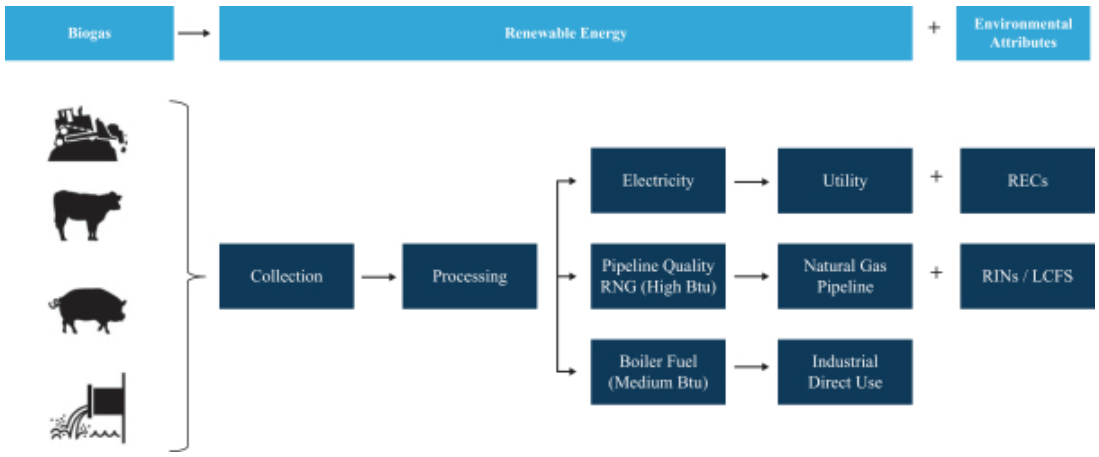

*Source: EPA*

LFG typically has methane concentrations around 50% while biogas sourced from manure and processed in an anaerobic digester commonly has methane concentrations as high as 55% to 75%. Biogas can replace natural gas in almost any application, but first it must be processed to remove non-methane compounds. The level of processing varies depending on the source of the biogas and the final application of the RNG.

**Advantages of Biogas as a Source of Renewable Energy**

Due to low feedstock cost and natural production, LFG and ADG are likely to be more economical than ethanol or biodiesel in the renewable fuel market according to the Energy Information Administration ("*EIA*"). Unlike intermittent forms of renewable energy, such as wind and solar, electricity produced from LFG or ADG is a baseload resource that generally can run 24 hours a day, seven days a week. Gas flows continuously from landfills and anaerobic digesters, which enables LFG and ADG projects to typically have capacity factors between 79% and 98%. In comparison, wind and solar had capacity factors of 35% and 25% in 2019, respectively, according to the EIA. Capacity factor is the ratio between what the project is capable of generating at maximum output versus the project's actual generation output over a period of time.

*Biogas Pathways to Renewable Energy*




**RNG**

*Overview*

Biogas can be processed into RNG through treatment processes that reduce the presence of moisture, contaminates, and other gases such as carbon dioxide, hydrogen sulfide and oxygen. Post-processing, RNG has the same chemical composition as fossil fuel based natural gas. RNG can be transported and distributed via existing natural gas pipeline infrastructure, providing natural gas customers access to RNG while requiring no extra capital outlay from the customer or the transmission supplies. RNG can be injected into natural gas pipelines for use as a transportation fuel or for fueling combustion equipment. In the case of transportation fuel, RNG is used to produce the equivalent of CNG and LNG. While RNG can be blended with traditional natural gas for any purpose that natural gas alone can be used, the sale of RNG for end-use as a transportation industry fuel offers a distinct economic benefit driven by government incentives under the RFS program and state-level carbon reduction initiatives.

*Environmental Attributes of RNG*

The RFS program is a federal program administered by the EPA requiring transportation fuel sold in the United States to contain a minimum volume of renewable fuel. Under the RFS program, refiners and importers of gasoline or diesel fuel are obligated to blend renewable fuels into transportation fuel to meet an EPA-specified RVO, which is based on the Clean Air Act ("*CAA*") volume requirements and projections of gasoline and diesel production for the coming year. The original RFS program was created by the Energy Policy Act of 2005 ("*EPACT 2005*"). In 2007, EISA created the RIN to track compliance by gasoline and diesel refiners and

importers, also known as Obligated Parties, with the RFS. RINs are generated when eligible renewable fuels are produced or imported and blended with a petroleum product for use as a transportation fuel. Obligated Parties can evidence their compliance with the RFS by either blending RNG into their existing fuel supply or purchasing RINs. RINs can be sold along with the physical volume of RNG or purchased separately in the market. If RINs are not sold in the year they were generated, they can be saved ("*banked*") for compliance in the following year. Note that EPA generated RIN price data quotes a RIN price as of the date of the contract, unlike price data provided by certain industry subscription services, which quote the EPA Moderated Transaction System transfer date price.

The RFS program was expanded under the EISA to require 36 billion gallons of renewable fuel blended into gasoline or diesel by 2022 of which 16 billion gallons must be cellulosic biofuel. A cellulosic biofuel must be produced from cellulose, hemicelluloses, or lignin and must meet a 60% lifecycle GHG reduction. In 2014, the EPA ruled that RNG produced from landfills, municipal WRRF digesters, agricultural digesters and separated Municipal Solid Waste ("*MSW*") digesters would qualify as a biofuel under the cellulosic and advanced fuel pathways of the RFS. This action made RNG, when used as transportation fuel, eligible for D3 RINs.

In addition to federal incentives for RNG production through RINs, some states offer additional incentives for the production and sale of RNG. For example, RNG falls under CA LCFS, which uses a market-based cap and trade approach aiming to lower GHG emissions from fossil fuels. CA LCFS requires producers of petroleum-based fuels to reduce the CI of their products, beginning with a quarter of a percent in 2011, culminating in a 10% total reduction in 2020 and a 2030 target of 20% emissions reductions below 1990 levels. Petroleum importers, refiners and wholesalers can either develop their own low-carbon fuel products or buy CA LCFS credits from other companies that develop and sell low carbon alternative fuels, such as RNG.

CARB awards CA LCFS credits to sources of low-carbon transportation fuels based on the CI score of the project pathway relative to CARB's annual CI benchmark for gasoline, diesel and jet fuels. The CI score represents the overall net impact on carbon emissions to the environment for each low-carbon fuel pathway and is determined on a project by project basis taking into account the location and other project and operational specific factors that affect the project's carbon emissions. The amount of CA LCFS credits awarded to each pathway is based on the differential between the pathway's CI score and CARB annual CI benchmark, divided by the fuel's Energy Economy Ratio ("*EER*"). CARB assigns a temporary pathway CI score to new pathways that have not yet obtained a CI score. The current CARB temporary pathway CI score for biomethane produced from livestock waste is -150 gCO2e/MJ, however, operating livestock waste biomethane projects have received approved modeled CI scores up to -532.74 gCO2e/MJ. As shown below, the net impact of carbon emissions from livestock ADG operations is negative due to the capturing and removal of carbon dioxide in the biomethane conversion process that would otherwise be released into the atmosphere. Thus, based on 2020 CI targets and average CA LCFS price per credit, the production of livestock waste biomethane earns a substantially larger amount of CA LCFS credits relative to other pathways. We anticipate that our livestock waste RNG projects could potentially earn two to three times the amount of revenue per MMBtu in credits relative to LFG based on our expected CI scores.

*CA LCFS Value Breakdown by Registered Pathways*

| | 2020 CARB CI Diesel Benchmark | CI (gCO2e/MJ) | CA LCFS Differential | 2020 Average CA LCFS Price per Credit | Est. Revenue per MMBtu (3) |
|---|---|---|---|---|---|
| Livestock Waste | 92.92 | (150.0) (1) | 242.92 | $ 198.9 | $ 44.27 |
| Landfills | 92.92 | 60.4 (2) | 32.52 | $ 198.9 | $ 4.40 |

*Source: CARB*

(1) Represents the temporary CI score assigned by CARB because our Pico pathway(s) have not been assigned CI scores by CARB.
(2) Represents the average CI score for all of our current LFG pathways, other than Atascocita, Coastal and Galveston, which have not been assigned CI scores.
(3) Estimated revenue per MMBtu is calculated by dividing the value of our estimated CA LCFS credit awards by estimated pathway production.

*RNG Use in Transportation Fuels*

The growing use of natural gas as a transportation fuel further supports demand for RNG. Momentum in the use of natural gas as a transportation fuel has continued to develop since the mid-2000s. Under EPACT 2005, federal tax credits were provided through 2013 to help stimulate the shift of trucks and buses from diesel to natural gas fuel by covering up to 80% of the incremental costs of these new natural gas powered vehicles. A portion of the costs of new refueling infrastructure was also covered. The Transportation Equity Act enacted that same year included an excise tax credit encouraging the fuel shift further by making alternative fuels cheaper than petroleum-derived fuels for retailers and non-profit fuel purchasers. The use of natural gas as a vehicle fuel grew by over 70% between 2013 and 2019, according to the Natural Gas Vehicle Association, from approximately 237 to 404 million gallons of gasoline equivalents.

The shift towards adoption of low-carbon transportation fuels is also expected to remain a key driving factor for the global CNG market. CNG emerged as a substitute transportation fuel for gasoline, diesel and liquefied petroleum gas on account of its lower emission of GHG emissions on combustion. CNG can be used in traditional internal combustion engines that were originally designed for gasoline/diesel, but have been modified for CNG use, which has further propelled adoption of CNG vehicles.

According to the EIA, use of CNG transportation fuel in the United States grew at a five-year compound annual growth rate ("*CAGR*") of 7.7% between 2014 and 2019. Globally, the CNG market is forecasted to grow at a 11.4% CAGR from 2019 to 2025, to a total market size of $46.6 billion by the end of 2025 according to the EIA. Though exploration of shale gas and other non-conventional sources of energy have brought down global CNG prices, increasing government regulation of fossil fuels due to environmental concerns is expected to positively impact the continued growth of the global CNG market.

**LFG Fundamentals**

LFG is a long-term baseload renewable energy resource that is an environmentally sound alternative to fossil fuels. The EPA endorses LFG as a renewable energy resource in the same category as wind, solar and geothermal resources. In addition to qualifying as a cellulosic biofuel under the RFS program, LFG is also recognized as a renewable resource by each state with an RPS.

Landfills are the main form of solid waste management in the United States. A landfill is an engineered excavation into which solid waste is placed. Solid waste landfills are constructed and operated on land with engineering safeguards and have highly regulated operating procedures that limit the possibility of water and air pollution. A landfill must meet federal, state and local regulations during its design, construction, operation and closure. The operation and closure activities of a solid waste landfill include excavation, construction of liners, continuous spreading and compacting of waste, covering of waste with earth or other acceptable material and constructing the final capping of the landfill. A landfill is divided into compaction areas, or cells, where solid waste is deposited within the landfill. After a cell is filled, it is compacted by heavy equipment, covered permanently with a polyethylene cap and then covered with soil. These operations are carefully planned to maintain environmentally safe conditions and to maximize the use of the space. Given the high level of planning and coordination involved in these operations, landfill owners typically seek to partner closely with LFG project operators with known track records and experience, creating barriers to entry for many new LFG developers without a known track record.

LFG is produced naturally as waste decomposes in a landfill. The decomposition of organic material in landfills occurs under conditions where oxygen is absent (anaerobic). LFG contains roughly 50% methane and 50% carbon dioxide, with less than 1% non-methane organic compounds and trace amounts of inorganic compounds. When waste is first deposited in a landfill, it undergoes an aerobic decomposition stage during which little methane is generated. Then, typically within less than one year, anaerobic conditions are established and methane-producing bacteria decompose the waste and produce methane and carbon dioxide.

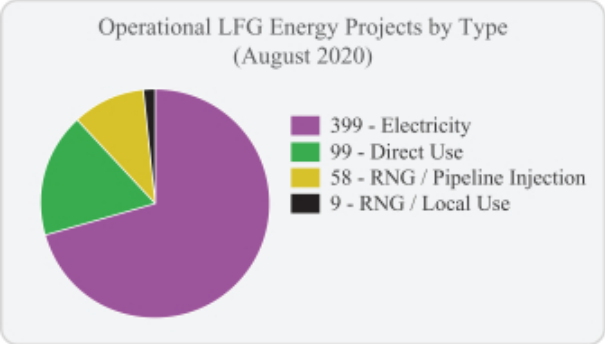
EPA regulations under the CAA require many larger landfills to collect and control LFG in order to minimize the environmental impact, though typically collection begins much sooner than required to maximize gas recovery while controlling odors. An LFG collection system consists of a series of pipes that are embedded in the landfill. A vacuum induction system is used to transport the gas to a collection facility. Subsequently, the gas is either transported to be flared or sent to an energy recovery system. Using LFG in an energy recovery system requires some treatment to remove excess moisture, particulates and other impurities. The type and extent of treatment depends on site-specific characteristics and the type of energy recovery system employed.

According to the EPA, landfills continue to produce LFG for as many as 20 to 30 years after being capped. The amount of gas produced generally increases for up to five to seven years after the waste has been buried, at which time the gas volume begins to gradually decline. Using certain parameters, production history and other statistical information for a given site, engineers can predict the estimated quantity of LFG that a landfill is expected to generate over time. As a result, LFG can provide a more steady, predictable and reliable source of energy relative to other intermittent renewable energy production methods, such as solar and wind. Capturing LFG and using it as an energy resource produces significant energy, environmental, economic and other benefits.

**Overview of the LFG Industry**

LFG is a reliable, renewable fuel option that remains untapped at many landfills across the United States. The LFG industry has grown rapidly over the last 30 years driven both by EPA regulations and the inclusion of LFG into renewable energy programs. According to the EPA, in 1982 there were only three known LFG projects in the United States. By 1990, the number of LFG projects had increased to 32. According to the EPA, as of August 2020, there were 565 LFG projects in operation in the United States, including 67 RNG projects, 399 operating LFG-to-energy electricity projects and 99 direct-use projects. While historically most LFG projects were used to produce electricity, more recent development has favored RNG facilities (where gas is typically used in industry applications), given the ability to generate D3 RINs beginning in 2014.

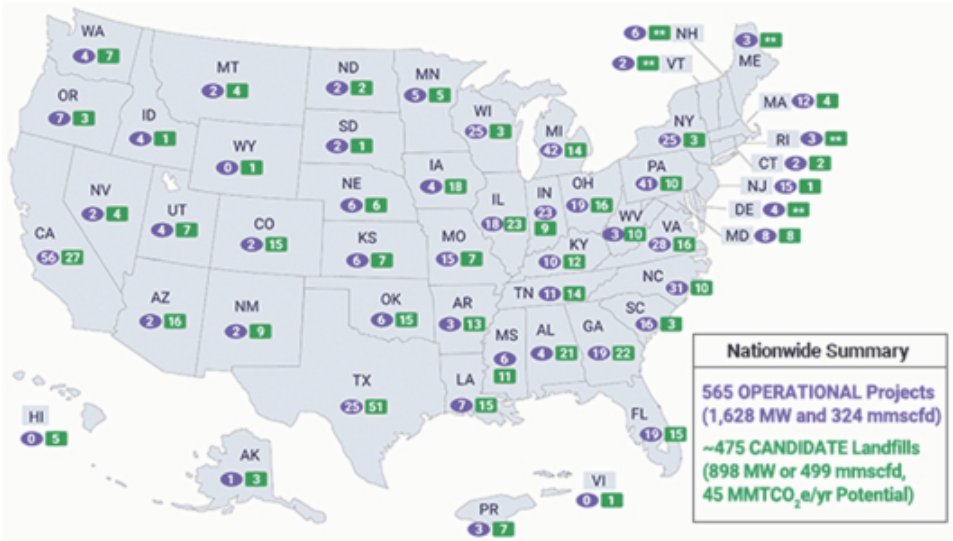
*Operational LFG Projects by Type*




*Source: EPA*

While the deployment of LFG projects has accelerated, there is still potential growth in the industry. The EPA has identified 477 landfills as candidate sites, meaning they meet high-level criteria for LFG project suitability and could have their gas turned into an energy source. In addition, there are 399 operating Renewable Electricity projects that have the potential to be converted to produce RNG. Based on our industry experience and technical knowledge and analysis, after evaluating their currently available LFG collection systems and potential production capacities, we believe that approximately 25 of the candidate landfills are potentially economically viable as projects for acquisition and growth. In the future, additional candidate landfills may become economically viable as their growth increases LFG production and requires installation of LFG collection systems.

*LFG Projects by State*




*Source: EPA*

The LFG market is heavily fragmented. According to the EPALMOP project database, the top ten players in the LFG industry account for approximately 53% of installed LFG capacity as of August 2020, and over 90% of developers own five or fewer projects. Aside from the top five players in this industry, including us, no company accounts for more than 5% of the total LFG to energy capacity.

The significant regulatory compliance requirements for developing and operating a landfill serve as a barrier to new landfill development and have resulted in a decrease in the number of operating landfills in the United States since 1986 and also in existing landfills becoming larger over time. As of 2019, there were approximately 2,627 Municipal Solid Waste Landfills in the United States. As a result, incumbent LFG operators on operating landfills that have secured long-term fuel supply agreements and established conversion facilities on site are well-positioned to benefit from future growth of existing landfills. These long-term contracts secure access to a steady source of biogas for LFG operators and offer a steady revenue stream in the form of royalties to landfill owners along with helping them to meet regulatory compliance requirements, resulting in a mutually beneficial arrangement.

LFG can be processed to produce pipeline-quality RNG, used to fuel power generation, or delivered by pipeline directly to industrial customers. The economics of an LFG project depend on several factors. Most importantly, RNG projects must have close proximity to off-take infrastructure. LFG-to-energy producers evaluate potential landfills to assess recovery potential, which are dependent on a variety of factors, including

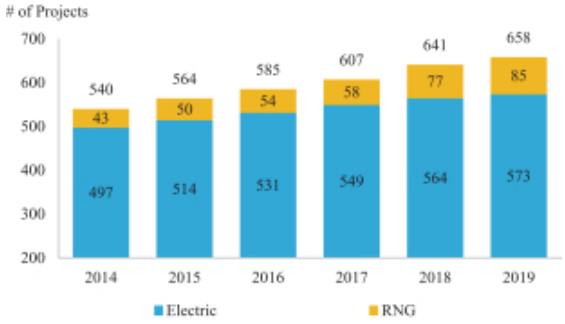
landfill size, age, local precipitation and landfill composition. LFG developers then evaluate the most profitable method of selling their RNG, either for power, pipeline use or direct use in industrial applications. Projects can then be structured in a variety of ways. Typically, the landfill owner operates the wellfield and the LFG operator obtains control at the gas inlet meter to the processing facility. We operate the wellfield collection system at five of our sites, which allows greater control over the quality and consistency of the collected biogas.

Under EPA standards, RNG qualifies as a renewable fuel resource and is therefore eligible for RINs when sold for end-use in the transportation fuel industry. Thus, LFG projects that produce RNG benefit from two revenue streams. The first revenue stream is from the commodity value of the natural gas generated by selling the RNG into the pipeline at market pricing. The second revenue stream is from the Environmental Attributes of RNG which are generated by the registration of a RIN once the RNG is used as a transportation fuel. Additionally, RNG generates revenue when used as a transportation fuel in states with LCFS programs. Since the 2014 EPA ruling that designated RNG produced from LFG facilities as a cellulosic biofuel and eligible for D3 RINs, development of new LFG facilities has trended towards RNG production over electricity production. While LFG-to-RNG facilities have grown at a five-year CAGR of 14.6% from 2014 to 2019, LFG-to-electricity facilities have grown at a 2.9% CAGR.

*Historical Growth LFG-to-Electricity and LFG-to-RNG Projects*

**Historical Electric and RNG Project Growth**

***The number of RNG projects in the U.S. has grown at a 14.6% CAGR since 2014***




*Source: EPA*

**Anaerobic Digester Fundamentals**

Anaerobic digestion is a series of biological processes in which microorganisms break down organic matter in the absence of oxygen, which results in ADG. A range of anaerobic digestion technologies are converting livestock waste, municipal wastewater solids, food waste, high strength industrial wastewater and residuals, fats, oils and grease and various other organic waste streams into ADG. Currently, we are focused primarily on developing RNG from LFG and livestock waste due to the positive economics of cellulosic RINs under the RFS program which enables the generation of D3 RINs from our operations.

In order to generate RNG from livestock waste, manure from dairy cows, pigs or other livestock is collected and either flushed or scraped into an anaerobic digester resulting in the production of ADG. Captured biogas is transported via pipe from the digester, either directly to a gas use device or to a gas treatment system for moisture and hydrogen sulfide removal. Captured ADG can be further upgraded by removing carbon dioxide, nitrogen and oxygen to increase purity to meet requirements for pipeline injection. The ADG is then delivered into a processing plant where it is refined to meet the fuel quality standards of pipeline-quality natural gas.

Separated digested solids can be composted, utilized for dairy bedding, directly applied to cropland or converted into other products. Nutrients in the liquid stream are used in agriculture as fertilizer.

There are several types of digesters. A digester can be wet, which means it processes feedstock with less than 15% solids content, whereas a dry digester processes 15% or more solids content. Certain digesters can only process one type of feedstock and other digesters are designed to process multiple feedstocks. Furthermore, in a batch digester, feedstock can be loaded into a digester all at once, whereas in a continuous flow digester, feedstocks are constantly fed into the digester and digested material is continuously removed. Standalone digesters process feedstock from one or more sources for a tipping fee, which is a fee paid by anyone disposing of waste at a landfill, where the primary feedstock is typically food waste. Digesters help farmers manage nutrients, reduce odors and generate additional revenue. Dairy, swine and poultry farms are the primary candidates for digesters given their significant production of livestock waste.

In addition to its economic potential, the increased use of anaerobic digesters has several environmental benefits. Anaerobically digested livestock waste produces significantly less odor than conventional storage and land application systems. The odor of stored livestock waste mainly comes from volatile organic acids and hydrogen sulfide, which has a “rotten egg” smell. In an anaerobic digester, volatile organic compounds are reduced to methane and carbon dioxide, which are odorless gases. The volatized fraction of hydrogen sulfide is captured with the collected ADG and destroyed.

Anaerobic digestion provides several water quality and land conservation benefits as well. Digesters, particularly heated digesters, can destroy more than 90% of disease-causing bacteria that might otherwise enter surface waters and pose a risk to human and animal health. Digesters also reduce biochemical oxygen demand (“*BOD*”). BOD is one measure of the potential for organic wastes to reduce dissolved oxygen in natural waters. Because fish and other aquatic organisms need minimum levels of dissolved oxygen for survival, farm practices that reduce BOD protect the health of aquatic ecosystems. In addition to protecting local water resources, implementing anaerobic digesters on livestock facilities improves soil health. The addition of digestate to soil increases the organic matter content, reduces the need for chemical fertilizers, improves plant growth and alleviates soil compaction. In addition, digestion converts nutrients in manure to a more accessible form for plants to use. The risks of water and soil contamination from flooding of open lagoons are also mitigated by digesters.

Digesters also significantly reduce emissions of GHG that are harmful to the environment. In 2018, the EPA estimated that livestock waste management was responsible for approximately 10% of annual U.S. methane emissions; the majority of those methane emissions came from dairy and swine operations. ADG recovery systems could capture and process methane, significantly reducing methane emissions. The use of ADG to generate energy can also offset fossil fuel use, which in turn lowers emissions of carbon dioxide, another critical GHG.

**Overview of Anaerobic Digester Industry**

The feasibility of anaerobic digestion projects varies state-to-state; however, advances in technological application and favorable legislative developments are driving investment interest in the space. As of January 2019, there were 255 anaerobic livestock digester systems in the United States operating on commercial livestock facilities, a portion of which could meet our criteria for future RNG projects.

While a large portion of RNG today in the United States is produced at landfills, the market to produce ADG using livestock waste from dairy and swine farms is almost entirely untapped, according to the American Biogas Council.

The dairy RNG market is highly concentrated in a few key states. The top ten states for dairy RNG represent roughly 79% of the market, while the top three states (California, Idaho, and Wisconsin) represent 62% of this share of the market and California alone holds 38% of this share.

*Potential Livestock RNG Market*

RNG created by anaerobic digestion of livestock waste is among the lowest-carbon intensive transportation fuel options available today achieving up to a 91% reduction compared to petroleum gasoline. Nationwide, "manure management" —field spreading for fertilizer, storage in ponds, among others—is a major source of methane emissions, contributing to over 60 million metric tons of carbon dioxide equivalent ("$CO^2E$") annually or roughly 10% of total U.S. annual methane emissions according to the EPA.

Wastewater is another significant potential source of RNG. Over 1,200 WRRFs have anaerobic digesters according to the EPA. Food processing plants, resorts, universities and supermarkets are also other potential sites that produce significant volumes of organics that can be collected to put in anaerobic digesters.

**Regulatory Incentives for RNG Production**

The production and use of RNG as a transportation fuel generates additional revenue through the sale of Environmental Attributes under the EPA's RFS program and state-level low-carbon initiatives. There are several federal and state-level programs that have historically incentivized the conversion of biogas from landfills and other waste sources into RNG and Renewable Electricity, including programs like RFS and LCFS for RNG production, and RPS for Renewable Electricity. Existing air quality laws and RPS targets are also regulatory drivers that incentivize the development of LFG projects.

***RFS Program***

The EPA administers the RFS program with volume requirements for several categories of renewable fuels. The EPA first issued regulations implementing the RFS program in 2007, which established rules for fuel supplied and created the RIN system for compliance and trading credits and rules for waivers. The EPA calculates a blending standard for each year based on estimates of gasoline usage from the EIA. Separate quotas and blending requirements are determined for cellulosic biofuels, biomass-based diesel ("*BBD*"), advanced biofuels and total renewable fuel.

The individual obligations for producers are called RVO. An RVO is determined by multiplying the output of the producer by the EPA's announced blending ratios for cellulosic biofuels, bio-mass based diesel, advanced biofuels and total renewable fuel. In order to comply with the RFS, diesel and gasoline refiners and importers either blend renewable fuels into the U.S. supply of transportation fuel or buy renewable fuel credits to meet the minimum percentage of renewable fuel production annually under the RVO. The EPA has historically published an RVO target each November for the amount of renewable fuel gallons for the following year. The 2019 RVO for D3 RINs was 418 million gallons. The 2020 RVO for D3 RINs was 590 million gallons, representing a 41% increase over 2019. As the RVO determines the level of RNG that must be in the motor fuel mix in any given year, the RVO sets the demand for RINs, which in effect causes it to have a material effect on RIN pricing. As the RVO increases, a greater number of RINs must be purchased by Obligated Parties, which in turn drives demand for and pricing of RINs. The EPA is expected to promulgate final 2021 RVOs by June 2021.

For every gallon equivalent of renewable fuel created, a RIN is issued to the producer which can then be sold to an Obligated Party (such as a fuel refiner). Cellulosic or D3 RINs can be generated by RNG produced through the conversion of organic matter and used as renewable fuel including LFG, ADG and sewage waste treatment. One MMBtu of renewable fuel represents approximately 11.7 RINs. RINs create an additional revenue stream for the developers of RNG assets as they provide an additional cash revenue stream with no additional capital.

The below table lists the various types of RNG recognized by the EPA and the corresponding RIN compliance categories.

*Sources of RNG and RIN Compliance*

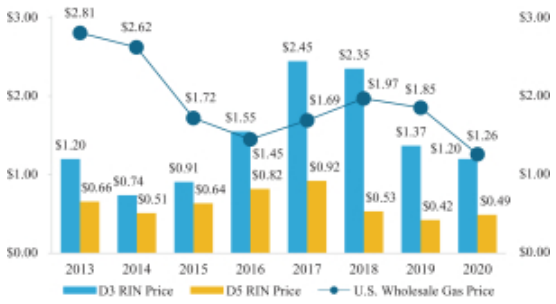
| RNG Source | RNG Type | GHG Savings % | RIN Compliance Eligibility |
|---|---|---|---|
| **Landfill Gas** | **Cellulosic Biofuel** | **60%** | **D3, D5, D6** |
| **Dairy *I* Swine Farms** | **Cellulosic Biofuel** | **60%** | **D3, D5, D6** |
| Waste Water | Cellulosic Biofuel | 60% | D3, D5, D6 |
| Soybean *I* Canola *I* Waste Oil or Animal Fats | Biomass-Based Diesel | 50% | D4, D5, D6 |
| Sugar-Cane Based Ethanol | Advanced Biofuel | 50% | D5, D6 |
| Corn-Based Ethanol | Renewable Fuel | 20% | D6 |

*Source: EPA*

RIN compliance is nested, such that cellulosic biofuel and BBD are part of the advanced mandate, and the advanced mandate is part of the renewable mandate. Cellulosic biofuel is further subdivided into “cellulosic biofuel” and “cellulosic diesel”; with both types counting towards the cellulosic mandate, and cellulosic diesel also counts towards the BBD mandate.

*Historical Pricing of D3 and D5 RINs, Wholesale Gasoline Prices, and the CWC*

**Historical D3, D5, and U.S. Wholesale Gas Pricing**




**Historical CWC Pricing**

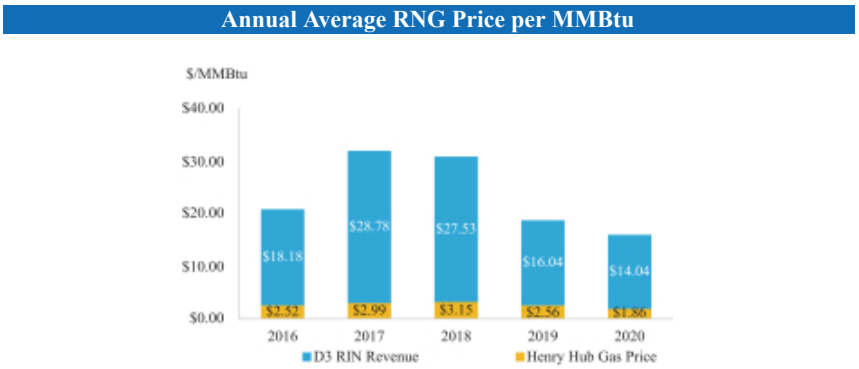

**D3 = D5 + CWC – Market Discount**

*Source: EPA and EIA*

Production of cellulosic biofuels has not developed at the pace envisioned in the RFS program, creating a shortage of supply of cellulosic D3 RINs to meet blending requirements. When production volumes do not

meet mandated volume obligations, instead of blending cellulosic biofuel, the EPA allows Obligated Parties to satisfy the RFS compliance obligation through the purchase of CWCs plus D5 RINs or the sole purchase of D3 RINs. D3 RIN prices are therefore a derivative of D5 RINs and CWCs with the D3 RIN price equal to the D5 RIN Price plus the CWC less a market discount. CWC prices are set annually as the greater of (i) $0.25 or (ii) $3.00 (as adjusted by the Consumer Price Index) less the average wholesale price of gasoline for the most recent 12-month period of data available as of September 30th prior to the calendar year in question. CWC prices are and typically published by the EPA each November, with an announced CWC price for 2020 of $1.80. The value of a D3 RIN is therefore a derivative of the market price for D5 RINs and CWCs, which in turn are inversely linked to the wholesale price of gasoline. Given that the CWC price is fixed by statutory formula in advance of each calendar year, D3 RIN price changes are determined by fluctuations in D5 RIN prices or changes in the market discount.

*Annual Average RNG Price per MMBtu*




*Source: EPA*

***USDA Advanced Biofuel Payment Program***

Through the Bioenergy Program for Advanced Biofuels, the U.S. Department of Agriculture sponsors the Advanced Biofuel Payment Program, which makes payments to eligible producers of advanced biofuels to support and ensure an expanding production of advanced biofuels. The Advanced Biofuel Payment Program provides quarterly payments based on actual production volumes. The amounts paid to individual producers depends on the number of producers, the amount of advanced biofuel produced and the amount of funds available during the fiscal year. $7.0 million per year has been set aside for 2019 through 2023. There is no minimum or maximum payment established for the program. Any entity that produces and sells advanced biofuel is eligible to apply.

***State Low-Carbon Initiatives***

In addition to federal incentives for RNG production through RINs, some states offer incentives for the production and sale of RNG.

*California LCFS*

Established in 2009, the CA LCFS is the first state-level low-carbon initiative aimed at encouraging the use and production of low-carbon fuels in order to reduce GHG emissions. The CA LCFS requires producers of petroleum-based fuels to reduce the CI of their products, beginning with a quarter of a percent in 2011, a 10% total reduction in 2020, and a 20% reduction from 2010 levels in 2030. Petroleum importers, refiners and wholesalers can either develop their own low-carbon fuel products or buy CA LCFS credits from other companies that develop and sell low-carbon alternative fuels, such as biofuels, electricity, natural gas or hydrogen.

*CA LCFS CI Compliance Standards for Diesel and Gasoline*

| CA LCFS Compliance Standards ($gCO_2/MJ$) | | |
|---|---|---|
| Year | Diesel | Gasoline |
| 2016 | 99.97 | 96.50 |
| 2017 | 98.44 | 95.02 |
| 2018 | 96.91 | 93.55 |
| 2019 | 94.17 | 93.23 |
| 2020 | 92.92 | 91.98 |

*Source: CARB*

Under the CA LCFS, various low-carbon transportation fuel pathways, using feedstocks such as LFG, ADG, and wastewater, receive approved modeled CI scores by CARB based on the level of GHG emissions across the lifecycle of conversion to a low-carbon fuel (i.e. biomethane). The lifecycle includes the processing, production, transportation, and use of the pathway as biomethane. The number of CA LCFS credits received for the use of a certain pathway is calculated by taking the difference between the pathway's CI score and CARB annual CI benchmark for gasoline or diesel (depending on the end use of the fuel), and dividing by the EER. Revenue from the CA LCFS program is based on the number of credits received for the use of a certain pathway as a low-carbon transportation fuel and the then-current CA LCFS trading price. Based on 2020 CI targets and average CA LCFS price per credit, the production of biomethane earns a substantially large amount of LCFS credits relative to other pathways. We anticipate that our livestock waste projects could potentially earn two to three times the amount of revenue per MMBtu relative to our LFG projects based on our expected CI scores.

*Historical Monthly CA LCFS Credit Transfer Pricing*

**Historical LCFS Trading Price**


*Source: CARB*

(1) Price performance measures the increase in the annual average CARB LCFS credit price between 2020 and the historical time periods indicated.

On September 23, 2020, the California Governor issued an Executive Order N-79-20 setting goals for expanding the sale and use of zero-emission vehicles within California, including 100% of in-state sales of new passenger cars and trucks to be zero-emission by 2035, and 100% of medium-, and heavy-duty truck vehicles in California to be zero-emission by 2045 for all operations where feasible. The Governor also directed CARB to develop and propose regulations to achieve these goals consistent with state and federal law. This order is the latest in a series of targets set by California to transform the energy and transportation fuel sectors and reduce GHG emissions. In September 2018, the state enacted Senate Bill 100, setting a statewide target for 100% of all retail sales of electricity to California end-use customers to be supplied from eligible renewable energy and

zero-carbon resources by 2045. Executive Order B55-18 sets a statewide target to achieve carbon neutrality no later than 2045. The transitioning of California's energy markets to increased reliance on renewable and carbon-free sources has the potential to create favorable market conditions for RNG. Future regulatory actions will be required to meet the state's zero-emission and carbon neutrality targets. Additional incentive programs or mandates, if adopted, could create favorable market conditions or additional revenue streams to biogas projects that produce electricity from biogas.

*Other Low-Carbon Initiatives*

In 2009, the State of Oregon passed legislation to adopt its Clean Fuels Program ("*CFP*"), which requires a 10% reduction in average CI from 2015 levels by 2025. The program was fully implemented beginning in 2016. In March 2020, Oregon's Governor signed Executive Order No. 20-04, directing the Oregon Department of Environmental Quality ("*DEQ*") to amend the CFP target to a 20% reduction in average CI from 2015 levels by 2025 and a 25% reduction below 2015 levels by 2030. DEQ rulemaking in response to the executive order has been delayed by a lawsuit challenging the executive order. As of December 2018, California and Oregon were the only two states that had passed low-carbon initiatives related to RNG though several other states have been exploring the adoption of similar programs and are expected to pass legislation for implementation over the next several years.

To meet the mandates of the 2019 Climate Leadership and Community Protection Act, New York must reduce its GHG emissions from the transportation sector, the state's largest source of emissions. Various stakeholders have advocated for the state to adopt a LCFS similar to California and Oregon and have supported proposals to require a 20% reduction in CI by 2030.

In 2018, a coalition of nine Northeast and Mid-Atlantic states and the District of Columbia announced their intention to create a program aimed at reducing GHG emissions from transportation fuels. These states and district are all members of the Transportation & Climate Initiative of the Northeast and Mid-Atlantic States ("*TCI*"), which is facilitating the development of this program. The participating TCI jurisdictions designed a regional low-carbon transportation policy proposal that proposes to cap and reduce carbon emissions from the combustion of transportation fuels through a cap-and-invest program or other pricing mechanism, and allow each TCI jurisdiction to invest proceeds from the program into low-carbon and more resilient transportation infrastructure. After the coalition solicited feedback on a draft memorandum of understanding, the final memorandum of understanding is expected to be complete in the fall of 2020, at which point each TCI jurisdiction is expected to decide whether to participate in the program.

***Updates to the RPS Volume Standards***

With many states looking to increase renewable energy capacity rapidly to meet increasingly stringent RPS targets, there has been heightened interest in the development of LFG facilities. In light of LFG's low development costs and ability to reliably produce as a baseload form of generation, it presents an attractive option for states interested in supporting both the environment and the stability of their electricity grid.

U.S. state RPS and renewable portfolio targets have been a key driver of growth in the Renewable Electricity industry. As of July 2018, 30 states, the District of Columbia, and Puerto Rico have RPS in place, and seven other states have non-binding goals supporting renewable energy. RPS are enacted through the RECs, which is a commodity traded in MWh, representing the environmental and other non-power attributes of Renewable Electricity generation. RECs provide a significant revenue stream for renewable energy producers. Of the ten states with the largest number of operational LFG projects, eight have RPS and two have voluntary or targeted RPS. LFG projects' high capacity factors also mean greater revenue from RECs per unit of capacity than renewables with lower capacity factors such as wind and solar.

*RFS Program Volume Standards*

On December 9, 2019, the EPA finalized volume requirements under the RFS program for cellulosic biofuel, biomass-based diesel, advanced biofuel, and total renewable fuel for 2020. The volume requirements are listed in the table below.

*Renewable Fuel Volume Requirements for 2019-2020*

| | 2019 | 2020 |
|---|---|---|
| Cellulosic Biofuel (mm gallons) | 418 | 590 |
| Biomass-based Diesel (bn gallons) | 2.1 | 2.43 |
| Advanced Biofuel (bn gallons) | 4.92 | 5.09 |
| Renewable Fuel (bn gallons) | 19.92 | 20.09 |
| Implied Conventional Biofuel (bn gallons) | 15 | 15 |

*Source: EPA*

The RFS program sets forth renewable fuel volumes through 2022 with volumes for subsequent years to be established under a new framework. Historically, the RNG industry has been unable to meet statutory mandates for cellulosic biofuel. When mandated cellulosic biofuel volumes cannot be met, the statute requires that the EPA reduce the annual volume requirement to an amount equal to the amount projected to be available during that calendar year. As permitted under the statute, the EPA reduces the required volume of cellulosic biofuel by allowing refineries and importers of transportation fuel to purchase CWCs to satisfy their RFS obligations through a waiver.

Under the statutory provisions governing the RFS program, the EPA is required to modify, or "reset", the applicable annual volume targets specified in the statute for future years if waivers of those volumes in past years met certain specified thresholds.

For the years after 2022, required volumes of each renewable fuel will be determined by the EPA administrator in coordination with the Secretary of Energy and the Secretary of Agriculture. Although the framework for setting renewable fuel volumes will change, the mandate for cellulosic biofuel is required to be at least the same as it was in 2022 and "shall be based on the assumption that the EPA will not need to issue a waiver for such years." Under this new framework, RFS volumes are to be established no later than 14 months before the first year for which applicable volumes will apply and the EPA, in coordination with the aforementioned government agencies, will consider the following six factors to renewable fuel volumes:

1. The impact of the production and use of renewable fuels on the environment, including on air quality, climate change, conversion of wetlands, ecosystems, wildlife habitat, water quality and water supply;
2. The impact of renewable fuels on the energy security of the United States;
3. The expected annual rate of future commercial production of renewable fuels, including advanced biofuels in each category (D3 cellulosic biofuel and BBD);
4. The impact of renewable fuels on the infrastructure of the Unites States, including deliverability of materials, goods and products other than renewable fuel, and the sufficiency of infrastructure to deliver and use renewable fuel;
5. The impact of the use of renewable fuels on the cost to consumers of transportation fuel and on the cost to transport goods; and
6. The impact of the use of renewable fuels on other factors, including job creation, the price and supply of agricultural commodities, rural economic development, and food prices.

# BUSINESS

## Our Company

### *Overview*

We are a renewable energy company specializing in the recovery and processing of biogas from landfills and other non-fossil fuel sources for beneficial use as a replacement to fossil fuels. We develop, own, and operate RNG projects, using proven technologies that supply renewable fuel into the transportation and electrical power sectors. Having participated in the industry for over 30 years, we are one of the largest U.S. producers of RNG. We established our operating portfolio of 12 RNG and three Renewable Electricity projects through self-development, partnerships, and acquisitions that span six states and have grown our revenues from $34.0 million in 2014 to $107.4 million in 2019.

Biogas is produced by microbes as they break down organic matter in the absence of oxygen (during a process called anaerobic digestion). Our two current sources of commercial scale biogas are LFG or ADG. We typically secure our biogas feedstock through long-term fuel supply agreements and property lease agreements with biogas site hosts. Once we secure long-term fuel supply rights, we design, build, own, and operate facilities that convert the biogas into RNG or use the processed biogas to produce Renewable Electricity. We sell the RNG and Renewable Electricity through a variety of short-, medium-, and long-term agreements. Because we are capturing waste methane and making use of a renewable source of energy, our RNG and Renewable Electricity generate valuable Environmental Attributes which we are able to monetize under federal and state initiatives.

Based on our analysis, we believe there are numerous sources of waste methane in the United States that could serve as potential future project opportunities. We expect to continue our growth through optimization of our current project portfolio, securing greenfield developments and acquiring existing projects, all while pursuing vertical integration opportunities. Our successful evaluation and execution of project opportunities is based on our ability to leverage our significant industry experience, relationships with customers and vendors, access to interconnections for rights-of-way, and capabilities to construct pipeline and electrical interconnections that ensure the economic viability of opportunities we pursue. We exercise financial discipline in pursuing these projects by targeting project returns that are in line with the relative risk of the specific projects and associated feedstock costs, offtake contracts and any other related attributes that can be monetized.

Our current operating projects generate RNG from landfill sites and livestock farms. We view livestock farms as a significant opportunity for us to expand our RNG business and we are also evaluating other agricultural markets. We believe that our business is highly scalable, which will allow us to continue to grow through development and acquisitions.

Our projects provide our landfill and livestock farm partners with a variety of benefits, including a means to monetize biogas from their sites, support their regulatory compliance, and providing them environmental services. We differentiate ourselves from our competitors based on our long history of working with leading vendors and technologies and through our extensive expertise in designing, tuning and managing gas control collection systems at our host sites. We have significant experience with commercialized beneficial uses of processed biogas, including pipeline quality natural gas, power generation, carbon capture and boiler fuel gas products.

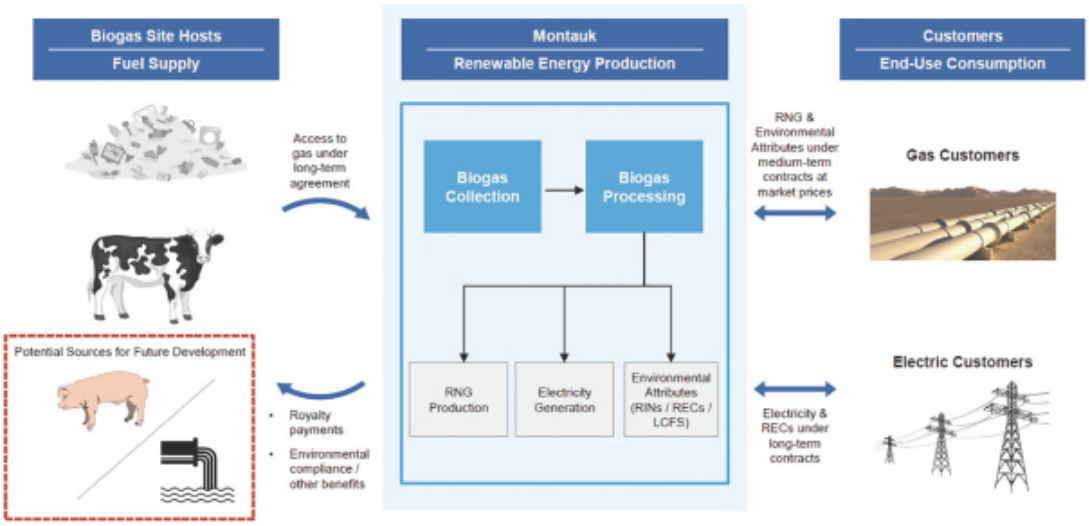
Our revenues are generated from the sale of RNG and Renewable Electricity, under long-term contracts, along with the Environmental Attributes that are derived from these products. RNG has the same chemical composition as natural gas from fossil sources, but has unique Environmental Attributes assigned to it due to its origin from low-carbon, renewable sources, which we can also monetize. Virtually all of the RNG we produce is used as a transportation fuel because this end market generally provides the most value for our RNG production. The RNG we process is pipeline-quality and can be used for transportation fuel when converted to CNG or LNG. CNG has been the most common fuel used by fleets where medium-duty trucks are close to the fueling station, such as city fleets, local delivery trucks, and waste haulers. The Environmental Attributes that we sell are

composed of RINs and state low-carbon fuel credits, which are generated from the conversion of biogas to RNG that is used as a transportation fuel, as well as RECs generated from the conversion of biogas to Renewable Electricity. In addition to revenues generated from our product sales, we also generate revenues by providing operations and maintenance services to certain of our biogas site partners.

Whenever possible, we seek to mitigate our exposure to commodity and Environmental Attribute pricing volatility. Through contractual arrangements with our site hosts and counterparties, we typically share pricing and production risks while retaining our ability to benefit from potential upside. A significant portion of the RNG volume we produce is sold under bundled fixed-price arrangements for the RNG and Environmental Attributes, with a sharing arrangement where we benefit from prices above certain thresholds. For our remaining RNG projects, we sometimes enter into in-kind sharing arrangements where our partners receive the Environmental Attributes instead of a cash payment, thereby sharing in the Environmental Attribute pricing risk.

We strive to sell our remaining RNG and environmental products under medium-and long-term indexed pricing and margin sharing arrangements designed to give us optimal price and revenue certainty. On the electricity side, all of our products and related Environmental Attributes are sold under fixed-price contracts with escalators, limiting our pricing risk. Finally, our payments to our site hosts are entirely in the form of royalties based on realized revenues, or, in some select cases, based on production volumes.

***The Montauk Model***




***Reorganization Transactions***

MNK is a holding company whose ordinary shares are currently traded on the JSE under the symbol "MNK." Prior to this offering, 100% of MNK's business and operations were conducted through its U.S. subsidiaries, and, prior to January 4, 2021, Montauk USA and MEH and its subsidiaries, and MNK held no assets other than equity of its subsidiaries. On January 4, 2021, we entered into a share exchange with Montauk USA in which we replaced Montauk USA as the top tier subsidiary of MNK and we became the direct parent company of MEH. As we are the successor to all of Montauk USA's interests in MEH, we present historical consolidated financial statements of Montauk USA. In connection with the Reorganization Transactions and this offering, MNK and the existing stockholders of MNK will become stockholders of Montauk. After the Reorganization Transactions and the closing of this offering, MNK will not own any significant assets and we expect that MNK will be delisted from the JSE and liquidated. Accordingly, MNK's business is the business in which you are investing if you buy shares of our common stock in this offering. For more information, see "The Reorganization Transactions."

**Market Opportunity**

***Increasing Demand for RNG***

Demand for RNG produced from biogas is significant and growing in large part due to an increased focus by the public and governments on reducing the emission of GHG, such as methane, and increasing the energy independence of the United States. According to the EPA, methane is a significant GHG, which accounted for roughly 9.5% of all U.S. GHG emissions from human activities in 2018 and which has a comparative impact on global warming that is about 25 times more powerful than that of carbon dioxide (which is produced during the combustion process). Biogas processing facilities could substantially reduce methane emissions at landfills and livestock farms, which together accounted for approximately 27% of U.S. methane emissions in 2018 according to the EPA. The development of this energy source further supports the U.S. national security objective of attaining energy independence, as evidenced by EISA, which aimed to increase U.S. energy security, develop renewable energy production, and improve vehicle fuel economy.

Over the past decade, the fastest growing end market for RNG has been the transportation sector, where RNG is used as a replacement for fossil-based fuel. This growth has been driven, in large part, by more aggressive environmental subsidies to support the production of renewable transportation fuels. According to NGV America, a national organization dedicated to the development of a growing, profitable, and sustainable market for vehicles powered by natural gas or biomethane, from 2015 to 2020, "RNG use as a transportation fuel…increased 291%, displacing close to 7.5 million tons of carbon dioxide equivalent."

Given public calls for, and U.S. federal, state and local regulatory trends and policies aimed at, reducing GHG emissions and increasing U.S. energy independence, we expect continued regulatory support for RNG as a replacement for fossil-based fuels and therefore continued and growing demand for RNG over the next several years.

***Availability of Long-Term Feedstock Supply***

Biogas can be collected and processed to remove impurities for use as RNG (a form of high-Btu fuel) and injected into existing natural gas pipelines as it is fully interchangeable with natural gas. Partially treated biogas can be used directly in heating applications (as a form of medium-Btu fuel) or in the production of electricity. Common sources of biogas include landfills, livestock farms, and WRRFs.

Landfill- and livestock-sourced biogas represent a significant opportunity to produce RNG and Renewable Electricity, while also reducing GHG emissions. While landfill projects for RNG and Renewable Electricity have been developed over the past few decades, undeveloped landfills remain a significant source of biogas. Moreover, as technology continues to develop and economic incentives grow, livestock farm biogas, in particular, represents a relatively untapped biogas opportunity.

While LFG has accounted for most of the growth in biogas projects to date, we believe that additional economically viable LFG project opportunities exist. According to the EPALMOP project database, as of August 2020, there were 565 LFG projects in operation in the United States, including 399 operating LFG-to-electricity projects that may be converted to produce RNG, 11 construction projects, and 54 planned RNG and Renewable Electricity projects, as well as 477 additional candidate landfills. Based on the EPA data, these 477 candidate landfills have the potential to collect a combined 499 million standard cubic feet of LFG per day, or the equivalent of carbon dioxide emissions from approximately 63,000 barrels of oil. Based on our industry experience and technical knowledge and analysis, after evaluating their currently available LFG collection systems and potential production capacities, we believe that approximately 25 of these sites are potentially economically viable as projects for acquisition and growth. In the future, additional candidate landfills may become economically viable as their growth increases LFG production and requires installation of LFG collection systems.

The LFG market is heavily fragmented, which represents, in our view, a good opportunity for companies like ours to find project opportunities. The top ten players account for approximately 53% of installed

LFG capacity as of August 2020, and over 90% of developers own five or fewer projects, according to the EPA. Aside from the top five players in the industry, which includes us, no company accounts for more than 5% of the total LFG-to-energy capacity. Within the LFG market, over three-quarters of projects are Renewable Electricity projects with PPAs dating back as far as 1984. As these PPAs expire, these legacy facilities present an opportunity for conversion to RNG facilities, which, in certain instances, can provide better financial terms than Renewable Electricity projects. This market fragmentation and limited expertise in RNG processing by other market participants creates significant acquisition opportunities for us.

Biogas from livestock farm waste also represents significant opportunities for RNG production that remain largely untapped. According to the U.S. Department of Agriculture, as of June 2018**,** biogas recovery systems are feasible, notwithstanding economic viability considerations, at 2,704 dairy farms and 5,409 swine farms in the United States, with potential to produce roughly 172.0 million MMBtu of RNG annually, or the equivalent of the carbon dioxide emissions from 4,556 million gallons of gasoline. Although many of the EPA identified project sites are not currently economically viable because of distance from pipelines and contaminants in the biogas, among other reasons as described above, we believe that there is potential for sustained growth in biogas conversion from waste sources given our significant experience in evaluating sites and assessing their viability, evolving consumer preferences, regulatory conditions, ongoing waste industry trends, and project economics. Additionally, all-in prices paid for RNG from livestock farms can be significantly higher than prices for RNG from landfills due to state-level low-carbon fuel incentives for these projects. Given our strong understanding of biogas processing and our market leadership in RNG, we believe that we are well-positioned to take advantage of opportunities in this emerging market.

The availability of additional waste streams, including from organic waste diversion, food waste, sludge, and waste water, in combination with technological advances permitting new or more economical waste processing also have the potential to support long-term feedstock supply availability and the growth of our business.

***Use of Environmental Attributes to Promote RNG Growth***

When used as a transportation fuel or to produce electricity, RNG can generate additional revenue streams through Environmental Attributes. Environmental Attributes are provided for under a variety of programs, including the national RFS program and state-level RPS and LCFS.

The RFS program requires transportation fuel to contain a minimum volume of renewable fuel. To fulfill this regulatory mandate, the EPA requires Obligated Parties to blend renewable fuel with standard fuel to meet RVOs. Obligated Parties can comply with RVOs by either blending RNG into their existing fuel supply or purchasing RINs. RINs are generated when eligible renewable fuels are produced or imported and blended with a petroleum product for use as a transportation fuel. The RFS program has been a key driver of growth in the RNG industry since 2014 when the EPA ruled that RNG, when used as a transportation fuel, would qualify for D3 RINs (for cellulosic biofuels), which are generally the most valuable of the four RIN categories. In 2019, our projects generated approximately 15% of all D3 RINs in the United States.

The monetization of RNG also benefits from low-carbon fuel initiatives at the state-level, specifically from established programs in California and Oregon. The CA LCFS requires fuel producers and importers to reduce the CI of their products, with goals of a 10% reduction in carbon emissions from 1990 levels by 2020 and a 20% reduction by 2030. CARB awards CA LCFS credits to RNG projects based on each project's CI score relative to the target CI score for gasoline and diesel fuels. The CI score represents the overall net impact of carbon emissions for each RNG pathway and is determined on a project-by-project basis. Based on our expected CI scores, we anticipate that RNG produced by livestock farms can potentially earn two to three times the amount of revenue per MMBtu relative to RNG produced from LFG projects. Several other states are considering LCFS initiatives similar to those implemented in California and Oregon.

Additionally, biogas is considered to be a renewable resource in all 37 states that encourage or mandate the use of renewable energy. Thirty states, the District of Columbia, and Puerto Rico have RPS that require

utilities to supply a percentage of power from renewable resources, and seven states have a Renewable Portfolio Goal that is similar to RPS, but is not a requirement. Many states allow utilities to comply with RPS through tradable RECs, which provide an additional revenue stream to RNG projects that produce electricity from biogas.

**Our Strengths**

***Management and Project Expertise***

Our management team has decades of combined experience in the development, design, construction and operation of biogas facilities that produce RNG and Renewable Electricity. We believe that our team's proven track record and focus on development of RNG projects gives us a strategic advantage in continuing to grow our business profitably. Our diverse experience and integration of key technical, environmental, and administrative support functions support our ability to design and operate projects with sustained and predictable cash flows.

Our experience and extensive project portfolio has given us access to the full spectrum of available biogas-to-RNG and biogas-to-Renewable Electricity conversion technologies. We are technology agnostic and base project design on the available technologies (and related equipment) most suitable for the specific application, including membranes, media, and solvent-based gas cleanup technologies. We are actively engaged in the management of each project site and regularly serve in engineering, construction management, and commissioning roles. This allows us to develop a comprehensive understanding of the operational performance of each technology and how to optimize application of the technology to specific projects, including through enhancements and improvements of operating or abandoned projects. We also work with key vendors on initiatives to develop and test upgrades to existing technologies.

We continually seek to optimize the highest-value use of our existing assets. Because our equipment is modular, it can be disassembled and redeployed from one site to another at a lower cost than new greenfield development. For example, when equipment capacity at an existing project is larger than needed and can be repurposed for newer sites with larger production and growth potential where that capacity can be more fully utilized. This can occur at older landfill sites that have limited or no acceptance of waste intake or at sites where fuel supply agreements have expired, but where the equipment still has sufficient remaining useful life.

***Access to Development Opportunities***

We have strong relationships throughout the industry supply chain from technology and equipment providers to feedstock owners, and RNG off-takers. We believe that the trust and strong reputation we have attained in combination with our understanding of the various and complex Environmental Attributes gives us a competitive advantage relative to new market entrants.

We leverage our relationships built over the past several decades to identify and execute new project opportunities. Typically, new development opportunities come from our existing relationships with landfill owners who value our long operating history and strong reputation in the industry. This includes new projects with or referrals from existing partners. These relationships include Waste Management and Republic Services, the two largest waste management companies in the United States, which operate ten of our 14 landfill sites. We are the leading third-party developer for Waste Management and operate projects on both private and publicly owned landfills. We actively seek to extend the term of our contracts at our project sites and view our positive relationships with the owners and managers of our host landfills as a contributing factor to our ability to extend contract terms as they come due. Additionally, as one of the largest producers of RNG from LFG, we also frequently receive RFPs from landfill owners for new biogas facilities at their landfills.

Finally, our prominence in the industry often makes us a preferred suitor for owners seeking to sell existing projects. Acquisition opportunities often come to our attention by direct communications with industry participants as well as firms marketing portfolios of project.

***Large and Diverse Project Portfolio***

We believe that we have one of the largest and most technologically diverse project portfolios in the RNG Industry. Our ability to solve unique project development challenges and integrate such solutions across our entire project portfolio has supported the long-term successful partnerships we have with our landfill hosts. Because we are able to meet the varying needs of our host partners, we have a strong reputation and are actively sought out for new project and acquisition opportunities. Additionally, our size and financial discipline generally affords us the ability to achieve priority service and pricing from contractors, service providers, and equipment suppliers.

***Environmental, Health and Safety and Compliance Leadership***

Our executive team places the highest priority on the health and safety of our staff and third parties at our sites, as well as the preservation of the environment. Our corporate culture is built around supporting these priorities, as reflected in our well-established practices and policies. By setting and maintaining high standards in the renewable energy field, we are often able to contribute positively to the safety practices and policies of our host landfills, which reflects favorably on us with potential hosts when choosing a counterparty. Our high safety standards include use of wireless gas monitoring safety devices, active monitoring of all field workers, performing periodic EHS audits and using technology throughout our safety processes from employee training in compliance with operational processes and procedures to emergency preparedness. By extension, we incorporate our EHS standards into our subcontractor selection qualifications to ensure that our commitment to high EHS standards is shared by our subcontractors which provides further assurances to our host landfills. As of October 25, 2020, excluding two incidents related to COVID-19, our year-to-date TRIR was 1.11 which is lower than the 2019 national average of 1.20 TRIR for the mining, quarrying and oil and gas extraction industries and the 2019 national average of 3.00 TRIR for all industries. As of September 2020, we have not received any U.S. OSHA or state OSHA citations in the last five years. Our EHS programs include partnering with Blackline Safety to provide each of our site employees with a four-gas monitoring device with work-anywhere wireless capabilities; emergency response protocols for all locations which include facility and landfill access, gate access, and site specific alerts to account for employee safety at all points throughout the workday; a learning management system that combines traditional online safety training and instructor-led training; and monthly evaluations for training compliance at each operations facility.

**Our Strategy**

We aim to maintain and grow our position as a leading producer of RNG in the United States. We support this objective through a multi-pronged strategy of:

- promoting the reduction of methane emissions and expanding the use of renewable fuels to displace fossil-based fuels;
- expanding our existing project portfolio and developing new project opportunities;
- expanding our industry position as a full-service partner for development opportunities, including through strategic transactions; and
- expanding our capabilities to new feedstock sources and technologies.

***Promoting the Reduction of Methane Emissions and Expanding the Use of Renewable Fuels to Displace Fossil-Based Fuels***

We share the renewable fuel industry's commitment to providing sustainable renewable energy solutions and to offering products with high economic and ecological value. By simultaneously replacing fossil-based fuels and reducing overall methane emissions, our projects have a substantial positive environmental impact. We are committed to capturing as much biogas from our host landfills as possible for conversion to

RNG. As a leading producer of RNG, we believe it is imperative to our continued growth and success that we remain strong advocates for the sustainable development, deployment and utilization of RNG to reduce our dependence on fossil fuels while increasing our domestic energy production.

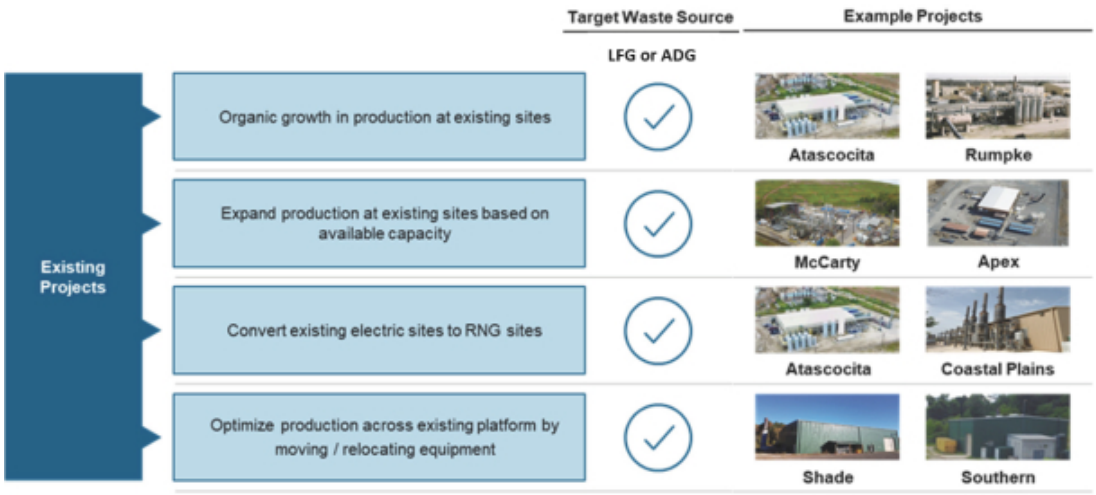
Many of our team members have been involved in the renewable fuel industry for over 30 years. We are a founding member and active participant in the RNGC. The RNGC was formed to provide an educational platform and to be an advocate for the protection, preservation and promotion of the RNG industry in North America. The RNGC's diverse membership includes each sector of the RNG industry, such as waste collection and management companies, renewable energy developers, engineers, bankers, financiers, investors, marketers, transporters, manufacturers, and technology and service providers. Our participation allows us to align with industry colleagues to better understand the challenges facing the industry and to collaborate with them to develop creative solutions to such problems.

As a founding member of the RNGC and participant in several RNGC technical committees, we regularly participate in conferences and regulatory initiatives, including lobbying, to address key issues and promote the RNG industry. Collaborating with the diverse RNGC membership provides us with a holistic view of the RNG industry, which aides us in identifying emerging trends and opportunities. Our participation allows us to align with industry colleagues to better understand the challenges facing the industry and to collaborate with them to develop creative solutions to such problems. A primary function of the RNGC is to educate those in the natural gas industry, including pipeline owners, who are not familiar with RNG and its fungibility with traditional pipeline natural gas. We are focused on maintaining and nurturing our relationships with pipeline off-takers and seek to ensure that such relationships are a priority, including by maintaining continuous communication, enforcing stringent real-time monitoring of our product quality, and providing marketing material to assist with their corporate sustainability messaging.

***Expanding Our Existing Project Portfolio and Developing New Development Opportunities***

We exercise financial discipline in pursuing projects by targeting project returns that are in line with the relative risk of the specific projects and associated feedstock costs, offtake contracts and any other related attributes that can be monetized. We are currently evaluating three project expansion opportunities at existing project sites and one new electricity-to-RNG conversion project. We regularly analyze several potential new projects that are at various stages of negotiation and review. The potential projects typically include a mix of new project sites, project conversions and strategic acquisitions. Currently, no new potential projects are subject to definitive agreements and each potential opportunity is subject to competitive market conditions.

***Montauk Growth Channels***



**Expanding Operations at Existing Project Sites.** We monitor biogas supply availability across our portfolio and seek to maximize production at existing projects by expanding operations when economically feasible. Most of our landfill locations continue to accept waste deliveries and the available LFG at these sites is expected to increase over time, which we expect to support expanded production. This has allowed us to maintain average production availability of approximately 96% at our RNG projects and 93% at our electricity projects, weighted by 2020 expected production, excluding projects that commenced operation in 2020. Additionally, we are evaluating opportunities to utilize excess gas for RNG production at some of our electricity projects. Most recently, we increased the gas production at our McCarty project by 7% through an expansion project completed in January 2018, as described below.

We treat our existing assets as an integrated portfolio rather than a collection of individual projects. This allows us to utilize any new business practices across our entire project portfolio quickly, including advances with respect to troubleshooting, optimization, cost savings, and host site interaction. For example, we recently were able to take advantage of findings from a root cause failure analysis on a particular piece of equipment at a single project site to improve maintenance on similar equipment throughout our portfolio. We frequently identify services that result in a positive reaction from our project partners and then communicate that to other project managers so that they can incorporate such services into their project sites. Our integrated, pro-active and value-add approach helps us maintain strong relationships with our partners, which can often lead to term extensions and new opportunities.

We also experience organic growth in production at our existing projects because of increases in biogas supply at our projects and continued operation optimization. We size our projects to account for this increase in the biogas supply curve over time. For example, at many of our newer projects, such as Apex and Galveston, we expect gradual increases in production as those landfill sites continue to grow. Additionally, many of our expansion efforts to date, such as those at McCarty and Rumpke, have helped to optimize our project capacity to take advantage of excess biogas at older landfills that are still open and growing. Not only have these projects achieved an initial increase in production following the expansion project, but we also expect to see continued gradual increases over time.

Case Study of an Expansion Project: McCarty Landfill: The McCarty landfill is owned and operated by Republic Services and is one of the largest waste disposal facilities in Texas. Our RNG project at this landfill was originally constructed as a 3,892 MMBtu/day facility that achieved commercial operations in 1986. In January 2018, we undertook and completed an expansion of the project to increase RNG production by 7%, to a design capacity of 4,415 MMBtu at a cost of $2.1 million. The expansion effort added blower capacity, which increased the inlet pressure to the main compressors leading to higher production. The increased output from the project did not require amendments to our existing fuel supply and off-take agreements. Prior to commissioning the expansion, we applied for and obtained the necessary permits and other approvals to expand the project and the interconnects that we relied upon at this project. Engineering and design activities began in February 2017, with construction beginning in August 2017 and commissioning in November 2017.

**Expanding through Acquisition.** The RNG industry is highly fragmented with approximately 90% of operating projects owned by companies that own five or fewer projects. We believe that these small project portfolios present opportunity for industry consolidation. We are well-positioned to take advantage of this consolidation opportunity because of our scale, operational and managerial capabilities, and execution track record in integrating acquisitions. Over the last ten years, we have acquired 11 projects and members of our current management team have led all of those acquisitions. We expect that as we continue to scale up our business, our increased size, industry position and access to capital will provide us with increased acquisition opportunities.

**Converting Existing Electricity Projects to RNG.** We periodically evaluate opportunities to convert existing projects from electricity generation to RNG production. These opportunities tend to be attractive for our

merchant electricity projects given the favorable economics for RNG plus RIN sales relative to merchant electricity rates plus REC sales. This strategy has been an increasingly attractive avenue for growth since 2014 when RNG from landfills became eligible for D3 RINs. Historically, we have taken advantage of these opportunities on a gradual basis as PPAs for our electricity projects have expired. To date, we have converted two projects from LFG-to-electricity to LFG-to-RNG and one project from ADG-to-electricity to ADG-to-RNG, and we are currently evaluating a fourth conversion opportunity for LFG-to-RNG.

Looking forward, several of our development and pipeline projects may convert existing electricity projects to RNG. For example, the existing generation facilities at the Coastal Plains project, which currently sells merchant power and RECs into the Electric Reliability Council of Texas market, was shut down in May 2019 and was converted to a RNG production facility with commercial operations that commenced commercial operations in September 2020.

Case Study of a Conversion Project: Atascocita Landfill: We acquired the Atascocita project, an LFG-to-electricity project located in Humble, Texas, from Viridis Energy (Texas), LP in 2011. The Atascocita landfill is owned and operated by Waste Management. Electricity produced by the facility was sold on a merchant basis into the Electric Reliability Council of Texas market. Recognizing an opportunity to realize returns on favorable pricing for RNG and RIN attributes, we approached Waste Management about converting the project to RNG in 2016. We signed an updated gas supply agreement with Waste Management in October 2016, which included a royalty based on the monetization of Environmental Attributes, including RINs and LCFS credits. Construction was managed in-house and completed over 19 months after the gas supply agreement was signed, with the project achieving commercial operations in May 2018, making it one of the largest plants constructed for processing RNG. All of these aspects required unique design and implementation along with cooperation from Waste Management in order to meet regulatory requirements.

New equipment installed includes membrane separation, nitrogen removal, deoxygenation, and $H_2S$ removal technologies. The repurposed facility has a design capacity of 5,570 MMBtu/day. Known vendors and suppliers were used to procure the majority of equipment and systems. As such, timely ordering and delivery of equipment was achieved relative to the construction schedule. The total capital expenditures to convert Atascocita were approximately $40 million. The project has a remaining fuel supply contract with Waste Management for 20 years from commercial operation.

**Leveraging and Creating Long-Term Relationships.** Dependable and economic sources of renewable methane are critical to our success. Our projects provide our landfill and livestock farm partners with a variety of benefits, including a means to monetize biogas from their sites and support their regulatory compliance. By addressing the management of byproducts of our project hosts' primary businesses, our services allow landfill owners and operators and livestock farms to increase their permitted landfill space and livestock count, respectively. These services facilitate long-term relationships with project hosts that may serve as a source for future projects and relationships.

***Expanding Our Industry Position as a Full-Service Partner for Development Opportunities, Including Through Strategic Transactions***

Over our three decades of experience, we have developed the full range of RNG project related capabilities from engineering, construction, management and operations, through EHS oversight and Environmental Attributes management. By vertically integrating across RNG services, we are able to reduce development and operations costs, optimize efficiencies and improve operations. Our full suite of capabilities allows us to serve a multi-project partner for certain project hosts across multiple transactions, including through strategic transactions. To that end, we actively identify and evaluate opportunities to acquire entities that will further our vertically-integrated services.

***Expanding Our Capabilities to New Feedstock Sources and Technologies***

We intend to diversify our project portfolio beyond landfill biogas through expansion into additional methane producing assets, while opportunistically adding third-party developed technology capabilities to boost financial performance and our overall cost competitiveness. We are commercially operating our first livestock waste project (dairy), actively pursuing new fuel supply opportunities in WRRFs, and looking at long-term organic waste and sludge opportunities. The drive toward voluntary and most likely regulatory-required organic waste diversion from landfills is of particular interest as we leverage our current experience base, and we believe this trend will provide long-term growth opportunities.

We believe that the market has not yet unlocked the full potential of RNG and Renewable Electricity. We do not own any material registered intellectual property. However, as biogas processing technology continues to improve and the required energy intensity of the RNG and Renewable Electricity production process is reduced, we expect that we will be able to enter new markets for our products, such as providing fuel for the production of energy sources. With our experience and industry expertise, we are well-positioned to take advantage of opportunities to meet the clean energy needs of other industries looking to use renewable energy in their operations.

**Products Sold**

The revenues received from selling renewable energy consist of two main components. The first component is revenues from the commodity value of the natural gas or electricity generated. The second component is from the Environmental Attributes derived from the production of RNG and Renewable Electricity. For RNG, Environmental Attribute revenues are substantially generated from RINs when used as a transportation fuel. In addition, RNG can generate an additional revenue stream when used as a transportation fuel in states that have adopted low-carbon fuel incentive programs. The primary Environmental Attributes derived from the production of electricity from renewable resources are RECs, which translate into additional revenues for units of Renewable Electricity produced.

***RNG***

LFG and gas from livestock digesters can be processed into pipeline-quality RNG by removing the majority of the non-methane components including carbon dioxide, water, sulfur, nitrogen, and other trace compounds. RNG can be used for transportation fuel when compressed (CNG) or liquefied (LNG) and virtually all of the RNG we produce is used in this manner.

RNG, like traditional natural gas, is traded nationally. Once in an interstate pipeline, RNG can be transported to vehicle fueling stations to be used as a transportation fuel, to utilities to generate power, or for use in generating fuel cell energy anywhere within the North American pipeline system. This flexibility enables us to capture value from the renewable attributes of biogas by delivering RNG to markets and customers that place a premium on renewable energy.

RNG is priced in line with the wholesale natural gas market, based on Henry Hub pricing, with regional variation according to demand and supply issues. We sell the RNG produced from our projects under a variety of short-term and medium-term agreements to counterparties, with tenures varying from three years to five years. Our contracts with counterparties are typically structured to be based on varying natural gas price indices for the RNG produced. We also share a portion of our Environmental Attributes with our off-take counterparties as consideration for the counterparty using our RNG as a transportation fuel.

***D3 RINs***

RNG has the same chemical composition as natural gas from fossil sources, but has unique Environmental Attributes assigned to it due to its origin from organic sources. These attributes qualify RNG as a renewable fuel under the federal RFS program, established pursuant to the EPACT 2005 and EISA, allowing RNG to generate renewable fuel credits called RINs when the RNG is used as a transportation fuel.

RINs are saleable regulatory credits that represent a quantity of qualifying fuel and are used by refiners and importers to evidence compliance with their RFS obligations. Given that the RFS is a national program, the price of a RIN is the same anywhere in the United States. The RFS program originally contemplated 1.75 billion gallons of fuel from cellulosic biofuels by 2014, the use of which would be tracked through D3 RINs. However, cellulosic biofuel production grew slower than expected, with 2013 output at only 281,819 gallons (422,740 RINs). This prompted the EPA to expand the definition of biofuels that could qualify for D3 RINs in July 2014, to include fuels from cellulosic biogas, including biogas from landfills, livestock farms, and WRRFs. This significantly increased the quantity of D3 RINs produced, with production increasing to over 33 million gallons in 2014 and 250.6 million gallons in 2017. In addition, given the historic shortage in supply of D3 RINs to meet blending requirements, the EPA allows obligated refiners to satisfy RFS compliance obligations for D3 RINs by either purchasing CWC plus D5 RINs or by purchasing D3 RINs. CWC prices are set annually as the greater of (i) $0.25 or (ii) $3.00 (as adjusted by Consumer Price Index) less the average wholesale price of gasoline for the most recent 12-month period of data available as of September 30th prior to the calendar year in question. CWC prices are typically published by the EPA each November, with an announced CWC price for 2020 of $1.80. The value of a D3 RIN is therefore a derivative of the market price for D5 RINs and CWCs, which in turn are inversely linked to the wholesale price of gasoline.

We have been active in the RFS program since 2014 and expect to remain a significant contributor to the overall generation of RINs from RNG. We monetize our portion of the RINs, directly, at auction or through third-party agents or marketers.

***CA LCFS***

CA LCFS credits are environmental credits generated in California in order to stimulate the use of cleaner, low-carbon fuels. This program encourages the production of low-carbon fuels by setting annual CI standards, which are intended to reduce GHG emissions from the state's transportation sector. One of the key aspects of the program is that it encourages the use of low-carbon transportation fuel, such as CNG, in vehicles instead of gasoline. This program further encourages use of renewable fuels in vehicles over CNG from fossil fuels.

The value of an CA LCFS credit varies according to the CI value of the fuel source as determined by CARB. Fuels that have a lower CI score benefit from a higher CA LCFS credit. RNG from LFG and livestock digester biogas that are used as a transport fuel both qualify for CA LCFS credits. The number of CA LCFS credits for RNG from livestock digesters is significantly higher than the number of CA LCFS credits for RNG from landfills, due to the relative CI scores of the two fuels. Fuel that is eligible for RINs can also receive CA LCFS credits. As a result, CA LCFS credits represent a revenue stream incremental to the value RNG producers receive for RINs. For livestock digester RNG projects, CA LCFS credits are a substantial revenue driver. We currently earn CA LCFS credits on seven of our projects, and we expect the revenue generated by CA LCFS credits to increase as we continue to develop and bring additional livestock digester projects online over the next few years.

Several states in the United States also have or are considering adopting this model. Oregon's Clean Fuels Program, enacted in 2009 and implemented in 2016, operates using a credit system similar to the CA LCFS program. Similar to RINs, LCFS credits can be sold separately from the RNG fuel sold, allowing us to monetize LCFS credits for fuel produced and purchased outside of states that have LCFS programs.

***Renewable Electricity***

Electricity is a commodity that trades and is priced on a regional basis in and among regional control areas. Pricing for commodity-sold electricity can be based on day-ahead prices for scheduled deliveries or hourly, real-time prices for unscheduled deliveries. Prices vary across the country based on weather, load patterns and local power and transmission restrictions. The Renewable Electricity produced at our biogas-to-electricity

projects is sold under long-term contracts to credit-worthy counterparties, typically under a fixed price with escalators. The terms of these contracts range from 6 to 23 years, with a weighted average remaining tenure of 15 years, as of March 31, 2020, based on 2020 expected electricity production.

***RECs***

Biogas is considered to be a renewable resource in all 37 states that encourage or mandate the use of renewable energy. Thirty states, the District of Columbia, and Puerto Rico have RPS that require utilities to supply a percentage of power from renewable resources, and seven states have a Renewable Portfolio Goal that is similar to RPS, but is an objective or goal and not a requirement. Many states allow utilities to comply with RPS through tradable RECs, which provide an additional revenue stream to RNG projects that produce electricity from biogas.

The value of a REC is dependent on each state's renewable energy requirements as mandated by its RPS. REC values are higher in states which require a percentage of total electricity to come from renewable resources. In states with no renewable energy requirements, RECs can have no value at all. In some markets, we have entered into PPAs under which we sell RECs and other renewable attributes bundled with the power being sold at a combined price. This occurs where the utility off-take counterparty offers a combined rate for the renewable energy it needs to satisfy RPS or other business requirements that is the best combined price for one of our projects.

**Our Projects**

We currently own and operate 15 projects, 12 of which are RNG projects and three of which are Renewable Electricity projects. Of our three Renewable Electricity projects we currently operate, we expect to convert one of them to produce RNG. In addition to the electricity-to-RNG conversion project, we are currently in the process of developing one additional RNG project from LFG. We are also working on other projects which will repurpose equipment from existing biogas facilities for use at new project sites.

We have a long history of operating our projects with partners, with our oldest relationship going back 46 years. On average, we have had an 18-year history with our current project site owners. Our operating RNG projects have an average expected remaining useful life of approximately 14 years, as weighted by 2020 expiration. Our operating electricity projects have an average expected remaining useful life of approximately 15 years, as weighted by 2020 expected expiration.

Approximately 73% of our expected 2020 RNG production has been monetized under fuel supply agreements with expiration dates more than 15 years from September 30, 2020. Additionally, approximately 89% of our expected 2020 Renewable Electricity production has been monetized under fuel supply agreements with expiration dates more than 15 years from September 30, 2020. Concurrent with our fuel supply agreements, we typically enter into property leases with our project hosts, which govern access rights, permitted activities, easements and other property rights. We own all equipment and facilities on each leased property, other than equipment provided by utility companies providing services on-site. Lease termination typically requires the restoration of the leased area to its original condition. We have successfully ended leases on four facilities and are currently restoring a fifth facility.

Once collected, biogas can be processed into pipeline-quality RNG or converted into electricity. The conversion facility is typically located on landfill property away from the active fill operations where additional waste is added to the landfill site.

An RNG project involves the conversion of raw LFG into pipeline quality gas for introduction to a natural gas transmission or distribution line. An RNG plant processes the gas by removing the majority of the non-methane components including carbon dioxide, water, and other volatile and non-volatile organic compounds to attain pipeline quality gas. This complex process has numerous variables that need to be managed

in order to be cost-effective and efficient. At the end of the gas processing chain, RNG is typically compressed and then sold into a natural gas pipeline or to a dedicated end user. These sales occur at market prices for the energy and the value of the Environmental Attributes derived from the use of the RNG as a transportation fuel.

Our projects currently utilize three of the four proven commercial technologies available to process raw biogas into RNG, including: PSA, Membrane Filtration and solvent scrubbing. We also have historically used the other proven technology, refrigerated physical absorption, commonly referred to as Kryosol; however, it is not in use at any of our existing operating projects. All four of these technologies have similar features, but are distinguished primarily by the means employed to separate carbon dioxide from methane in biogas. We are capable of working with virtually all available biogas processing technologies at our sites. We attend industry conferences and maintain an ongoing dialogue with key equipment providers to ensure we stay informed of the latest technology that could be deployed at our current and future facilities.

Electricity is generated using gas-fueled engines or turbine-driven electrical generators, which are designed to operate efficiently on medium-Btu gas. As such, electricity generation typically involves producing medium-Btu gas, which is then pumped into a generating facility. The electricity is metered and sold under long-term contracts to utilities and municipalities or at spot prices.

Stated capacity reflects the design capacity of each facility. Several of our projects have reserve capacity when comparing design capacity to available biogas feedstock. Several previous acquisitions are gas limited and operate in this fashion. Our larger projects are at or near design capacity and either have expansions planned or are being evaluated for future expansions dependent on the availability of excess biogas feedstock.

***RNG Projects***

We currently own and operate 12 RNG projects in Ohio (two), Pennsylvania (five), Texas (four) and Idaho (one) which, in the aggregate, have a total design capacity of approximately 33,850 MMBtu/day, which equates to 624,000 tons of carbon dioxide emission reduction annually over using fossil fuels, or the equivalent of the carbon dioxide emissions from consuming approximately 1,940,000 gallons of gasoline per day.

**RNG Projects**

| Site | Location | Capacity* |
|---|---|---|
| Rumpke | Cincinnati, OH | 7,271 MMBtu/day |
| Atascocita | Humble, TX | 5,570 MMBtu/day |
| McCarty | Houston, TX | 4,415 MMBtu/day |
| Apex | Amsterdam, OH | 2,673 MMBtu/day |
| Monroeville | Monroeville, PA | 2,372 MMBtu/day |
| Valley | Harrison City, PA | 2,372 MMBtu/day |
| Galveston | Galveston, TX | 1,857 MMBtu/day |
| Raeger Mountain | Johnstown, PA | 1,857 MMBtu/day |
| Shade | Cairnbrook, PA | 1,857 MMBtu/day |
| Coastal Plains | Alvin, TX | 1,775 MMBtu/day |
| Southern | Davidsville, PA | 928 MMBtu/day |
| Pico | Jerome, ID | 903 MMBtu/day |
| Total | | 33,850 MMBtu/day |

* Assumes inlet methane content of 56% for all sites other than Pico, which assumes inlet methane content of 62%, and process efficiency of 91%.

Typically, a biogas-to-RNG facility includes three phases: biogas collection, primary processing and additional processing.

At landfills, biogas collection systems can be configured as vertical wells or horizontal trenches. The most common method is drilling vertical wells into the waste mass and connecting the wellheads to lateral piping that transports the gas to a collection header using a blower or vacuum induction system. Horizontal trench systems are useful in areas of landfills that continue to have active filling. Some landfills use a combination of vertical wells and horizontal collectors. Collection system operators "tune" or adjust the wellfield to maximize the volume and quality of biogas collected while maintaining environmental compliance.

A basic biogas processing plant includes a knock-out drum to remove moisture, blowers to provide a vacuum to "pull" the gas and pressure to convey the gas, and a flare. System operators monitor parameters to maximize system efficiency. Using biogas in an energy recovery system usually requires some treatment of the gas to remove excess moisture, particulates, and other impurities. The type and extent of treatment depends on site-specific biogas characteristics and the type of energy recovery system. Treatment of the gas typically includes the removal of hydrogen sulfide (H2S), moisture and contaminants within the gas, and then separation of the carbon dioxide (CO2) from the methane (CH4). Further treatment of the biogas is often required to remove residual nitrogen and/or oxygen to meet pipeline specifications. Some end uses, such as pipeline injection or vehicle fuel projects, require additional cleaning and compression of the biogas.

*Illustrative Projects*

*Rumpke.* The Rumpke landfill, located in Cincinnati, Ohio, is an open landfill with significant filling capacity available. The landfill, which is our largest site by capacity, currently holds approximately 62 million tons of waste, receives over 10,000 tons of waste per day and is expected to operate through 2052 under its current permits. The landfill has filed for a new MSW permit to expand its footprint. The MSW permit includes a Land-GEM model that anticipates the landfill accepting waste through 2085.

At this site, we own and operate a 15 million standard cubic feet per day ("*SCFD*") RNG processing facility using PSA technology. The facility consists of one, six million SCFD plant that was placed into service in 1985, one, five million SCFD plant that was placed into service in 2007 and one, three million SCFD plant that was placed into service in 1994. Pursuant to a fuel supply agreement with the owner of the landfill we have fuel for this project through December 31, 2037. We are responsible for operation, maintenance and costs of this site's biogas collection system.

The Rumpke project is registered with the EPA as a qualified facility for the generation of RINs under the RFS program and with CARB as a qualified facility for the generation of CA LCFS credits for fuel generated for use as a transportation fuel. We currently sell the RNG and Environmental Attributes produced at this facility at a fixed price. The fixed price is supplemented by sharing of incremental revenues from monetization of the Environmental Attributes under a margin sharing agreement.

*Atascocita.* The Atascocita landfill, located in Humble, Texas, is an open landfill with approximately 25.3 million tons of capacity available. The landfill currently holds approximately 36.4 million tons of waste, receives over 3,600 tons of waste per day and is expected to operate through 2045 under its current permits.

At this site, we shut down a merchant electricity project that was only able to process a portion of the gas the site was producing and repurposed it to an RNG project where we own and operate a 10.8 million SCFD RNG processing facility using membrane separation technology. The project was placed into service in May 2018. The plant is equipped with membrane separation, nitrogen removal, deoxygenation, and $H_2S$ removal technologies. Pursuant to a fuel supply agreement, we have fuel supply for this project through May 1, 2038. We are responsible for the operation, management and capital costs of the processing facility.

The Atascocita project is registered with the EPA as a qualified facility for the generation of RINs under the RFS program and for fuel generated for use as a transportation fuel. We currently sell the RNG produced at

this facility at market prices under contract through 2023, and separately sell the RINs produced to Obligated Parties on either a spot or forward basis based on current calendar year.

*McCarty.* The McCarty landfill, located in Houston, Texas, is an open landfill that holds approximately 62.4 million tons of waste, receives approximately 4,700 tons per day, has been in operation since 1967 and is expected to operate through 2024 under its current permits.

At this site, we own and operate a nine million SCFD RNG gas processing facility that employs Selexol, a solvent scrubbing based gas separator technique.

Pursuant to a fuel supply agreement, we have fuel supply for this project through December 31, 2036, and we are responsible for the operation, management and capital costs of the LFG collection system.

The McCarty project is registered with the EPA as a qualified facility for the generation of RINs under the RFS program and with CARB as a qualified facility for the generation of CA LCFS credits. We currently sell the RNG produced at this facility at market prices under a contract extending through January 31, 2024, and separately sell the RINs produced to Obligated Parties on either a spot or forward basis based on current calendar year.

***Renewable Electricity Projects***

We currently own and operate the following three Renewable Electricity projects in California, Oklahoma, and Texas which, in the aggregate, have a total design capacity of approximately 30.2 MW, which equates to 175,600 tons of carbon dioxide emission annually over using fossil fuels, or the equivalent of the carbon dioxide emissions from consuming approximately 469,000 gallons of gasoline per day. During 2019, our Renewable Electricity projects collectively produced 236,000 MWh. Our Renewable Electricity projects utilize reciprocating engine generator sets to generate electricity at landfills.

**Renewable Electricity Projects**

| Site | Location | Capacity* |
|---|---|---|
| Bowerman Power | Irvine, CA | 23.6 MW |
| Security | Cleveland, TX | 3.4 MW |
| Tulsa/AEL | Sand Springs, OK | 3.2 MW |
| Total | | 30.2 MW |

* Assumes inlet methane content of 56% and process efficiency of 91%

*Illustrative Projects*

*Bowerman Power.* The Bowerman Power Facility, located in Irvine, California, is an open landfill with over 54 million tons of waste, receives approximately 6,800 tons of waste per day, has been in operation since 1990, and is expected to operate through 2053 under its current permits.

At this site, we own and operate a 19.6 MW (net) electricity generation facility which consists of seven CAT CG-260-16 reciprocating engine generator sets. The Bowerman facility is located in the southern part of the California Independent System Operator ("*CAISO*") Regional Transmission Organization. CAISO is a regional transmission organization ("*RTO*") that coordinates the movement of wholesale electricity in all or parts of California and Nevada. CAISO acts as a neutral, independent party that operates a competitive wholesale electricity market and manages the high-voltage electricity grid. CAISO provides an attractive and ready market for energy, capacity and RECs for new and existing resources.

Bowerman's electricity output is sold under a PPA with the City of Anaheim, California, with a term running through 2036. Pursuant to a fuel supply agreement with the owner of the landfill, we have fuel supply for this project through 2067.

***New Projects***

Much of our historic growth has come from the addition of new projects either through third-party acquisitions or new development. We plan to leverage both of these avenues for growth as we seek to continue to expand our business. We exercise financial discipline in pursuing these projects by targeting project returns that are in line with the relative risk of the specific projects and associated feedstock costs, offtake contracts and any other related attributes that can be monetized. We are currently evaluating three project expansion opportunities at existing project sites and one new electricity-to-RNG conversion project. We regularly analyze several potential new projects that are at various stages of negotiation and review. The potential projects typically include a mix of new project sites, project conversions and strategic acquisitions. Currently, no new potential projects are subject to definitive agreements and each potential opportunity is subject to competitive market conditions.

**Acquisition of Existing Projects**

Pursuing opportunities for acquisitions of existing projects has and continues to be a key component of our growth strategy. Small project portfolios present the opportunity for industry consolidation that we believe we are well-positioned to take advantage of because of our scale, operational efficiency, execution track record and technological flexibility. In evaluating new opportunities, we often look for underperforming projects or underutilized sites where we can leverage our premier operational platform to optimize efficiency at these facilities. As we continue to acquire new projects, we have the ability to improve synergies across our portfolio that we believe give us an advantage over other LFG operators and new entrants into the industry.

While new project and acquisition opportunities exhibit attractive processable biomethane quantities, we are experienced in both understanding the common deviations between feedstock projections (both in quantity and quality), and the best approach to plan and execute on development investments in making those projections reality. In evaluating a potential project, we evaluate whether there is economically viable access to an interconnection. We use our experience in the complexities of interconnection study and design, the securitization of rights-of-way, oversight of utility construction and self-construction of pipeline and electrical interconnections to determine economic viability. In addition to interconnection experience, our experience in detailed and scheduled preventative maintenance allows us to develop realistic operating cost projections for greenfield and other acquisition project opportunities at their onset.

In particular, a major focus area for us is the acquisition of existing LFG-to-electricity projects that we can convert to RNG. We look for opportunities where existing operators have a PPA with a limited remaining contract life or are selling power on a merchant basis and where sites are located close to existing natural gas pipelines. We believe we have a competitive advantage in pursuing these opportunities because of our strong track record as an RNG producer. Cleaning up biogas for use as RNG is a significantly more involved process than electricity production. There are few others that have the capabilities that we have to tune wellfields to process gas in the manner needed to produce pipeline-quality RNG. As a result, we are well-positioned to acquire these projects where the existing operator is not positioned to pursue the technology conversion on their own and merchant electricity prices do not support continued operation of the electricity facility.

Much of our historic growth has been achieved through acquisitions and our management team has significant experience in identifying, executing, closing and integrating acquisitions. Most recently, we closed on an acquisition of an existing anaerobic digester and Jenbacher engines at a large commercial dairy farm in Idaho. The project was converted to an RNG facility in order to sell transportation fuel into the California transportation market and began commercial operation in September 2020.

Our operational capabilities across a broad array of gas clean-up and electricity generation technologies, including solvent scrubbing, PSA, membrane separation, reciprocating engines, and turbines, gives us flexibility to pursue a variety of potential projects. We have strong relationships with most major industry vendors and landfill owners. We believe we can use these existing relationships and our reputation in the industry to identify potential transactions and to minimize concerns about a change of the operator of a biogas project.

**Greenfield Development**

We are always looking for opportunities to expand our portfolio through new projects that we can design, build, own and operate at greenfield sites. A significant portion of our pipeline for new development comes from our existing relationships with landfill owners who value our long operating history and strong reputation in the industry. This includes new projects with existing partners as well as projects we have sourced through referrals from existing partners. For example, our Apex project, which was completed in 2019, came to us through our existing relationship with the landfill owner.

As one of the largest producers of RNG from LFG, we also frequently receive RFPs from landfill owners for new biogas facilities at their landfills. We exercise financial discipline in pursuing these projects by targeting project returns that are in line with the relative risk of the specific projects and associated feedstock costs, offtake contracts and any other related attributes that can be monetized.

With our broad geographic footprint, we believe we are well-positioned to take advantage of opportunities in states where we currently operate. Although we believe that many of the EPA identified candidate landfills are not currently economically viable, approximately 40% of the these sites that we have identified as potentially economically viable are located in states in which we currently operate and we believe, due to our industry experience and technical knowledge, we will continue to be able to identify potentially economically viable sites in these locations in the future. Additionally, we also currently operate in three of the top four states with the largest biogas production potential from livestock farms. Our geographic footprint strategically positions us to take advantage of these opportunities given our existing relationships with operators, vendors and regulators, and our ability to realize operational synergies with nearby projects.

***New Sources of Fuel Supply***

Historically, our business has grown through new LFG projects. While we will continue to pursue LFG opportunities, we also anticipate projects that utilize other sources of fuel supply, including livestock farms and WRRFs, as major opportunities to further expand and diversify our footprint.

**Dairy**

We view dairy farms as a significant opportunity for us to expand our RNG business. Processing biogas from dairy farms requires similar expertise and capabilities as processing biogas from landfills. Meanwhile, the collection of the fuel supply is much easier at dairy farms than at landfills due to higher quality, more uniform feedstock, less volatility in inlet gas and biogas collection in a more controlled environment.

The presence of our digester benefits dairy farmers in a number of ways, creating a mutually beneficial relationship. We assist in managing the waste for the dairy farmer, which they would otherwise have to manage. Additionally, processing this waste in a digester is significantly more environmentally friendly by reducing GHG emissions. Finally, a byproduct of the production process can be returned to farmers for use as bedding, alleviating the need to purchase other materials for bedding for the cows.

We undertook a dairy farm project when we closed on the acquisition of Pico, the anaerobic digester and two Jenbacher engines at the Bettencourt dairy farm in Jerome, Idaho in September 2018. The project sources manure from a dairy farm with approximately 18,500 milking cows as of October 2020. While Pico was initially a Renewable Electricity site, we have developed an RNG facility at this project that came online in August 2020. The facility sells transportation fuel into the California transportation market.

**Other Waste Sources**

Our long-term strategy is to continue to seek new opportunities for biogas processing with alternative sources of fuel supply as we have done recently with our entrance into the dairy farm biogas industry. Other industries that present opportunities of scale for biogas conversion include swine farms and WRRFs. Similar to dairy farms, biogas production from swine farms is a nascent biogas industry, with less than 1% of swine farms with biogas processing capabilities. Additionally, roughly 23% of WRRFs have biogas processing facilities, however, most process biogas for electricity production creating additional opportunities for acquisition and conversion to RNG facilities. As with LFG and dairy farms, biogas from both swine farms and WRRFs qualify for D3 RINs under the RFS program. We believe our demonstrated versatility to operate processing facilities using multiple fuel supply sources will give us a competitive advantage in these markets relative to other new entrants who have only demonstrated capabilities with one fuel supply source.

**Fuel Supply Agreements**

A critical component of our business is our ability to negotiate and maintain long-term fuel supply agreements. We have developed strong working relationships with our landfill site owners, including ten of 14 operating projects and one development project with Waste Management and Republic Services, the two largest waste companies in the United States, and actively seek to strategically extend our tenure at our project sites.

Our projects provide our landfill and dairy farm partners a solution to monetize biogas from their sites, support their regulatory compliance and provide them with environmental services. We have had working relationships with Republic Services since 1986 and with Waste Management since 2004 and we enable monetization of their biogas while maintaining regulatory compliance. We seek to differentiate ourselves from our competitors through our extensive experience across a variety of commercialized beneficial uses of processed biogas, including pipeline quality natural gas, power generation and boiler fuel gas products. To date, we have not had any fuel supply agreement terminated by any site partner once we have established a facility on the site, which we believe serves as evidence of our operational expertise, reliability and consistent value delivered to our site partners. The table below is a summary of the expiration periods of those agreements.

***Fuel Supply Agreement Summary***

**RNG Projects**

| Fuel Supply Agreement Expiration Dates | Current Sites as of September 30, 2020 | % of 2019 Total RNG Production |
|---|---|---|
| Within 0-5 years | 0 | 0.0% |
| Between 6-15 years | 3 | 7.3% |
| Greater than 15 years (1) | 9 | 92.7% |

**Renewable Electricity Projects**

| Fuel Supply Agreement Expiration Dates | Current Sites as of September 30, 2020 | % of 2019 Total Renewable Electricity Production |
|---|---|---|
| Within 0-5 years | 0 | 0.0% |
| Between 6-15 years | 1 | 7.0% |
| Greater than 15 years (1) | 3 | 93.0% |

(1) Our Pico project is included in both RNG and Renewable Electricity fuel supply agreements due to its conversion from a Renewable Electricity site to an RNG site in August 2020.

Each of our RNG projects in development has a contract length of 20 years from commencement of commercial operation, except for Pico, which has a contract length of 20 years from the date of the fuel supply agreement. Our fuel supply agreement expiration dates account for contract extensions at our option. We are

consistently reviewing and pursuing extensions for all of our fuel supply agreements well before their expirations and for future agreements, we continue to target contracts with expiration of 20 years from commencement of operation with options for extension.

**Customers**

Our customers for RNG and RINs typically include large, long-term owner-operators of landfills and livestock farms, local utilities, and large refiners in the natural gas and refining sectors. Royalty structures included in our agreements, as well as the large size of our counterparties, limit their credit risk. For 2019, our sales to Royal Dutch Shell plc represented approximately 14% of our operating revenues. We sell RNG and Environmental Attributes to Royal Dutch Shell plc at a fixed price, which is supplemented by sharing of incremental revenues from monetization of the Environmental Attributes under a margin sharing agreement. Further, Victory Renewables, LLC and BP Products North America each represented approximately 11% of our operating revenues in 2019 from the sale of Environmental Attributes. ACT Fuels, Inc. represented approximately 14% of our operating revenues in 2019 as the largest off-taker of RINs during this period. We sell RINs to numerous RIN off-take parties and our largest RIN off-taker as a percentage of revenue can vary year to year given the short-term nature of these contracts. In addition to revenues from sales of RNG and RINs, we also share a portion of our Environmental Attributes with our off-take counterparties as in-kind consideration for the counterparty using our RNG as a transportation fuel.

Our customers for electricity typically include investor-owned and municipal electricity utilities. For the sale of Renewable Electricity and RECs, the City of Anaheim represented approximately 14.1% of our operating revenues in 2019. These sales occurred under a PPA between us and the City of Anaheim, in which electricity and RECs are sold at fixed prices. By the end of 2020, we expect to convert 100% of the monetization of our Renewable Electricity production and Environmental Attributes to fixed-price agreements. For our electricity sales, all of our customers with whom we have off-take agreements are investment-grade entities with low credit risk.

No other single customer represented more than 10% of our total 2019 operating revenues.

**Suppliers and Equipment Vendors**

We use a variety of technological means to operate facilities that produce RNG and electricity from raw biogas collected from landfills and digesters. This affords Montauk experience with substantially all major vendors in the sector, and technical expertise in numerous technologies.

The major technologies used by our projects for gas processing include solvent scrubbing, pressure swing adsorption ("*PSA*"), and membrane separation. For electricity generation, we use reciprocating engines and gas turbines.

We source equipment from a variety of major suppliers with specialties in each technology. We enter into written ordinary-course agreements with suppliers to obtain industry-standard equipment for use in our operations. The contracts generally do not include any intellectual property rights other than for the intended use of the equipment. Membrane separation equipment is primarily provided by UOP and Air Liquide. PSA equipment is primarily provided by Xebec, Air Products, and BioFerm. Solvent scrubbing is primarily provided by Selexol. RNG ancillary constituent removal is done using equipment provided by Iron Sponge, MV Technologies, Thiopaq, Guild Associates, and PSB Industries. Electricity generation equipment is provided by Solar Turbines, CAT, and Jenbacher.

We have made substantial investments in a centralized Enterprise Resource Planning ("*ERP*") system (Microsoft Dynamics) to better integrate operations across our projects. This system centralizes maintenance operations across all of our projects. Our proactive approach to maintenance, corrective maintenance, root cause analysis, failure reporting, project management, and budgeting are all completed using the ERP system.

**Competition**

There are a number of other companies operating in the renewable energy and waste-to-energy space, ranging from other project developers to service or equipment providers.

Our primary competition is from other companies or solutions for access to biogas from waste. Evolving consumer preferences, regulatory conditions, ongoing waste industry trends, and project economics have a strong effect on the competitive landscape and our relative ability to continue to generate revenues and cash flows. We believe that our status as one of the largest operators of LFG-to-RNG projects, our 30-year track record of operating and developing projects, and our deep relationships with some of the largest landfill owners and dairy farms in the country position us very well to continue to operate and grow our portfolio, and respond to competitive pressures. We have demonstrated a track record of strategic flexibility across our 30-year history which has allowed us to pivot towards projects and markets that we believe deliver optimal returns and stockholder value in response to changes in market, regulatory and competitive pressures.

The biogas market is heavily fragmented. We believe our size relative to many other LFG companies and our expected capital structure upon the completion of this offering will leave us in a strong position to compete for new project development opportunities or acquisitions of existing projects. However, competition for such opportunities, including the prices being offered for fuel supply, will impact the expected profitability of projects to us, and may make projects unsuitable to pursue. Likewise, prices being offered by our competitors for fuel supply may increase the royalty rates that we pay under our fuel supply agreements when such agreements expire and need to be renewed or when expansion opportunities present themselves at the landfills where our projects currently operate. It is also possible that more landfill owners may seek to install their own LFG projects on their sites, which would reduce the number of opportunities for us to develop new projects. Our overall size, reputation, access to capital, experience and decades of proven execution on LFG project development and operation leave us well-positioned to compete with other companies in our industry.

We are aware of several competitors in the United States that have a similar business model to our own, including Aria Energy and Morrow Renewables, as well as companies with biogas-to-energy facilities as a segment or subsidiary of their operations, including DTE and Ameresco. In addition, certain landfill operators such as Waste Management have also chosen to selectively pursue biogas conversion projects at their sites.

**Governmental Regulation**

Each of our projects is subject to federal, state and local air quality, solid waste, and water quality regulations and permitting requirements. Specific construction and operating permit requirements may differ among states. Specific permits we frequently must obtain when developing our projects include: air permits, nonhazardous waste management permits, pollutant discharge elimination permits, and beneficial use permits. Our existing projects must also maintain compliance with relevant federal, state and local environmental, health and safety requirements.

Our RNG projects are subject to federal RFS program regulations, including the EPACT 2005 and EISA. The EPA administers the RFS program with volume requirements for several categories of renewable fuels. The EPA's RFS regulations establish rules for fuel supplied and administer the RIN system for compliance, trading credits and rules for waivers. The EPA calculates a blending standard for each year based on estimates of gasoline usage from the Department of Energy's Energy Information Agency. Separate quotas and blending requirements are determined for cellulosic biofuels, BBD, advanced biofuels and total renewable fuel. Further, we are required to register each RNG project with the EPA and relevant state regulatory agencies. We qualify our RINs through a voluntary Quality Assurance Plan, which typically takes from three to five months from first injection of RNG into the commercial pipeline system. Further, we typically make a large investment in the project prior to receiving the regulatory approval and RIN qualification. In addition to registering each RNG project, we are subject to quarterly audits under the Quality Assurance Plan of our projects to validate our qualification.

Our RNG projects are also subject to state renewable fuel standard regulations. The CA LCFS program requires producers of petroleum-based fuels to reduce the CI of their products, beginning with a quarter of a percent in 2011 a 10% total reduction in 2020, and a 20% total reduction in 2030. Petroleum importers, refiners and wholesalers can either develop their own low-carbon fuel products, or buy CA LCFS credits from other companies that develop and sell low-carbon alternative fuels, such as biofuels, electricity, natural gas or hydrogen. We are subject to a qualification process similar to that for RINs, including verification of CI levels and other requirements, currently exists for CA LCFS credits.

The CAA regulates emissions of pollutants to protect the environment and public health and contains provisions for New Source Review ("*NSR*") permits and Title V permits. New biogas projects may be required to obtain construction permits under the NSR program. The combustion of biogas results in emissions of carbon monoxide, oxides of nitrogen, sulfur dioxide, volatile organic compounds and particulate matter. The CAA and state and local laws and regulations impose significant monitoring, testing, recordkeeping and reporting requirements for these emissions. Requirements vary for control of these emissions, depending on local air quality. Applicability of the NSR permitting requirements will depend on the level of emissions resulting from the technology used and the project's location. Many biogas projects must obtain operating permits that satisfy Title V of the 1990 CAA Amendments. The operating permit describes the emission limits and operating conditions that a facility must satisfy and specifies the reporting requirements that a facility must meet to show compliance with all applicable air pollution regulations. A Title V operating permit must be renewed every five years. Even when a biogas project doesn't require a Title V permit, the project may be subject to other federal, state and/or local air quality regulations and permits.

In addition, our operations and the operations of the landfills at which we operate may be subject to New Source Performance Standards and emissions guidelines, pursuant to the CAA, applicable to municipal solid waste landfills and to oil and gas facilities. Among other things, these regulations are designed to address the emission of methane, a potent GHG, into the atmosphere.

Before an RNG project can be developed, all Resource Conservation and Recovery Act ("*RCRA*") Subtitle D requirements (requirements for nonhazardous solid waste management) must be satisfied. In particular, methane is explosive in certain concentrations and poses a hazard if it migrates beyond the project boundary. Biogas collection systems must meet RCRA Subtitle D standards for gas control. RNG projects may be subject to other federal, state and local regulations that impose requirements for nonhazardous solid waste management.

Certain biogas projects may be subject to federal requirements to prepare for and respond to spills or releases from tanks and other equipment located at these projects and provide training to employees on operation, maintenance and discharge prevention procedures and the applicable pollution control laws. At such projects, we may be required to develop spill prevention, control and countermeasure plans to memorialize our preparation and response plans and to update them on a regular basis.

Our operations may result in liability for hazardous substances or other materials placed into soil or groundwater. Pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 or other federal, state or local laws governing the investigation and cleanup of sites contaminated with hazardous substances, we may be required to investigate and/or remediate soil and groundwater contamination at our projects, contiguous and adjacent properties and other properties owned and/or operated by third parties.

Additionally, biogas projects may need to obtain National Pollutant Discharge Elimination System permits if wastewater is discharged directly to a receiving water body. If wastewater is discharged to a local sewer system, biogas projects may need to obtain an industrial wastewater permit from a local regulatory authority for discharges to a Publicly Owned Treatment Works. The authority to issue these permits may be delegated to state or local governments by the EPA. The permits, which typically last five years, limit the quantity and concentration of pollutants that may be discharged. Permits may require wastewater treatment or

impose other operating conditions to ensure compliance with the limits. In addition, the Clean Water Act and implementing state laws and regulations require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities.

***FERC***

The Federal Energy Regulatory Commission ("*FERC*") regulates the sale of electricity at wholesale and the transmission of electricity in interstate commerce pursuant to its regulatory authority under the FPA. FERC also regulates certain natural gas transportation and storage facilities and services, and regulates the rates and terms of service for natural gas transportation in interstate commerce under the Natural Gas Act and the Natural Gas Policy Act.

With respect to electricity transmission and sales, FERC's jurisdiction includes, among other things, authority over the rates, charges and other terms for the sale of electricity at wholesale by public utilities (entities that own or operate projects subject to FERC jurisdiction) and for transmission services. In most cases, wholesale sales of electricity take place at market-based rates where sellers (electric generators and other energy suppliers) have FERC-approved market-based rate ("*MBR*") authority. In order to be eligible for MBR authority, and to maintain exemptions from certain FERC regulations, our projects must obtain market based rate authorization from FERC. With respect to its regulation of the transmission of electricity, FERC requires transmission providers to provide open access transmission services, which supports the development of competitive markets by assuring nondiscriminatory access to the transmission grid. FERC has also encouraged the formation of RTOs to allow greater access to transmission services and certain competitive wholesale markets administered by ISOs and RTOs.

In 2005, the U.S. federal government enacted the EPACT 2005 conferring new authority for FERC to act to limit wholesale market power if required and strengthening FERC's civil penalty authority (including the power to assess fines of up to $1.0 million per day per violation), and adding certain disclosure requirements. EPACT 2005 also directed FERC to develop regulations to promote the development of transmission infrastructure, which provides incentives for transmitting utilities to serve renewable energy projects and expanded and extended the availability of U.S. federal tax credits to a variety of renewable energy technologies, including wind power. EPACT 2005's market conduct, penalty and enforcement provisions also apply to fraud and certain other misconduct in the natural gas sector.

***Qualifying Facilities***

PURPA established a class of generating facilities that would receive special rate and regulatory treatment, termed qualifying facilities ("*QFs*"). There are two categories of QFs: qualifying small power production facilities and qualifying cogeneration facilities. A small power production facility is a generating facility of 80 MW or less whose primary energy source is hydro, wind, solar, biomass, waste, or geothermal. A cogeneration facility is a generating facility that produces electricity and another form of useful thermal energy (such as heat or steam) in a way that is more efficient than the separate production of both forms of energy. QFs are generally subject to reduced regulatory requirements. Small power production facilities up to 20 MW are exempt from rate regulation under Sections 205 and 206 of the Federal Power Act.

In addition, PUHCA provides FERC and state regulatory commissions with access to the books and records of holding companies and other companies in holding company systems. It also provides for the review of certain costs. Companies that are holding companies under PUHCA solely with respect to one or more exempt wholesale generators, QFs or foreign utilities are exempt from these PUHCA books and records requirements.

***State Utility Regulation***

While federal law provides the utility regulatory framework for our sales of electricity at wholesale in interstate commerce, there are also important areas in which state regulatory control over traditional public

utilities that fall under state jurisdiction may have an effect on our projects. For example, the regulated electricity utility buyers of electricity from our projects are generally required to seek state public utility commission approval for the pass through in retail rates of costs associated with PPAs entered into with a wholesale seller. Certain states, such as New York, regulate the acquisition, divestiture, and transfer of some wholesale power projects and financing activities by the owners of such projects. California, which is one of our markets, requires compliance with certain operations and maintenance reporting requirements for wholesale generators. In addition, states and other local agencies require a variety of environmental and other permits.

State law governs whether an independent generator or power marketer can sell retail electricity in that state, and whether gas can be sold by an entity other than a traditional, state-franchised gas utility. Some states, such as Florida, prohibit most sales of retail electricity except by the state's franchised utilities. In other states, such as New Jersey and Pennsylvania, an independent generator may sometimes sell retail electricity power to a co-located or adjacent business customer, and a gas supplier can sometimes make on-premises or adjacent-premises gas deliveries to a single plant or customer. Some states, such as Massachusetts and New York, permit retail power and gas marketers to use the facilities of the state's franchised utilities to sell power and/or gas to retail customers as competitors of the utilities.

***Independent System Operators and Regional Transmission Organizations***

The bulk electricity transmission system and the electricity markets in several geographic regions of the U.S. are operated by FERC-regulated ISOs and RTOs. Each of the ISOs/RTOs established the market design, market rules, tariffs, cost allocations and bidding rules to which its market participants are subject. There is also a separate ISO in an entirely intrastate market in a portion of Texas that is not directly subject to FERC regulation under the FPA.

ISO/RTO market participants include traditional utilities that own transmission and distribution facilities and sell power to retail customers; transmission and distribution utilities within an ISO/RTO market turn control over their facilities over to the ISO/RTO. ISO/RTO market participants also include independent generating companies that produce and sell electricity to other market participants who in turn typically re-sell the electricity; municipal and cooperative utilities that distribute and sell electricity to customers in their service territories; power management businesses that engage in load-reduction and provide power management contract services; and power marketers that engage in power trading and re-sales from generation assets owned or operated by others.

Each ISO/RTO has a monopoly on the provision of transmission service over the facilities of the ISO/RTO's member utilities that the ISO/RTO controls but does not own, and on the management of the wholesale power sales market that relies on the same utilities' facilities. The ISOs/RTOs themselves develop and determine their own market rules, market clearing practices, pricing rules including floors and ceilings on electricity prices, and establish eligibility requirements for market participation. Bulk power transmission within the ISO/RTO regional markets is only available from the ISOs/RTOs and not from transmission-owning utilities.

***RNG Production and Sale***

Our projects typically convert biogas to RNG for sale as a fuel product. FERC regulates the natural gas pipelines that transport gas in interstate commerce, and specifies or approves a gas pipeline's tariff that sets the rates, terms and conditions, gas quality, and other requirements applicable to transportation of natural gas on the pipelines, including shipping RNG. Our sites are not permitted, and may not be physically able, to deliver RNG to a FERC-regulated pipeline unless the pipeline's receipt of the gas is consistent with the standards adopted in the pipeline's FERC tariff. State regulators determine whether RNG may be purchased by the state's local gas utilities, and whether a site operator may directly sell gas to a retail, or direct end-use, customer. Purely local gas sales not utilizing FERC-regulated or certificated facilities are typically not subject to FERC gas regulation. The local distribution of gas to end-use customers by a state-regulated gas utility is also typically outside the scope of

FERC's gas regulatory jurisdiction. The opening and operation of a landfill or dairy farm that is expected to produce gas does not ordinarily require a FERC certificate or the acceptance by FERC of a gas tariff.

***Future Regulations***

The regulations that are applicable to our projects vary according to the type of energy being produced and the jurisdiction of the facility. As part of our growth strategy, we are looking to grow by pursuing development and acquisition opportunities. Such opportunities may exist in jurisdictions where we have no current operations and, as such, we may become exposed to different regulations for which we have no experience. Some states periodically revisit their regulation of electricity and gas sales. Other states, such as South Carolina and Florida, have adhered to traditional exclusive-franchise practices, and in these and other states most electricity and gas customers may receive service only from a utility that holds an exclusive geographic franchise to provide service at that customer's location. In some states that have experienced energy price hikes or market volatility, such as New York and California, investments in expanding facilities or buying or building additional facilities may be subject to changing regulatory requirements that may encourage competitive market entry.

***Effect of Existing or Probable Government Regulations on Our Business***

Our business is affected by numerous laws and regulations on the international, federal, state and local levels, including energy, environmental, conservation, tax and other laws and regulations relating to our industry. Failure to comply with any laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of injunctive relief or both. Moreover, changes in any of these laws and regulations could have a material adverse effect on our business. In view of the many uncertainties with respect to current and future laws and regulations, including their applicability to us, we cannot predict the overall effect of such laws and regulations on our future operations.

We believe that our operations comply in all material respect with applicable laws and regulations and that the existence and enforcement of such laws and regulations have no more restrictive an effect on our operations than on other similar companies in our industry. We do not anticipate any material capital expenditures to comply with international, federal and state environmental requirements.

**Employees**

We have 115 full time professionals as of December 31, 2020. None of our employees are subject to any collective bargaining agreements.

The success and growth of our business is significantly correlated with our ability to recruit, train, promote and retain talented individuals at all levels of our organization. To succeed in a competitive labor market, we have developed and maintain key recruitment and retention strategies. These include competitive salary structures, including bonus compensation programs, and competitive benefits policies, including paid time off for vacations, sick leave and holidays, short-term and long-term disability coverage, group term life insurance, tuition reimbursement for job-related education and training, and various retirement savings and incentive plans.

Safety of our personnel is a core value of Montauk and maintaining a safe work environment is critical to an energy company's ability to attract and retain employees. As described in "Risk Factors," to support the health and safety of our employees due to the COVID-19 pandemic, we have enhanced our safety protocols by arranging shifts at facilities to stagger employees to ensure social distancing, implemented more extensive cleaning and sanitation processes for both facilities and office spaces, incorporated temperature checks, required facial covering, instituted employee and visitor fitness questionnaires, restricted corporate travel and visitor access to sites and implemented work-from-home and work-flex initiatives for certain employees. We also

established the IDRC to lead the development and implementation of such policies and to oversee the Company's response to any infectious disease event. See "Business—Our Strengths—Environmental, Health and Safety and Compliance Leadership" for a description of our employee-level EHS programs.

**Segments and Geographic Information**

We have two operating segments: Renewable Natural Gas and Renewable Electricity Generation. While our corporate entity is not an operating segment, we discretely disclose corporate entity revenues for purposes of reconciliation of the Company's consolidated financial statements. For information regarding revenues and other information regarding our results of operations for each of our last two financial years, please refer to our financial statements included in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Prospectus.

**Properties**

Our principal executive office is located in Pittsburgh, Pennsylvania. We lease a 10,874 square foot office space at this site for $19,279 per month pursuant to a lease which expires on December 31, 2022.

We also lease a 8,400 square foot office and warehouse in Houston, Texas, pursuant to a lease which expires on December 31, 2022, for $3,816 per month. We currently own and operate 15 projects, 12 of which are RNG projects and three of which are Renewable Electricity projects. See "—Our Projects" for further descriptions of our properties.

**Legal Proceedings**

From time to time we and our subsidiaries may be parties to legal proceedings arising in the normal course of our business. We and our subsidiaries are currently not a party, nor is our property subject, to any material pending legal proceedings. None of our directors, officers, affiliates, or any owner of record or beneficially of more than 5% of our common stock, is involved in a material proceeding adverse to us or our subsidiaries or has a material interest adverse to us or our subsidiaries.

## MANAGEMENT

### Executive Officers and Directors

The executive officers and most of the directors of MNK, Montauk USA and/or MEH serve as our executive officers and directors.

Below is a list of the names, ages, positions, and a brief summary of the business experience of the individuals who serve as our executive officers and directors (ages as of December 31, 2020).

| Name | Age | Position |
|---|---|---|
| Sean F. McClain | 46 | President and Chief Executive Officer, Director |
| Kevin A. Van Asdalan | 43 | Chief Financial Officer |
| James A. Shaw | 49 | Vice President of Operations |
| Scott Hill | 54 | Vice President of Business Development |
| John Ciroli | 49 | Vice President, General Counsel and Secretary |
| Mohamed H. Ahmed | 56 | Director |
| John A. Copelyn | 70 | Director |
| Theventheran (Kevin) G. Govender | 49 | Director |
| Michael A. Jacobson | 52 | Director |
| Bruce S. Raynor | 70 | Director |

### Executive Officers

*Sean F. McClain*. Mr. McClain has served as the President and Chief Executive Officer of MNK since September 2019, and as a member of the Board of Directors of MNK since August 2014. From August 2014 until September 2019, he served as Chief Financial Officer of MNK and, from April 2011 until September 2019, he served as the Chief Financial Officer of MEH and Montauk USA. Mr. McClain has more than 25 years of business and financial management experience including with public and private equity placements, debt structuring transactions, acquisitions, financial reporting, compliance and accounting. Prior to joining MEH and Montauk USA, he held various management positions with BPL Global Limited, Bayer A.G. and Dick's Sporting Goods, Inc. and was in public accounting at Arthur Andersen LLP. He is a Certified Public Accountant. As our Chief Executive Officer, Mr. McClain's insight into the business and related risks and challenges will contribute to the Board and in its understanding of our business and strategy.

*Kevin A. Van Asdalan*. Mr. Van Asdalan has served as the Chief Financial Officer and a member of the Board of Directors of MNK since September 2019. Since September 2019, he has served as Chief Financial Officer of MEH and Montauk USA. He previously served as Controller of MEH and Montauk USA from March 2018 to September 2019. Prior to joining MEH and Montauk USA, Mr. Van Asdalan served as Controller, Construction Products, Controller, Tubular Products, and Manager of External Financial Reporting at the L.B. Foster Company, a manufacturer and distributor of products and provider of service for transportation and energy infrastructure ("*L.B. Foster*"), from July 2011 to March 2018. Prior to L.B. Foster, Mr. Van Asdalan held senior associate positions at PricewaterhouseCoopers LLP and Sisterson & Co LLP, both accounting firms. He has 20 years of business and financial management experience including accounting, financial reporting, corporate compliance and acquisitions. He is a Certified Public Accountant and Chartered Global Management Accountant.

*James A. Shaw*. Mr. Shaw has served as Vice President of Operations of MEH since September 2019. He previously served as North Region Manager of MEH from May 2016 to September 2019. He also held the position of Site Manager for five MEH operating sites in Pennsylvania from April 2015 to April 2016 and two MEH operating sites in Pennsylvania from June 2010 to March 2015. Prior to joining MEH, he was a facility manager for SONY Electronics Inc. at the world's first vertically integrated television manufacturing facilities. Mr. Shaw has more than 25 years of experience in facilities operations and management.

*Scott Hill*. Mr. Hill joined Montauk in 2010 and has served as Vice President of Business Development of MEH and Montauk USA since December 2020. Mr. Hill served as Vice President of Engineering from April 2018 to December 2020, Vice President of Engineering and Operations from September 2015 to April 2018, and Vice President of Operations from May 2010 to September 2015. Mr. Hill has over 30 years of experience in landfill and landfill-to-gas operations and engineering, including contract negotiation, permitting, construction, design, and management. Prior to joining MEH and Montauk USA, he held positions with Energy Systems Group, Energy Developments Inc., Ecogas Corporation, HDR Engineering, Inc. and the City of Los Angeles. Mr. Hill obtained his Bachelor of Science degree in Agricultural Engineering from Texas A&M University. He is a registered Professional Engineer.

*John Ciroli*. Mr. Ciroli joined MEH in July 2020 as the Vice President General Counsel and Corporate Secretary. Immediately prior to joining Montauk from July 2016 to July 2020, Mr. Ciroli was the North American Counsel and HR Manager for the North American subsidiaries of FAAC Group, a company that designs, builds and markets reliable solutions for pedestrian and vehicle needs, representing all the entities in their American and Canadian portfolio. From 2014 to July 2016, Mr. Ciroli was a Senior Litigation Counsel with the Housing Authority of the City of Pittsburgh. Mr. Ciroli has over 23 years of experience representing and advising domestic and international corporations and government entities in the areas of contracts, mergers and acquisitions, litigation, employment and governmental procurement and regulatory affairs. He was also a professor for Concord Law School, now Purdue Global, in the areas of Contracts, Constitutional Law, Torts and Evidence and is a member of the Pennsylvania State Bar and the bar of the U.S. Supreme Court.

**Directors**

*Mohamed H. Ahmed*. Mr. Ahmed has served on the Board of Directors of MNK as the lead independent non-executive director since August 2014. He has served as an executive director of Ritz Tiles, an importer and distributor of tiles, since 2002. Mr. Ahmed is also a director for investment holding companies and a real estate investment trust, and previously held directorships with other companies in the clothing and textile industry. We believe that Mr. Ahmed's qualifications to serve as a director include his finance and leadership experience over more than 25 years and related industry and investment experience.

*John A. Copelyn*. Mr. Copelyn has served as the non-executive chairman of the Board of Directors of MNK since December 2014 and commenced service on the Board of Directors of MNK in June 2011. He has served as the Chief Executive Officer of Hosken Consolidated Investments Limited ("*HCI*"), an investment holding company, since 1997. He has served as a non-executive independent director of Platinum Group Metals Ltd., a mining company focused on platinum and palladium, since May 2018. He previously served as a member of the parliament of South Africa from 1994 to 1997, and as General Secretary in various unions in the clothing and textile industry from 1974 to 1994. We believe that Mr. Copelyn's qualifications to serve as a director include his leadership positions at natural-resource and financial companies, as well as his policymaking and public affairs experience.

*Theventheran (Kevin) G. Govender*. Mr. Govender has served as a member of the Board of Directors of MNK since September 2018. He has served as an executive director at HCI, an investment holding company, since 1998 and was formerly HCI's Chief Financial Officer from 2001 to August 2019. He also serves as a director on the boards of directors of several of HCI's subsidiaries. We believe that Mr. Govender's qualifications to serve as a director include his financial expertise, and extensive executive and director experience.

*Michael A. Jacobson*. Mr. Jacobson has served as a member of the Board of Directors of MNK and Montauk USA since August 2014. He has served as an executive director of Oceania Capital Partners, an investment holding company, since January 2012. He previously served in various executive positions with HCI. We believe that Mr. Jacobson's qualifications to serve as a director include his global executive and director leadership experience.

*Bruce S. Raynor*. Mr. Raynor has served as a member of the Board of Directors of MNK since August 2014. He has served as Principal of R and S Associates LLC, a consulting firm, since October 2011. He has also served as President of The Sidney Hillman Foundation, a foundation that supports and rewards socially conscious journalism, since January 2001, a member of the Board of Directors of the TransAfrica Forum Inc., a foreign-policy organization promoting diversity, equity and justice, since January 2003, and Chairman of the Board of Directors of the Rockland BOCES Family Resource Center Foundation, a community-based education non-profit, since January 2005. Previously, Mr. Raynor served as Executive Vice President of the Service Employees International Union, a labor union, and as President of Workers United, a labor union, from 2009 to 2011. We believe that Mr. Raynor's qualifications to serve as a director include his extensive leadership and policymaking experience.

**Family Relationships**

There are no family relationships between any of our executive officers or directors.

**Board of Directors**

Our business and affairs are managed under the direction of our Board of Directors. In connection with this offering, we adopted an Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws. Our Amended and Restated Certificate of Incorporation provides that our Board of Directors consists of such number of directors as the Board of Directors may from time to time exclusively determine, provided that the directors then in office are not less than 33 1/3% of the total number of directors then authorized and subject to the rights, if any, of the holders of any series of preferred stock to elect directors. Our Board of Directors is initially composed of six members.

**Classified Board of Directors**

Our Amended and Restated Certificate of Incorporation provides that our Board of Directors is divided into three classes with staggered three-year terms. While our Board of Directors is classified, only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our Board of Directors is designated as follows:

- Messrs. Ahmed and Copelyn serve as Class I directors, and their terms will expire at the annual meeting of stockholders to be held in 2021;
- Messrs. Govender and Jacobson serve as Class II directors, and their terms will expire at the annual meeting of stockholders to be held in 2022; and
- Messrs. McClain and Raynor serve as Class III directors, and their terms will expire at the annual meeting of stockholders to be held in 2023.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors. Each director whose term expires at the 2028 annual meeting of stockholders (expected to be our eighth annual meeting) or any annual meeting thereafter shall be elected for a term expiring at the next annual meeting of stockholders. As a result of these provisions, beginning with the 2030 annual meeting of stockholders (expected to be our tenth annual meeting), all of our directors will be subject to annual election.

The division of our Board of Directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control. See "Description of Capital Stock—Anti-takeover Effects of Certain Provisions of Our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Delaware Law" for a discussion of other anti-takeover provisions found in our Amended and Restated Certificate of Incorporation.

**Independence**

Our Board of Directors is determined that Messrs. Ahmed, Jacobson, and Raynor are "independent directors" as defined under the Nasdaq listing requirements. Further, Mr. Ahmed is our lead independent director with Mr. Copelyn appointed as our chairman of the Board of Directors. In making these independence determinations, our Board of Directors has reviewed and discussed information provided by the directors to us with regard to each director's business and personal activities and relationships as they may relate to us and our management, including the beneficial ownership of our capital stock following the Reorganization Transactions by each non-employee director and the transactions involving them described in the section entitled "Certain Relationships and Related Party Transactions." In addition to determining whether each director satisfies the director independence requirements set forth in the Nasdaq listing requirements, in the case of members of the audit committee, our Board of Directors also made an affirmative determination that members satisfy separate independence requirements under the SEC rules for such members. As a newly public company and a "controlled company" within the meaning of the Nasdaq listing rules, we are availing ourselves of certain exemptions relating to director independence, including that we are not required to have fully independent compensation or nominating and corporate governance committees for so long as we are a "controlled company."

**Controlled Company Exception**

After the completion of the Reorganization Transactions and prior to the completion of the offering, the parties to the Consortium Agreement will beneficially own approximately 54.2% of our common stock. After the completion of this offering, they will beneficially own approximately % of our common stock (or % if the underwriter exercises in full its option to purchase additional shares of our stock). As a result, we will be a "controlled company" within the meaning of the Nasdaq corporate governance standards. The Consortium Agreement is described in the section entitled "Certain Relationships and Related Person Transactions—Consortium Agreement."

Under these corporate governance standards, a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company is a "controlled company" and may elect not to comply with certain corporate governance standards, including the requirements (1) that a majority of our Board of Directors consist of independent directors, (2) that our Board of Directors have a compensation committee that consists entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, and (3) that our director nominees be selected, or recommended to our full Board of Directors, by a majority of our independent directors or by a nominations committee that consists entirely of independent directors and that we adopt a written charter or board resolution addressing the nominations process. Accordingly, our stockholders will not have the same protections afforded to stockholders of companies that are subject to these corporate governance requirements. In the event that we cease to be a "controlled company" and our shares continue to be listed on the Nasdaq, we will be required to comply with these provisions within the applicable transition periods.

**Committees of the Board of Directors**

We established three standing committees of our Board of Directors, each of which operates under a written charter: an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. The composition and responsibilities of each committee are described below. Members will serve on these committees until their resignation or until otherwise determined by our Board of Directors. The charters for each of our committees will be available on our website upon completion of this offering.

***Audit Committee***

Our Audit Committee consists of Messrs. Jacobson (Chair), Raynor, and Ahmed. Messrs. Jacobson, Raynor, and Ahmed have been deemed independent under the listing standards and Rule 10A-3 under the

Securities Exchange Act of 1934, as amended (the "*Exchange Act*"). Each director that has been appointed to the Audit Committee is financially literate and qualifies as an audit committee financial expert in accordance with SEC rules. We intend to comply with the independence requirements for all members of the Audit Committee within the time periods specified under applicable rules.

Our Audit Committee is responsible for, among other things:

- appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firm;
- pre-approving audit and permissible non-audit services, and the terms of such services, to be provided by our independent registered public accounting firm;
- reviewing at least annually, a report by our independent registered public accounting firm regarding the independent registered public accounting firm's internal-quality control procedures, any material issues relating thereto, and any steps taken to deal with any such issues;
- coordinating the oversight and reviewing the adequacy of our internal control over financial reporting with both management and our independent registered public accounting firm;
- reviewing and discussing with the appropriate officers and our independent registered public accounting firm our annual and quarterly financial statements and related disclosures;
- periodically advising the Board of Directors with respect to our policies and procedures regarding compliance with applicable laws and regulations and with our Code of Business Conduct and Ethics;
- discussing guidelines and policies with respect to risk assessment and risk management to assess and manage our exposure to risk;
- approving, if appropriate, all transactions between us and our subsidiaries and any related party (as described in Item 404 of Regulation S-K);
- establishing policies for the hiring of employees and former employees of our independent registered public accounting firm; and
- preparing, with the assistance of management, the independent auditors, and outside legal counsel the audit committee report required by SEC rules to be included in our annual proxy statement.

The Audit Committee has the power to investigate any matter brought to its attention within the scope of its duties and the authority and to retain counsel and advisors at our expense to fulfill its responsibilities and duties.

***Compensation Committee***

Our Compensation Committee consists of Messrs. Raynor (Chair), Copelyn, and Jacobson. Messrs. Raynor, and Jacobson have been deemed independent under the listing standards and Rule 10C-1 under the Exchange Act. We intend to comply with the independence requirements for all members of the Compensation Committee within the time periods specified under applicable rules.

Our Compensation Committee is responsible for, among other things:

- reviewing and approving our overall executive and director compensation philosophy to support our overall business strategy and objectives;
- reviewing and approving base salary, cash incentive compensation, equity compensation, and severance rights for our executive officers, including our CEO;
- administering our broad-based equity incentive plans, including the granting of stock awards; and

- managing such other matters that are specifically delegated to our Compensation Committee by applicable law or by the Board of Directors from time to time.

The Compensation Committee has the power to investigate any matter brought to its attention within the scope of its duties and authority and to retain counsel and advisors at our expense to fulfill its responsibilities and duties.

***Nominating and Corporate Governance Committee***

Our Nominating and Corporate Governance Committee consists of Messrs. Copelyn (Chair) and Ahmed. Mr. Ahmed has been deemed independent under the listing standards. We intend to comply with the independence requirements for all members of the Nominating and Corporate Governance Committee within the time periods specified under applicable rules.

Our Nominating and Corporate Governance Committee is responsible for, among other things:

- assessing, developing, and communicating with our Board of Directors concerning the appropriate criteria for nominating and appointing directors, including the size and composition of the Board of Directors, corporate governance policies, applicable listing standards, laws, rules and regulations, the consideration of stockholder nominees to the Board of Directors, and other factors considered appropriate by our Board of Directors or the Nominating and Corporate Governance Committee;
- identifying and recommending to our Board of Directors the director nominees for meetings of our stockholders, or to fill a vacancy on the Board of Directors;
- having sole authority to retain and terminate any search firm used to identify director candidates and approve the search firm's fees and other retention terms;
- recommending to the Board of Directors candidates for appointment to our standing committees;
- reviewing, as necessary, any executive officer's request to accept a directorship position with another company;
- at least annually, reviewing our Corporate Governance Guidelines, and recommending changes as appropriate;
- recommending to the Board of Directors appropriate revisions to our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, and committee charters;
- overseeing an annual evaluation of our Board of Directors, its committees, and each director;
- developing with management and monitoring the process of orienting new directors and continuing education for all directors;
- overseeing our policies, objectives and initiatives regarding corporate social responsibility matters; and
- regularly reporting its activities and any recommendations to our Board of Directors.

The Nominating and Corporate Governance Committee has the power to investigate any matter brought to its attention within the scope of its duties. It also has the authority to retain independent counsel and independent advisors at our expense for any matters related to the fulfillment of its responsibilities and duties.

**Other Committees**

Our Board of Directors may establish other committees as it deems necessary or appropriate from time to time.

**Compensation Committee Interlocks and Insider Participation**

Prior to the completion of the Reorganization Transactions, MNK's board of directors had a standing committee (the "*Remuneration Committee*") that had equivalent functions as our Compensation Committee. Except as disclosed under "Certain Relationships and Related Party Transactions," no member of the Remuneration Committee is or has been one of our officers or employees, and none has any relationships with us of the type that is required to be disclosed under Item 404 of Regulation S-K. None of our executive officers serves or has served as a member of the board of directors, compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on the Remuneration Committee.

No member of our Compensation Committee has been one of our officers or employees, and none has any relationships with us of the type that is required to be disclosed under Item 404 of Regulation S-K. None of our executive officers serves or has served as a member of the board of directors, compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

**Code of Business Conduct and Ethics**

We adopted a Code of Business Conduct and Ethics, which will be posted on our website upon completion of this offering, that applies to all employees, officers, and directors, including our principal executive officer and principal financial officer. The purpose of the Code of Business Conduct and Ethics is to promote, among other things, honest and ethical conduct, full, fair, accurate, timely and understandable disclosure in public communications and reports and documents that we file with, or submit to, the SEC, compliance with applicable governmental laws, rules and regulations, accountability for adherence to the code and the reporting of violations thereof. We expect that any amendment to the Code of Business Conduct and Ethics, or any waivers of its requirements, will be disclosed on our website. The identification of our website in this prospectus does not include or incorporate by reference the information on our website into this prospectus.

## EXECUTIVE COMPENSATION

All of the executive officers of MNK serve as our executive officers and hold the same positions. The Remuneration Committee of the MNK Board of Directors determined the compensation of the executive officers of MNK for 2020. This section describes the material elements of compensation awarded to, earned by or paid to the following named executive officers ("*NEOs*"), which include MNK's Chief Executive Officer and the two other most highly compensated individuals who served as MNK's executive officers as of the end of 2020:

- Sean F. McClain, President and Chief Executive Officer
- John Ciroli, Vice President, General Counsel and Secretary
- Scott Hill, Vice President of Business Development

### Summary Compensation Table

| Name and Principal Position | Year ($) | Salary ($) | Bonus ($) (1) | Option Awards ($) (2) | Nonequity Incentive Plan Compensation ($) (3) | All Other Compensation ($) (4) | Total ($) |
|---|---|---|---|---|---|---|---|
| Sean F. McClain, | 2020 | 280,123 | 328 | 137,000 | | 14,337 | 431,788 |
| *President and Chief Executive Officer* | 2019 | 219,477 | 17,664 | 919,000 | | 12,204 | 1,168,345 |
| John Ciroli, | 2020 | 98,038 | 331 | 394,000 | | 3,798 | 496,167 |
| *Vice President, General Counsel and Secretary* | | | | | | | |
| Scott Hill, | 2020 | 219,577 | 291 | 128,000 | | 11,476 | 359,344 |
| *Vice President of Business Development* | | | | | | | |

(1) In the case of Mr. McClain, the 2019 amount, equal to approximately 30% of his eligible target bonus amount, reflects a discretionary cash bonus paid to him for 2019 performance. The discretionary bonus amounts for 2020 relate to holiday bonuses paid to each NEO.

(2) Amounts reflect stock options ("*Options*") granted to the NEOs. The value of Options included herein is equal to the aggregate grant date fair value computed in accordance with ASC Topic 718. The 2020 values were calculated using a Black-Scholes pricing model with a volatility indicator of 61% and an annual interest rate of 0.31%. The 2019 value was calculated using a Black-Scholes pricing model with a volatility indicator of 90% and an annual interest rate of between 1.74-1.79%. See Note 2, "Summary of Significant Accounting Policies" and Note 16, "Share-Based Compensation" in our audited consolidated financial statements appearing elsewhere in this prospectus.

(3) Bonus amounts, if earned, for 2020 have not been determined. It is expected that bonus amounts payable, if any, will be determined by the Compensation Committee at its meeting expected to be held in February 2021. If earned, the amount of the bonuses paid will be based on the achievement of the Adjusted EBITDA goal for 2020 as described below under "- 2020 Bonus Awards." Once such bonus amounts are known, Montauk will disclose such information in a subsequent filing on Form 8-K.

(4) Amounts reflected in this column represent the values of all other compensation awarded to the NEOs in 2020 and, in the case of Mr. McClain, 2019. The 2020 amount reported for Mr. McClain reflects $14,022 in company contributions under the 401(k) plan and $315 in company-paid life insurance premiums. The amount reported for Mr. Ciroli reflects $3,603 in company contributions under the 401(k) plan and $195 in company-paid life insurance premiums. The amount reported for Mr. Hill reflects $10,993 in company contributions under the 401(k) plan and $483 in company-paid life insurance premiums.

**Narrative Disclosure to Summary Compensation Table**

***Employment and Severance Agreements***

**Employment Agreements with Executive Officers.** In connection with his employment as President and Chief Executive Officer, Mr. McClain entered into an employment agreement with MEH, effective September 25, 2019. Pursuant to Mr. McClain's employment agreement, his annual base salary is $260,000, and he is eligible to continue to participate in MEH's existing annual bonus plan, with a target amount equal to 50% of his annual base salary amount based on individual and company performance goals. Mr. McClain is entitled to receive additional incentive compensation on a discretionary basis as approved annually by MEH or MEH's board of managers. Mr. McClain's employment agreement provides that, subject to his execution of a release of claims and compliance with certain post-termination restrictive covenants (including a 12 month post-termination non-compete), he will receive the following payments and benefits upon a termination by the board of managers of MEH without cause or upon Mr. McClain's termination of his employment for good reason: (1) continued payment of base salary for a period of 12 months following his termination date, (2) the cost of COBRA premiums for Mr. McClain and his family for 12 months following his termination date, and (3) a pro rata bonus for the year in which such termination occurred (as well as any accrued but unpaid bonus for any prior fiscal year). In the event Mr. McClain's employment terminates as a result of his death or permanent disability, he will instead receive continued salary through the date on which such death occurred or continued salary for six months after the permanent disability is determined, respectively, as well as a pro rata bonus for the year in which such termination occurred (as well as any accrued but unpaid bonus for any prior fiscal year).

In connection with his employment as Vice President, General Counsel and Secretary, Mr. Ciroli entered into an employment agreement with MEH, effective June 1, 2020. Pursuant to Mr. Ciroli's employment agreement, Mr. Ciroil's annual base salary is $190,000, and he is eligible to continue to participate in MEH's existing annual bonus plan, with a target bonus amount equal to 30% of his annual base salary amount based on individual and company performance goals.

In connection with his employment, Mr. Hill entered into an employment agreement with Montauk Energy Capital, LLC, effective April 15, 2010. Pursuant to Mr. Hill's employment agreement, Mr. Hill's annual base salary started at $140,000 and has increased to the amount described in the Summary Compensation Table above. He is currently eligible to continue to participate in MEH's existing annual bonus plan, with a target bonus amount equal to 30% of his annual base salary amount based on individual and company performance goals.

***Base Salary***

Each of the currently employed NEOs receives a fixed base salary in an amount determined by the Remuneration Committee of the MNK Board of Directors in accordance with his employment agreement. The base salary payable to each NEO is intended to provide a fixed component of compensation reflecting the NEO's skill set, experience, role and responsibilities. Each NEO's base salary for 2020, and in the case of Mr. McClain for 2019, is listed in the "Summary Compensation Table," above.

***2020 Performance Bonus Awards***

For 2020, the Remuneration Committee determined that Messrs. McClain, Ciroli and Hill may each earn a target bonus equal to approximately 75% of 50%, 30%, and 30% of such NEO's base salary, which is $100,500, $47,250, and $47,250, respectively. In connection with the change of our fiscal year-end from March 31 to December 31 in 2019, we did not change the performance period applicable to our bonus program which, for 2020, was April 1, 2020 through December 31, 2020 (the "*2020 performance period*"). The payment of 2020 bonuses, if earned, will be determined by the Compensation Committee at a meeting expected to be held in February 2021 and

based on Montauk's attainment of actual Adjusted EBITDA as compared to budgeted Adjusted EBITDA of $28,858,545 (calculated as described below) for the 2020 performance period as follows*:

| Actual Adjusted EBITDA as % of Budget | Payout Opportunity (measured against target) |
|---|---|
| 74% | 0% |
| 75% | 75% |
| 90% | 90% |
| 125% | 125% (maximum) |

* Straightline interpolation will be performed between points.

For purposes of this calculation, Adjusted EBITDA is determined as follows: Earnings before income tax, interest, depreciation, depletion, amortization, other income, and certain other non-operating charges as determined by the Remuneration Committee. The payment of bonuses to an NEO, as with other employees, is also subject to their respective completion of safety and IT training mandated by Montauk. Once the Montauk Compensation Committee determines the 2020 bonuses have been earned, if at all, Montauk will disclose such bonus amounts in a subsequent filing on Form 8-K.

***Long-Term Equity Compensation***

Option awards were granted to certain U.S. employees of MNK, including the NEOs, under the Montauk Holdings Limited Employee Share Appreciation Rights Scheme for U.S. Affiliates (the "*Plan*"). Any full-time employee of a U.S. Affiliate (each, a "*Participant*") was eligible to receive awards under the Plan. "*U.S. Affiliate*" means direct wholly or majority owned subsidiaries of MNK in the U.S., consisting of Montauk USA, MEH, and Montauk Energy Capital, LLC, and any successors thereto (each, an "*Employer Company*"). The Plan became effective on October 29, 2015 and is governed by the laws of the Republic of South Africa. All outstanding Option awards under the Plan will be cancelled in connection with the Reorganization Transactions.

The aggregate number of MNK ordinary shares that could have been issued under the Plan was 7,514,231, and the aggregate number of MNK ordinary shares that any one Participant could have acquired under the Plan was 2,000,000, subject to certain adjustments as described in the Plan. As of December 31, 2020, the maximum number of MNK ordinary shares that could be issued upon the exercise of outstanding Options was 2,580,647.

Options may only be exercised in accordance with the terms of the Plan and related award agreement. Upon the valid exercise of an Option, the Participant will receive the number of MNK ordinary shares ("*Settlement Shares*") calculated in accordance with the following formula:

$$A = (B - C) \times D / B$$

Where:

A = the number of Settlement Shares, provided that where A is not a whole number, it will be rounded down to the nearest whole number;
B = the Fair Market Value (as defined below) as of the date the Option is exercised by the Participant;
C = the Fair Market Value as of the date of the grant of the Option (the "*Option Price*"); and
D = the number of MNK ordinary shares underlying the Option that are eligible to be exercised.

For the purposes of the Plan, the "*Fair Market Value*" means (i) the closing sale price of a MNK ordinary share as reported on an established stock exchange on which the MNK ordinary shares are regularly traded on such date or, if there were no sales on such date, on the last date preceding such date on which a sale was reported; or (ii) if the MNK ordinary shares are not listed for trading on an established stock exchange, the Fair Market Value shall be determined by the MNK Board of Directors in good faith and otherwise in accordance with Section 409A of the Code, and any regulations and other guidance thereunder.

Options generally will lapse on the date of the Participant's Termination of Employment (as defined in the Plan) prior to the occurrence of any Maturity Date (as defined below), or following the Maturity Date if such Termination of Employment is not a Qualifying Termination (as defined below); provided that the MNK Board of Directors will be entitled, but not obliged, to direct that the Participant may exercise such Option on a date as may be determined by the MNK Board of Directors within its sole discretion, provided that such date may not be later than the date that is three months after the Maturity Date, unless otherwise specified in the applicable award agreement.

For the purposes of the Plan, the term "*Maturity Date*" means, unless otherwise provided in the applicable award agreement, the earlier to occur of:

(i) the Participant's continued employment with the Employer Company or MNK or any of its subsidiaries through the date or dates specified in the applicable award agreement, and

(ii) a Qualifying Termination of the Participant (i.e., Termination of Employment due to death or Disability (as defined in the Plan), by MNK without Cause (as defined in the Plan), or in connection with his or her retirement after reaching the age of 65).

The MNK Board of Directors has the power and authority to amend the Plan at any time, subject to the terms of the Plan and the approval of the JSE; provided, however, that the MNK Board of Directors will not, without the requisite approval of MNK shareholders, make any amendment that requires shareholder approval under applicable South African law or under any other applicable law or rule of any stock exchange that lists the MNK ordinary shares.

***Option Awards in 2020***

On August 27, 2020, Messrs. McClain, Ciroli and Hill were granted Options to purchase 162,319, 411,306 and 151,640 MNK ordinary shares, respectively, at an exercise price of ZAR 35.50 per share ($1.99 based on the exchange rate of 1 ZAR to .05934 USD on August 27, 2020) under the Plan. Messrs. McClain's and Hill's Options vest in full on the third anniversary of the grant date (each vesting date, a Maturity Date as described above). Mr. Ciroli's Options vest in three equal installments on the third, fourth and fifth anniversaries of the grant date (each vesting date, a Maturity Date as described above). The Options expire on the date that is the three-month anniversary of the applicable Maturity Date for each of Messrs. McClain, Ciroli and Hill. In addition, as described above, the Options will generally lapse upon Termination of Employment prior to the occurrence of any Maturity Date or following the Maturity Date but prior to the applicable expiration date if such Termination of Employment is not a Qualifying Termination.

***401(k) Plan***

The NEOs participate in a 401(k) plan (the "*401(k) Plan*"), under which fixed annual contributions are made for the account of each participating employee. After two months of employment, an employee is eligible to participate in the 401(k) Plan. Upon reaching eligibility, MEH will automatically fund a contribution of 3% of eligible compensation on the employee's behalf and will match 50% of the employee's first 4% voluntary deferral.

**Outstanding Equity Awards at Fiscal Year-End – 2020**

The following table summarizes the equity awards MNK made to the NEOs that were outstanding as of the end of 2020. In accordance with the applicable SEC disclosure guidance, this table and the accompanying footnotes do not account for any awards that may have been exercised or have vested pursuant to their terms in the ordinary course since the end of 2020.

| Name | Grant Date | Number of securities underlying unexercised options (#) exercisable | Number of securities underlying unexercised options (#) unexercisable | Option exercise price ($) | Option expiration date |
|---|---|---|---|---|---|
| Sean F. McClain | 12/11/2015 (1) | 25,000 | — | 0.54 | (1) |
| | 06/03/2019 (2) | — | 248,864 | 2.77 | 09/03/2022 |
| | 11/07/2019 (3) | — | 402,083 | 2.28 | 02/07/2023 |
| | 08/27/2020 (4) | — | 162,319 | 2.11 | 11/27/2023 |
| John Ciroli | 08/27/2020 (5) | — | 411,306 | 2.11 | (5) |
| Scott Hill | 12/11/2015 (1) | 25,000 | — | 0.54 | (1) |
| | 06/03/2019 (2) | — | 247,579 | 2.77 | 09/03/2022 |
| | 08/27/2020 (4) | — | 151,640 | 2.11 | 11/27/2023 |

(1) Represents grants of Options each with an exercise price of ZAR 8.50 per share ($0.54 per share based on the exchange rate of 1 ZAR to .0662 USD on December 11, 2015) under the Plan. Subject to continued employment, the Options vest in three equal installments on the 3rd, 4th and 5th anniversaries of the grant date. The Options expire in three ratable tranches on the date that is the three-month anniversary of the applicable vesting date.

(2) Represents grants of Options each with an exercise price of ZAR 40.00 per share ($2.77 per share based on the exchange rate of 1 ZAR to .0692 USD on June 3, 2019) under the Plan. Subject to continued employment, the Options vest on the third anniversary of the grant date.

(3) Represents a grant of an Option at an exercise price of ZAR 33.50 per share ($2.28 per share based on the exchange rate of 1 ZAR to .0679 USD on November 7, 2019) under the Plan. Subject to continued employment, the Option vests on the third anniversary of the grant date.

(4) Represents grants of Options each with an exercise price of ZAR 35.50 per share ($2.11 per share based on the exchange rate of 1 ZAR to .05934 USD on August 27, 2020) under the Plan. Subject to continued employment, the Options vest on the third anniversary of the grant date.

(5) Represents a grant of an Option with an exercise price of ZAR 35.50 per share ($2.11 per share based on the exchange rate of 1 ZAR to .05934 USD on August 27, 2020) under the Plan. Subject to continued employment, the Option vests on the 3rd, 4th and 5th anniversaries of the grant date. The Option expires in three ratable tranches on the date that is the three-month anniversary of the applicable vesting date.

***Director Compensation***

All of the directors of MNK, other than Mr. Van Asdalan and Ms. Naziema F. Jappie, serve as our directors. The Remuneration Committee of MNK's Board of Directors determined the compensation of the directors of MNK for 2020 in ZAR. For 2019, non-employee directors earned a basic fee of ZAR 120,000 plus a maximum of ZAR 48,075 for serving on MNK's Board of Directors' committees. For 2020, non-employee directors earned a basic fee of ZAR 120,190 plus a maximum of ZAR 48,075 for serving on MNK's Board of Directors' committees. Employee directors do not receive additional equity or cash compensation for board service.

The table below reflects compensation paid to MNK's directors during 2020.

| Name | Fees earned or paid in cash ($) (1) | Total ($) |
|---|---|---|
| John A. Copelyn | 10,234 | 10,234 |
| Sean F. McClain | — | — |
| Kevin A. Van Asdalan | — | — |
| Mohamed H. Ahmed | 10,234 | 10,234 |
| Michael A. Jacobson | 7,310 | 7,310 |
| Naziema B. Jappie | 10,234 | 10,234 |
| Bruce S. Raynor | 10,234 | 10,234 |
| Theventheran (Kevin) G. Govender | 7,310 | 7,310 |

(1) Represents monthly fees earned or paid in cash (based on the weighted annual average daily exchange rate of 1 ZAR to 0.0608 USD for 2020).

**Compensation Arrangements to be Adopted in Connection with this Offering**

***Equity and Incentive Compensation Plan***

In connection with this offering, our Board of Directors adopted, and our stockholder approved, the Montauk Renewables, Inc. Equity and Incentive Compensation Plan (the "*Equity Plan*"). The material terms of the Equity Plan are as follows:

**Purpose.** The purpose of the Equity Plan is to permit the grant of awards to our non-employee directors, officers and other employees and certain consultants, and to provide to such persons incentives and rewards for service and/or performance.

**Administration; Effectiveness.** The Equity Plan will generally be administered by the Compensation Committee of our Board of Directors (the "*Committee*"); provided that, at the discretion of the Board of Directors, the Equity Plan may be administered by the Board of Directors. The Committee has the authority to determine eligible participants in the Equity Plan, and to interpret and make determinations under the Equity Plan. Any interpretation or determination by the Committee under the Equity Plan will be final and conclusive. The Committee may delegate all or any part of its authority under the Equity Plan to any subcommittee thereof, and may delegate its administrative duties or powers to one or more of our officers, agents or advisors.

**Shares Available for Awards under the Equity Plan.** Subject to adjustment as described in the Equity Plan, the number of shares of our common stock available for awards under the Equity Plan is, in the aggregate, 20,000,000 shares of our common stock, plus any shares of our common stock that become available under the Equity Plan as a result of forfeiture, cancellation, expiration, or cash settlement of awards (which we refer to as the "*Available Shares*"), with such shares subject to adjustment to reflect any split or combination of our common stock. The Available Shares may be shares of original issuance, treasury shares or a combination of the foregoing.

The Equity Plan also contains limits on the maximum value at grant for awards to non-employee directors in any calendar year of $500,000 and requires that all awards granted under the Equity Plan (other than cash based awards) be subject to a minimum vesting period or minimum performance period, as applicable, of one year, subject to certain exceptions included therein.

**Share Counting.** The aggregate number of shares of our common stock available for award under the Equity Plan will be reduced by one share of our common stock for every one share of our common stock subject to an award granted under the Equity Plan.

Shares of our common stock subject to an award that is cancelled or forfeited, expires, is settled for cash or is unearned (in whole or in part) will be added (or added back, as applicable) to the aggregate number of shares of our common stock available under the Equity Plan, however the following shares of our common stock will not be added (or added back, as applicable): (i) shares of our common stock withheld by us in payment of the exercise price of a stock option granted under the Equity Plan; (ii) shares of our common stock tendered or otherwise used in payment of the exercise price of a stock option granted under the Equity Plan; (iii) shares of our common stock withheld by us or tendered or otherwise used to satisfy a tax withholding obligation; (iv) shares of our common stock subject to share-settled appreciation rights granted under the Equity Plan that are not actually issued in connection with the settlement of such appreciation right; and (v) shares of our common stock reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of stock options. In addition, if under the Equity Plan a participant has elected to give up the right to receive cash compensation in exchange for shares of our common stock based on fair market value, such shares of our common stock will not count against the aggregate number of shares of our common stock available under the Equity Plan.

Shares of our common stock issued or transferred pursuant to awards granted under the Equity Plan in substitution for or in conversion of, or in connection with the assumption of, awards held by awardees of an entity engaging in a corporate acquisition or merger with us or any of our subsidiaries (which we refer to as "*Substitute Awards*") will not count against, nor otherwise be taken into account in respect of, the share limits under the Equity Plan unless otherwise provided in the Equity Plan. Additionally, shares of common stock available under certain plans that we or our subsidiaries may assume in connection with corporate transactions from another entity may be available for certain awards under the Equity Plan, but will not count against, nor otherwise be taken into account in respect of, the share limits under the Equity Plan.

**Types of Awards Under the Equity Plan.** Pursuant to the Equity Plan, we may grant stock options (including "incentive stock options" as defined in Section 422 of the Code (which we refer to as "*Incentive Stock Options*")), appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash incentive awards, and certain other awards based on or related to shares of our common stock.

Each grant of an award under the Equity Plan will be evidenced by an award agreement or agreements, which will contain such terms and provisions as the Committee may determine, consistent with the Equity Plan. Those terms and provisions include the number of our shares of our common stock subject to each award, earning or vesting terms and any other terms consistent with the Equity Plan. A brief description of the types of awards which may be granted under the Equity Plan is set forth below.

**Stock Options.** Stock options granted under the Equity Plan may be either Incentive Stock Option or non-qualified stock options. Incentive Stock Options may only be granted to employees. Except with respect to Substitute Awards, Incentive Stock Options and non-qualified stock options must have an exercise price per share that is not less than the fair market value of a share of our common stock on the date of grant. The term of a stock option may not extend more than ten years after the date of grant. Each grant will specify the form of consideration to be paid in satisfaction of the exercise price.

**Appreciation Rights.** The Equity Plan provides for the grant of appreciation rights. An appreciation right is a right to receive from us an amount equal to 100%, or such lesser percentage as the Committee may determine, of the spread between the base price and the value of shares of our common stock on the date of exercise. An appreciation right may be paid in cash, shares of our common stock or any combination thereof. Except with respect to Substitute Awards, the base price of an appreciation right may not be less than the fair market value of a share of common stock on the date of grant. The term of an appreciation right may not extend more than ten years from the date of grant

**Restricted Stock.** Restricted stock constitutes an immediate transfer of the ownership of shares of our common stock to the participant in consideration of the performance of services, entitling such participant to

dividend, voting and other ownership rights, subject to the substantial risk of forfeiture and restrictions on transfer determined by the Committee for a period of time determined by the Committee or until certain management objectives specified by the Committee are achieved. Each such grant or sale of restricted stock may be made without additional consideration or in consideration of a payment by the participant that is less than the fair market value per share of our common stock on the date of grant. Any grant of restricted stock may specify the treatment of dividends or distributions paid on restricted stock that remains subject to a substantial risk of forfeiture. Any such dividends or other distributions on restricted stock shall be deferred until, and paid contingent upon, the vesting of such restricted stock.

**Restricted Stock Units.** Restricted stock units awarded under the Equity Plan constitute an agreement by us to deliver shares of our common stock, cash, or a combination thereof, to the participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions (which may include the achievement of management objectives) during the restriction period as the Committee may specify. Each grant or sale of restricted stock units may be made without additional consideration or in consideration of a payment by the participant that is less than the fair market value of shares of our common stock on the date of grant. During the applicable restriction period, the participant will have no ownership, transfer or voting rights in the shares of our common stock underlying the restricted stock units. Rights to dividend equivalents may be extended to and made part of any restricted stock unit award at the discretion of and on the terms determined by the Committee, provided that any dividend equivalents or other distributions on the shares of our common stock underlying the restricted stock units shall be deferred until and paid contingent upon the vesting of such restricted stock units. Each grant of restricted stock units will specify that the amount payable with respect to such restricted stock units will be paid in cash, shares of our common stock, or a combination of the two.

**Cash Incentive Awards, Performance Shares, and Performance Units.** Performance shares, performance units and cash incentive awards may also be granted to participants under the Equity Plan. A performance share is a bookkeeping entry that records the equivalent of one share of our common stock, and a performance unit is a bookkeeping entry that records a unit equivalent to $1.00 or such other value as determined by the Committee. Each grant will specify the number or amount of performance shares or performance units, or the amount payable with respect to cash incentive awards, being awarded, which number or amount may be subject to adjustment to reflect changes in compensation or other factors.

These awards, when granted under the Equity Plan, become payable to participants upon of the achievement of specified management objectives and upon such terms and conditions as the Committee determines at the time of grant. Each grant will specify the management objectives regarding the earning of the award. Each grant will specify the time and manner of payment of cash incentive awards, performance shares or performance units that have been earned, and any grant may further specify that any such amount may be paid or settled in cash, shares of our common stock, or any combination thereof. Any grant of performance shares or performance units may provide for the payment of dividend equivalents in cash or in additional shares of our common stock, provided that such dividend equivalents shall be subject to deferral and payment on a contingent basis based on the earning and vesting of the performance shares or performance units, as applicable, with respect to which such dividend equivalents are paid.

The management objectives that may apply with respect to awards of performance shares, performance units, or cash incentive awards (or, when so determined by the Committee, stock options, appreciation rights, restricted stock, restricted stock units, dividend equivalents or other awards pursuant to the Equity Plan) may include (but are not limited to) objectives related to earnings before interest, taxes, depreciation and amortization, income or net income (loss) (either before or after interest, taxes, depreciation and/or amortization), earnings, changes in the market price of our common stock, funds from operations or similar measures, sales, revenue (including recurring revenue), growth in revenue, enterprise value or economic value added, mergers, acquisitions or other strategic transactions, divestitures, financings, operating income (loss), cash flow (including, but not limited to, operating cash flow and free cash flow), return on capital, return on investments, assets, return on assets, net asset turnover, debt (including debt reduction), return on operating revenue, working

capital, regulatory compliance, improvement of financial ratings, annual spend or license annual spend, equity investments, investing activities and financing activities (or any combination thereof) stockholder returns, dividend ratio, orders, return on sales, marketing, gross or net profit levels, productivity, volumes produced and/or transported, margins, leverage ratio, coverage ratio, strategic business objectives (including operating efficiency, geographic business expansion goals, partnerships, customer/client satisfaction, talent recruitment and retention, productivity ratios, product quality, sales of new products, employee turnover, supervision of IT), operating efficiency, productivity, product innovation, number of customers, customer satisfaction and related metrics, individual performance, quality improvements, growth or growth rate, intellectual property, expenses or costs (including cost reduction programs), budget comparisons, implementation of projects or processes, formation of joint ventures, research and development collaborations, marketing or customer service collaborations, employee engagement and satisfaction, diversity, environmental and social measures, IT, technology development, human resources management, litigation, research and development, working capital, earnings (loss) per share of common stock, and market share, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. If the Committee determines that a change in our business, operations, corporate structure or capital structure, or the manner in which we conducts its business, or other events or circumstances render such management objectives unsuitable, the Committee may in its discretion modify such management objectives or the goals or actual levels of achievement regarding the management objectives, in whole or in part, as the Committee deems appropriate and equitable.

**Other Awards.** The Committee may authorize the grant of such other awards (which we refer to as "*other awards*") that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of our common stock or factors that may influence the value of such shares of our common stock, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into shares of our common stock, purchase rights for shares of our common stock, awards with value and payment contingent upon our performance of specified subsidiaries, affiliates or other business units or any other factors designated by the Committee, and awards valued by reference to the book value of the shares of our common stock or the value of securities of, or the performance of our subsidiaries, affiliates or other business units.

**Adjustments; Corporate Transactions.** The Committee will make or provide for such adjustments in the: (i) number of shares of our common stock covered by outstanding stock options, appreciation rights, restricted stock, restricted stock units, performance shares and performance units granted under the Equity Plan; (ii) if applicable, number of shares of our common stock covered by other awards granted pursuant to the Equity Plan; (iii) exercise price or base price provided in outstanding stock options and appreciation rights; (iv) kind of shares covered thereby; (v) cash incentive awards; and (vi) other award terms, as the Committee determines to be equitably required in order to prevent dilution or enlargement of the rights of participants that otherwise would result from (a) any extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in our capital structure, (b) any merger, consolidation, spin-off, spin-out, split-off, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities or (c) any other corporate transaction or event having an effect similar to any of the foregoing.

In the event of any such transaction or event, or in the event of a change in control (as defined in the Equity Plan), the Committee may provide in substitution for any or all outstanding awards under the Equity Plan such alternative consideration (including cash), if any, as it may in good faith determine to be equitable under the circumstances and will require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each stock option or appreciation right with an exercise price greater than the consideration offered in connection with any such transaction or event or change in control, the Committee may in its discretion elect to cancel such stock option or appreciation right without any payment to the person holding such stock option or appreciation right. The Committee will make or provide for such adjustments to the number of shares available for issuance under the Equity Plan and the share limits of the

Equity Plan as the Committee in its sole discretion may in good faith determine to be appropriate in connection with such transaction or event.

**Transferability of Awards.** Except as otherwise provided by the Committee, no stock option, appreciation right, restricted share, restricted stock unit, performance share, performance unit, cash incentive award, other award or dividend equivalents paid with respect to awards made under the Equity Plan may be transferred by a participant except by will or the laws of descent and distribution.

**Amendment and Termination of the Equity Plan.** Our Board of Directors generally may amend the Equity Plan from time to time in whole or in part. However, if any amendment (i) would materially increase the benefits accruing to participants under the Equity Plan, (ii) would materially increase the number of shares of our common stock which may be issued under the Equity Plan, (iii) would materially modify the requirements for participation in the Equity Plan, or (iv) must otherwise be approved by our stockholders in order to comply with applicable law or the rules, then such amendment will be subject to stockholder approval and will not be effective unless and until such approval has been obtained.

Our Board of Directors may, in its discretion, terminate the Equity Plan at any time. Termination of the Equity Plan will not affect the rights of participants or their successors under any awards outstanding and not exercised in full on the date of termination. No grant will be made under the Equity Plan more than ten years after the effective date of the Equity Plan, but all grants made prior to such date shall continue in effect thereafter subject to the terms of the Equity Plan.

***IPO Equity Grants***

In connection with this offering, we expect the Compensation Committee to approve awards of restricted stock units under the Equity Plan to all of our employees with a grant date value of approximately $3,000, including our NEOs and other executive officers. These restricted stock unit awards are expected to vest in full on the first anniversary of the grant date, subject to continued employment through such anniversary date. Following the vesting date, these restricted stock unit awards are expected to be settled in shares of our common stock.

Additionally, we expect the Compensation Committee to approve awards of restricted stock and non-qualified stock options under the Equity Plan to the NEOs and other executive officers in connection with the closing of this offering.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

All of the outstanding shares of our common stock are currently beneficially owned by MNK, who, in connection with the Equity Exchange, acquired all of the outstanding shares of our common stock and who will effect the Distribution of our common stock as a pro rata dividend to the holders of outstanding MNK ordinary shares, subject to any tax withholding obligations under applicable South African law.

The following table presents certain information with respect to the beneficial ownership of (i) MNK ordinary shares as of December 1, 2020**,** (ii) shares of common stock after giving effect to the Reorganization Transactions and before this offering, (iii) shares of common stock after giving effect to the Reorganization Transactions and this offering, assuming no exercise of the underwriter's option to purchase additional shares, and (iv) shares of common stock after giving effect to the Reorganization Transactions and this offering, assuming the underwriter exercises its option to purchase additional shares in full, by:

- each of the NEOs;
- each of the directors;
- all of our executive officers and directors as a group; and
- each person known to us to be the beneficial owner of more than 5% of outstanding MNK ordinary shares.

We have determined beneficial ownership in accordance with the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table below have sole voting and sole investment power with respect to all MNK ordinary shares and shares of common stock that they beneficially own, subject to community property laws where applicable. Percentage of beneficial ownership before the Reorganization Transactions and this offering is based on 138,312,713 MNK ordinary shares outstanding as of December 1, 2020, held by 3,940 stockholders of record. Upon the closing of this offering, the Company will issue warrants ("*Warrants*") to purchase shares of our common stock to the underwriter as described in "Underwriting." In computing the number of MNK ordinary shares beneficially owned by a person and the percentage ownership of that person, no ordinary shares of MNK relating to Options were included unless such Options are currently exercisable or exercisable within 60 days of December 1, 2020.

The percentage of beneficial ownership after the Reorganization Transactions and before this offering is based on 138,312,713 shares of common stock outstanding as of December 1, 2020, assuming a distribution ratio of one share of common stock for each MNK ordinary share. The percentage of beneficial ownership after the Reorganization Transactions and after this offering, assuming no exercise of the underwriter's option to purchase additional shares is based on shares of common stock expected to be outstanding as of , 2021, assuming a distribution ratio of one share of common stock for each MNK ordinary share and based on the assumed initial public offering price of $ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus). Percentage of beneficial ownership after the Reorganization Transactions and after this offering, assuming the underwriter exercises its option to purchase additional shares in full is based on shares of common stock expected to be outstanding as of , 2021, assuming a distribution ratio of one share of common stock for each MNK ordinary share and based on the assumed initial public offering price of $ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus).

| | Securities Beneficially Owned Before the Reorganization Transactions and this Offering | | Securities Beneficially Owned After the Reorganization Transactions and Before this Offering | | Securities Beneficially Owned After the Reorganization Transactions and this Offering (Assuming No Exercise of the Option to Purchase Additional Shares) | | Securities Beneficially Owned After the Reorganization Transactions and this Offering (Assuming Full Exercise of the Option to Purchase Additional Shares) | |
|---|---|---|---|---|---|---|---|---|
| **Name of Beneficial Owner (1)** | **MNK Ordinary Shares** | **Percentage** | **Shares of common stock** | **Percentage** | **Shares of common stock** | **Percentage** | **Shares of common stock** | **Percentage** |
| **Five Percent Stockholders** | | | | | | | | |
| Shares subject to the Consortium Agreement (2) | 74,900,640 | 54.2% | 74,900,640 | 54.2% | | | | |
| Entities Controlled by Mr. Copelyn (3) | 57,622,308 | 41.7% | 57,622,308 | 41.7% | | | | |
| Entities Controlled by Mr. Govender (4) | 17,278,332 | 12.5% | 17,278,332 | 12.5% | | | | |
| Swisspartners Marcuard Heritage AG (5) | 20,137,233 | 14.6% | 20,137,233 | 14.6% | | | | |
| Compagnie Financiere Boshoff Ltd. (6) | 15,570,286 | 11.3% | 15,570,286 | 11.3% | | | | |
| Entities Affiliated with Andre Van der Veen (7) | 10,479,504 | 7.6% | 10,479,504 | 7.6% | | | | |
| **Selling Stockholder** | | | | | | | | |
| Montauk Holdings Limited (8) | — | — | | | | | | |
| **Directors and NEOs** | | | | | | | | |
| Sean F. McClain (9) | 537,211 | * | 537,211 | * | | | | |
| Scott Hill (9) | 637,420 | * | 637,420 | * | | | | |
| John Ciroli | — | * | — | * | | | | |
| John A. Copelyn (3)(10) | 57,622,308 | 41.7% | 57,622,308 | 41.7% | | | | |
| Mohamed H. Ahmed | — | — | — | — | | | | |
| Michael A. Jacobson | 1,460,040 | * | 1,460,040 | * | | | | |
| Bruce S. Raynor (11) | 905,078 | * | 905,078 | * | | | | |
| Theventheran G. Govender (4)(12) | 17,526,017 | 12.7% | 17,526,017 | 12.7% | | | | |
| All directors and executive officers as a group (10 persons) (13) | 78,688,075 | 56.9% | 78,688,075 | 56.9% | | | | |

* Less than 1.0%

(1) Unless otherwise indicated, the address for each of the stockholders listed above is 680 Andersen Drive, 5th Floor, Pittsburgh, PA 15220.

(2) These shares include the shares beneficially owned by the "Entities Controlled by Mr. Copelyn" and the "Entity Controlled by Mr. Govender" described in Footnotes 3 and 4, respectively. In connection with the closing of the offering, these entities will enter into the Consortium Agreement with respect to their ownership of our common stock. Pursuant to the Consortium Agreement, the parties thereto have agreed to act in concert with respect to voting matters relating to the Company, including the election of directors, and

have provided the other parties thereto certain pre-emptive rights with respect to any potential sale of our common stock by a stockholder party thereto. Because of the arrangements in the Consortium Agreement, the parties will be deemed to have formed a "group" for purposes of Section 13(d)(3) of the Exchange Act, and such "group" will be deemed to beneficially own an aggregate of 74,900,640 shares of our common stock, which represents approximately % of the total number of shares of our common stock issued and outstanding following the Reorganization Transactions and this offering. As a result, we will be a "controlled company" within the meaning of the Nasdaq corporate governance standards.

(3) All of these shares will be subject to the Consortium Agreement and consist of shares held indirectly by certain companies under Mr. Copelyn's control. Mr. Copelyn, who is the sole director of each entity, has sole voting and investment power over all of these shares. Except with respect to the Consortium Agreement, there are no voting agreements or other arrangements among the entities controlled by Mr. Copelyn.

(4) Excludes shares held by Mr. Govender described in footnote 12. All of these shares are subject to the Consortium Agreement and consist of shares held indirectly by a company under Mr. Govender's control. Mr. Govender, who is the sole director of this entity, and has sole voting and investment power over all of the shares. Except with respect to the Consortium Agreement, there are no voting agreements or other arrangements among the entities controlled by Mr. Govender. 16,278,332 of the shares have been pledged as collateral with respect to a loan agreement. Such pledge will not apply to our common stock.

(5) These shares consist of shares held directly and indirectly by trusts for which Swisspartners Marcuard Heritage AG serves as trustee and includes (i) 7,266,790 shares held indirectly by Liberty Trust, which represents its proportional interest in shares held by Compagnie Financiere Boshoff Ltd. and described in Footnote 6 and another entity which holds less than 5% of the outstanding shares of MNK, and (ii) 12,870,443 shares held by several trusts, each of which owns less than 5% of the outstanding shares of MNK. Voting and investment power over these shares may be exercised by more than three managers of Swisspartners Marcuard Heritage AG, none of whom individually have voting or investment power pursuant to Rule 13d-3. The address for Swisspartners Marcuard Heritage AG is Talstrasse 82, 8001 Zurich, Switzerland. As of January 8, 2021, this stockholder no longer owns more than 5% of the outstanding MNK ordinary shares.

(6) These shares consist of (i) 3,400,000 shares held directly by Compagnie Financiere Boshoff Ltd. and (ii) 12,170,268 shares held indirectly by CFB Clean Energy Capital Ltd., a wholly-owned subsidiary of Compagnie Financiere Boshoff Ltd. Voting and investment power over these shares is exercised by the board of managers of Compagnie Financiere Boshoff Ltd., which consists of six members, none of whom individually have voting or investment power pursuant to Rule 13d-3. The address for Compagnie Financiere Boshoff Ltd. is Talstrasse 82, 8001 Zurich, Switzerland. As of January 8, 2021, this stockholder no longer owns more than 5% of the outstanding MNK ordinary shares.

(7) All of these shares are held by entities affiliated with Andre van der Veen, including 9,809,772 shares held by Nport Investment Holdings (Pty) Ltd. To our knowledge, Mr. Van der Veen has voting and investment power over 669,732 of these shares and may be deemed to have shared voting and investment power over the shares held by Nport Investment Holdings (Pty) Ltd. Mr. Van der Veen disclaims beneficial ownership over the shares held by Nport Investment Holdings (Pty) Ltd. The address for Mr. Van Der Veen is 3 Meson Street, Techno Park, Stellenbosch, 7600, South Africa.

(8) Represents shares expected to be held by MNK following the Reorganization Transactions. Voting and investment power over these shares is exercised by the board of directors of MNK. See "The Reorganization Transactions."

(9) These shares include 25,000 Options that are exercisable within 60 days of the date above.

(10) Mr. Copelyn does not own any shares of our common stock or MNK ordinary shares directly. See Footnote 3 for information regarding shares held by entities under the common control of Mr. Copelyn.

(11) Includes shares held by Mr. Raynor's spouse and 130,000 shares purchased by Mr. Raynor subsequent to December 1, 2020.

(12) Includes 247,685 shares held by Mr. Govender indirectly through an entity that he controls and which are not subject to the Consortium Agreement, all of which have been pledged as collateral with respect to an overdraft facility. Such pledge will not apply to our common stock. See Footnote 4 for information regarding shares subject to the Consortium Agreement held by an entity controlled by Mr. Govender.

(13) These shares include 50,000 Options that are exercisable within 60 days of the date above.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following are summaries of the terms of certain material agreements, which will be filed as exhibits to the registration statement of which this prospectus is a part. The summaries include a summary of the Transaction Implementation Agreement entered into between us and MNK, and which will govern the separation of our business from MNK and provides a framework for our relationship with MNK after the Reorganization Transactions. For more information, see "The Reorganization Transactions."

These summaries are qualified in their entirety by reference to the full text of such agreements.

### *Transaction Implementation Agreement*

We entered into a transaction implementation agreement (the "*Transaction Implementation Agreement*") with MNK. The Transaction Implementation Agreement governs the overall terms of the Reorganization Transactions and the relationship between the Company and MNK following the Distribution. The Transaction Implementation Agreement requires MNK and the Company to use commercially reasonable efforts to obtain consents, approvals and amendments required to complete the Reorganization Transactions, including using commercially reasonable efforts to terminate all guarantees or to cause a member of its group, as applicable, to be substituted in all respects for any guarantee of the other entity.

Unless otherwise provided in the Transaction Implementation Agreement or any of the related ancillary agreements, the equity securities of MEH will be transferred to the Company on an "as is, where is" basis. Generally, the Transaction Implementation Agreement provides for the termination of all intercompany agreements and accounts between the Company and its subsidiaries, on the one hand, and MNK, on the other hand, other than with respect to the promissory note described below, and will be accompanied by a mutual release of claims between MNK and the Company for all matters arising prior to the Distribution. In addition, the Transaction Implementation Agreement governs the treatment of access to information, rights to privileged information and record retention.

### *Promissory Note with MNK*

On or after the Distribution, and subject to MNK obtaining exchange control approval from the South African Reserve Bank, we will advance a cash loan of approximately $5,000,000 or less pursuant to the Loan Agreement and Secured Promissory Note (the "*Promissory Note*") to MNK for MNK to pay its dividends tax liability arising from the Distribution under the South African Income Tax Act, 1962 (Act No. 58 of 1962), as amended. The Promissory Note will, among other things, (1) allow MNK (as borrower) to pay interest by increasing the outstanding principal amount of the note or by paying cash to us (or both), (2) grant us a pledge over our shares withheld by MNK to satisfy tax obligations arising from the Distribution as security for MNK's loan obligations and (3) require MNK to use the proceeds of any sale of the withheld shares to prepay the amounts due to us under the Promissory Note.

### *Consortium Agreement*

Certain stockholders, which are Messrs. Copelyn's and Govender's respective affiliates, have informed us that they intend to enter into the Consortium Agreement whereby the parties thereto will agree to act in concert with respect to voting our common stock in the election of directors, among other matters. After the completion of the Reorganization Transactions and prior to the completion of the offering, the parties to the Consortium Agreement will beneficially own, in the aggregate. approximately 54.2% of our common stock, and, after giving effect to this offering, will beneficially own approximately % of our common stock.

The Consortium Agreement will be similar to an existing consortium agreement amongst certain of MNK's shareholders, including Mr. Copelyn, certain of his affiliates, and an affiliate of Mr. Govender, whereby

the parties thereto have agreed to act in concert with respect to certain voting matters relating to MNK and have provided the other parties thereto certain pre-emptive rights with respect to any potential sale of MNK ordinary shares.

Because of the arrangements in the Consortium Agreement, the parties to that agreement will be deemed to have formed a "group" for purposes of Section 13(d)(3) of the Exchange Act, and such "group" will be deemed to beneficially own greater than 50% of the voting power for the election of our directors. As a result, we will be a "controlled company" within the meaning of the Nasdaq corporate governance standards.

***Administrative Services Agreement with HCI***

As described in the "Management" section, Mr. Copelyn is the chief executive officer of HCI and Mr. Govender is the executive director of HCI. Mr. Copelyn and Mr. Govender both serve on the board of directors of HCI Managerial Services (Pty) Limited, a subsidiary of HCI ("*HCI Managerial*"). Since 2014, HCI Managerial has provided certain administrative services to MNK pursuant to an administrative services agreement, which provides that HCI Managerial's services to MNK will include, among other matters, (1) corporate secretarial services relating to calling and holding shareholder meetings, maintaining documents and records, and assisting with regulatory compliance matters; (2) assistance with managing MNK's expenses, budgeting, and tax matters; (3) assistance with preparing MNK's financial reporting information as required by applicable law; and (4) assistance with capital management strategies, including interacting with key stakeholders. In consideration for these services, MNK paid HCI Managerial the aggregate amounts of $48,032, $50,074, and $47,252 in each of 2019, 2018, and 2017, respectively, under the agreement. MNK will continue to employ HCI Managerial's services following the offering until such time that MNK is liquidated as described in "The Reorganization Transactions." Further, the Company expects to enter into a similar agreement with HCI Managerial following the Reorganization Transactions.

***Indemnification Agreements***

Upon the completion of this offering, we expect to enter into indemnification agreements with our directors, executive officers and certain other officers and agents pursuant to which they are provided indemnification rights that are broader than the specific indemnification provisions contained in the DGCL. These indemnification agreements generally require us, among other things, to indemnify our directors, executive officers, and certain other officers and agents against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors, executive officers, and certain other officers and agents in investigating or defending any such action, suit, or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve on our behalf.

**Policies and Procedures for Related Party Transactions**

In connection with this offering, we adopted a written policy relating to the approval of related party transactions. A "related party transaction" is a transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships, in which we participate (whether or not we are a party) and a related party has a direct or indirect material interest in such transaction. Our Audit Committee will review and approve or disapprove, or ratify, all relationships and related party transactions between us and (1) our directors, director nominees or executive officers, (2) more than 5% record or beneficial owner of our common stock, (3) any immediate family member of any person specified in (1) and (2) above, and (4) any firm, corporation or other entity in which any person specified in (1), (2) or (3) above is employed or is a partner or principal or in a similar position, or in which such person has more than a 5% beneficial ownership interest. The Audit Committee will review all related party transactions reported to it and, where the Audit Committee determines that such transactions are in our best interests, approve such transactions in advance of such transaction being given effect.

As set forth in the related party transaction policy, in the course of its review and approval or ratification of a related party transaction, the Audit Committee will, in its judgment, consider in light of the relevant facts

and circumstances whether the transaction is, or is not inconsistent with, our best interests, including consideration of various factors enumerated in the policy.

Any member of the Audit Committee who is a related person with respect to a transaction under review will not be permitted to participate in the discussions or approval or ratification of the transaction. However, such member of the Audit Committee will provide all material information concerning the transaction to the Audit Committee. Our policy will also provide the Audit Committee with the discretion to pre-approve certain transactions.

## DESCRIPTION OF CAPITAL STOCK

*The following description summarizes certain important terms of our capital stock. We adopted an Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws that became effective following the Equity Exchange and this description summarizes the provisions that are included in such documents. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth in this section, you should refer to our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law.*

### Authorized Capital Stock

Our authorized capital stock consists of shares of capital stock, par value $0.01 per share, of which:

- 690,000,000 shares are designated as common stock; and
- 10,000,000 shares are designated as preferred stock.

### Outstanding Capital Stock

As of January 4, 2021, following the Equity Exchange and prior to the completion of this offering, we had 138,312,713 shares of our common stock outstanding and no shares of our preferred stock outstanding. Following this offering, we expect to have shares of common stock outstanding and no shares of preferred stock outstanding.

### Common stock

#### *Voting Rights*

Except as provided by law, our Amended and Restated Certificate of Incorporation or the certificate of designation pursuant to which a particular series of preferred stock is issued, the holders of our common stock are entitled to one vote per share on any matter to be voted upon by stockholders, including the election of directors. An election of directors by our stockholders shall be determined by a plurality of the votes properly cast by the stockholders at a meeting for the election of directors at which a quorum is present. There are no cumulative voting in the election of directors. The holders of a majority of the voting power of the shares of stock issued and outstanding and entitled to vote at a meeting, present in person or represented by proxy, will constitute a quorum at all meetings of stockholders for the transaction of business, except as otherwise provided by law or the certificate of designation pursuant to which a particular series of preferred stock is issued. Except as otherwise provided by law, our Amended and Restated Certificate of Incorporation, our Amended and Restated Bylaws or the certificate of designation pursuant to which a particular series of preferred stock is issued, if a quorum is present at a meeting of the stockholders, matters will be decided by the affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote on the matter, except in the election of directors.

#### *Dividend Rights*

The holders of our common stock are entitled to dividends if, as, and when declared by our Board of Directors, from funds legally available therefor, subject to certain contractual limitations on our ability to declare and pay dividends or the preferential dividend rights of outstanding preferred stock (if any). See “Dividend Policy.”

***Liquidation Rights***

Upon any voluntary or involuntary liquidation, dissolution, or winding up of our affairs, the holders of our common stock will be entitled to share ratably in all assets remaining after payment of creditors and subject to prior distribution rights of our preferred stock, if any.

***Other Rights***

No holder of our common stock has any preemptive or other subscription rights for any shares of our capital stock issued in the future. In addition, no conversion, redemption or sinking fund provisions apply to our common stock, and our common stock is not liable to further call or assessment by us or subject to any restriction on alienability, except as required by law.

**Preferred Stock**

Our Board of Directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and relative participation, optional or other rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by our stockholders. Our Board of Directors may increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our Board of Directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in our control and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. We have no current plan to issue any shares of preferred stock.

**Anti-takeover Effects of Certain Provisions of Our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Delaware Law**

Certain provisions of our Amended and Restated Certification of Incorporation, our Amended and Restated Bylaws, and the DGCL could have anti-takeover effects and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, as discussed below.

***DGCL Section 203—Business Combinations with Interested Stockholders***

We are subject to the provisions of Section 203 of the DGCL, regulating corporate takeovers. In general, those provisions prohibit a Delaware corporation from engaging in any "business combination" with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- prior to the time that the person became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for the purpose of determining the number of shares outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (i) the corporation's officers and directors and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- at or subsequent to the time the business combination is approved by the corporation's board of directors and authorized at an annual or special meeting of its stockholders, and not by written consent, by the affirmative vote of at least 66-2/3% of its outstanding voting stock that is not owned by the interested stockholder.

The term "business combination" is broadly defined to include mergers, consolidations, and sales and other dispositions of assets having an aggregate market value equal to 10% or more of the consolidated assets of the corporation, and other specified transactions resulting in financial benefits to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years did own) 15% or more of the corporation's voting stock.

The restrictions on business combinations with interested stockholders contained in Section 203 of the DGCL do not apply to a corporation whose certificate of incorporation or bylaws contains a provision expressly electing not to be governed by the statute. Neither our Amended and Restated Certificate of Incorporation nor our Amended and Restated Bylaws contain a provision electing to "opt-out" of Section 203. Section 203 of the DGCL could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

***Undesignated Preferred Stock***

As discussed above under "Preferred Stock," our Board of Directors has the authority to designate and issue preferred stock with voting or other rights or preferences that could delay, defer or prevent any attempt to acquire or control us.

***Classified Board of Directors***

The number of directors is fixed solely by resolution duly adopted from time to time by our Board of Directors, provided that the directors then in office are not less than 33 1/3% of the total number of directors then authorized, subject to the rights, if any, of the holders of preferred stock as specified in a certificate of designation. The directors, other than those directors who may be elected by the holders of preferred stock, are in classes with respect to the term for which they severally hold office. Our Amended and Restated Certificate of Incorporation provides that our Board of Directors is divided into three classes, with the number of directors in each class to be as nearly equal as possible. Our classified Board of Directors staggers the three-year terms of the three classes. With this structure, only approximately one-third of the members of our Board of Directors will be elected each year. This classification of directors has the effect of making it more difficult for stockholders to change the composition of our Board of Directors. As described above under "Management—Classified Board of Directors," each director whose term expires at the 2028 annual meeting of stockholders (expected to be our eighth annual meeting) or any annual meeting thereafter shall be elected for a term expiring at the next annual meeting of stockholders. Beginning with the 2030 annual meeting of stockholders (expected to be our tenth annual meeting), all of our directors will be subject to annual election.

***Vacancies; Removal***

Subject to any rights of any holders of preferred stock to elect directors and fill vacancies on the Board of Directors, all vacancies created in our Board of Directors resulting from any increase in the authorized number of directors or the death, resignation, disqualification, removal from office or other cause will be filled solely by the affirmative vote of a majority of the remaining directors on our Board of Directors then in office, even if less than a quorum is present or by a sole remaining director. Any director appointed to fill a vacancy on our Board of Directors will be appointed for the full term of the class of directors in which the new directorship was created or the vacancy occurred, if applicable, and until such director's successor will have been duly elected and qualified. No decrease in the number of directors will shorten the terms of any incumbent director.

While the Board of Directors is classified, directors may be removed by the affirmative vote of holders of 66 2/3% of the voting power of the outstanding shares of our capital stock entitled to vote generally in the election of directors voting together as a single class, but only for cause, except as otherwise provided by law. Following such time as our Board of Directors is no longer classified, our directors may be removed with or without cause by the affirmative vote of holders of a majority of the voting power of the outstanding shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class, except as otherwise provided by law. In addition, the certificate of designation pursuant to which a particular series of preferred stock is issued may provide holders of that series of preferred stock with the right to elect additional directors.

***Advance Notice Requirements***

Our Amended and Restated Bylaws establishes advance notice procedures for stockholders seeking to nominate candidates for election to the Board of Directors or for proposing matters which can be acted upon at stockholders' meetings.

***Stockholder Action by Unanimous Written Consent***

Our Amended and Restated Certificate of Incorporation prohibits stockholder action by written consent in lieu of a meeting, except by unanimous written consent.

***Special Meetings of Stockholders***

Our Amended and Restated Bylaws provides that special meetings of stockholders may be called by (a) the Chairman of the Board of Directors, (b) our Chief Executive Officer, or (c) our Secretary acting at the request of the Chairman of the Board of Directors or a majority of the total number of directors that would comprise our Board of Directors if there were no vacancies on the Board of Directors.

***Amendments to Our Governing Documents***

Generally, amendments to our Amended and Restated Certificate of Incorporation require the approval of our Board of Directors and an affirmative vote of a majority of the outstanding stock entitled to vote thereon, and a majority of the outstanding stock of each class entitled to vote thereon as a class. However, prior to the conclusion of the 2030 annual meeting of our stockholders, an amendment to certain provisions of our Amended and Restated Certificate of Incorporation that relate to (a) the amendment of our Amended and Restated Bylaws, (b) the number, election and terms of our directors, (c) the nomination of director candidates, (d) newly created directorships and vacancies, (e) the removal of our directors, and (f) the indemnification of our directors will require the affirmative vote of at least 66 2/3% of the voting power of all shares of our capital stock entitled to vote generally in the election of directors then outstanding, voting together as a single class. Our Amended and Restated Certificate of Incorporation provides that the Board of Directors is expressly authorized to make, amend or repeal our Amended and Restated Bylaws. After the conclusion of the 2030 annual meeting of our stockholders, all amendments to our Amended and Restated Certificate of Incorporation will require the approval of our Board of Directors and an affirmative vote of a majority of our outstanding capital stock entitled to vote thereon, and a majority of our outstanding capital stock of each class entitled to vote thereon as a class.

Generally, amendments to our Amended and Restated Bylaws require approval (a) at a meeting of the stockholders, provided the proposed amendment or supplement has been properly described or referred to in the notice of meeting or (b) by the Board of Directors, provided that no amendment adopted by our Board of Directors may vary or conflict with any amendment adopted by our stockholders, except as otherwise provided by law, our Amended and Restated Certificate of Incorporation or our Amended and Restated Bylaws. However, our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws provide that,

prior to the conclusion of the 2030 annual meeting, our stockholders may amend certain provisions of our Amended and Restated Bylaws that relate to (a) the classification of our directors, (b) the removal of our directors and (c) the amendment of our Amended and Restated Bylaws only with the approval of at least 66 2/3% of the voting power of all shares of our capital stock entitled to vote generally in the election of directors then outstanding, voting together as a single class. After the conclusion of the 2030 annual meeting of our stockholders, all amendments to our Amended and Restated Bylaws will require approval (a) at a meeting of the stockholders, provided the proposed amendment or supplement has been properly described or referred to in the notice of meeting or (b) by the Board of Directors, provided that no amendment adopted by our Board of Directors may vary or conflict with any amendment adopted by our stockholders.

***Certain Effects of Authorized but Unissued Stock***

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

**Choice of Forum**

Unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (of if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall be the sole and exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers, or other employees to us or to our stockholders; any action asserting a claim arising pursuant to the DGCL, our Amended and Restated Certificate of Incorporation or our Amended and Restated Bylaws; or any action asserting a claim that is governed by the internal affairs doctrine. We refer to this provision in our Amended and Restated Certificate of Incorporation as the Delaware Forum Provision. The Delaware Forum Provision will not apply to any claim arising under the Securities Act or the Exchange Act. Furthermore, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be, to the fullest extent permitted by law, the sole and exclusive forum for any action asserting a claim arising under the Securities Act. We refer to this provision in our Amended and Restated Certificate of Incorporation as the Federal Forum Provision. Any person or entity purchasing or otherwise acquiring an interest in any of our securities shall be deemed to have notice of and to have consented to the Delaware Forum Provision and Federal Forum Provision, provided, however, that such security holders cannot and will not be deemed to have waived compliance with the U.S. federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision may impose additional litigation costs on security holders in pursuing any such claims to the extent the provisions require the security holders to litigate in a particular or different forum. Additionally, these forum selection clauses may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our stockholders or us. The Court of Chancery of the State of Delaware and the federal district courts, as applicable, may reach a different judgment or result than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to our stockholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. The Federal Forum Provision

may impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters.

**Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Computershare Investor Services.

**Listing**

We have applied to have our common stock listed on Nasdaq under the symbol “MNTK.”

## DESCRIPTION OF INDEBTEDNESS

**Amended Credit Agreement**

On December 12, 2018, we entered into the Second Amended and Restated Revolving Credit and Term Loan Agreement (as amended by the First Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of March 21, 2019 (the "*First Amendment*"), as further amended by the Second Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of September 12, 2019 (the "*Second Amendment*"), and as further amended by the Third Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of January 4, 2021 (the "*Third Amendment*"), and as may be further amended from time to time, the "*Amended Credit Agreement*"), with Comerica Bank, as administrative agent, sole lead arranger and sole bookrunner, and the other financial institutions from time to time party thereto.

The Amended Credit Agreement, which is secured by substantially all of our assets and assets of certain of our subsidiaries, provides for a five-year $95.0 million term loan and a five-year $80.0 million revolving credit facility. Following the Second Amendment, the term loan amortizes in quarterly installments of $2.5 million and has a final maturity of December 12, 2023. The revolving and term loans under the Amended Credit Agreement bear interest at the Eurodollar Margin or Base Rate Margin based on our Total Leverage Ratio (in each case, as those terms are defined in the Amended Credit Agreement).

The Amended Credit Agreement contains customary covenants applicable to the Company and certain of its subsidiaries, including financial covenants. Under the Amended Credit Agreement, we are required to maintain a maximum ratio of Total Liabilities to Tangible Net Worth (in each case, as those terms are defined in the Amended Credit Agreement) of greater than 2.0 to 1.0 as of the end of any fiscal quarter. We are also required to maintain, as of the end of each fiscal quarter, (x) a Fixed Charge Coverage Ratio (as defined in the Amended Credit Agreement) of not less than 1.2 to 1.0 and (y) a Total Leverage Ratio (as defined in the Amended Credit Agreement) of not more than 3.0 to 1.0. The Amended Credit Agreement is subject to customary events of default, and contemplates that we would be in default if for any fiscal quarter, (x) the average monthly D3 RIN Price (as determined in accordance with the Amended Credit Agreement) is less than $0.80 per RIN and (y) the consolidated EBITDA for such quarter is less than $6.0 million.

Our obligations under the Amended Credit Agreement are required to be guaranteed by certain of our subsidiaries. As of January 4, 2021, the subsidiary guarantors of the Amended Credit Agreement are Montauk Energy Capital, LLC, Montauk USA, MEDC, LLC, MH Energy LLC, MH Energy (GP), LLC, TX LFG Energy, LP, Monroeville LFG, LLC, Valley LFG, LLC, GSF Energy, LLC, Johnstown LFG Holdings Inc., Johnstown Regional Energy, LLC, Apex LFG Energy, LLC, Montauk Renewable Ag, LLC, Galveston LFG, LLC, Bowerman Power LFG, LLC, Tulsa LFG, LLC, Monmouth Energy, Inc. and Pico Energy, LLC. The Amended Credit Agreement is also guaranteed by Montauk.

A copy of the Amended Credit Agreement is filed as an exhibit to the registration statement of which this prospectus forms a part.

## SHARES ELIGIBLE FOR FUTURE SALE

Prior to the completion of this offering, there has been no public market for our common stock. Future sales of our common stock in the public market, or the perception that sales may occur, could materially adversely affect the prevailing market price of our common stock at such time and our ability to raise equity capital in the future.

### Sale of Restricted Securities

Upon completion of this offering, we will have shares of our common stock outstanding (or shares, if the underwriter exercises its option to purchase additional shares in full). Of these shares, all shares sold in this offering will be freely tradable without further restriction or registration under the Securities Act, except that any shares purchased by our affiliates may generally only be sold in compliance with Rule 144, which is described below. Of the remaining outstanding shares, shares will be deemed "restricted securities" under the Securities Act and may be subject to lock-up agreements. These remaining shares will generally become available for sale in the public market as follows:

- no restricted shares will be eligible for immediate sale upon the closing of this offering; and
- shares will be eligible for sale upon expiration of the lock-up agreements 181 days after the date of this prospectus, subject to any volume and other limitations applicable to the holders of such shares.

### Rule 144

In general, a person who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell their securities provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale, (ii) we have been subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale, and (iii) we are current in our Exchange Act reporting at the time of sale. Additionally, a person who has beneficially owned restricted shares for at least one year and who is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days before the sale, would be entitled to sell those securities at any time.

Persons who have beneficially owned shares of our common stock for at least six months, but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of either of the following:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after the completion of this offering; and
- the average weekly trading volume of our common stock on during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Such sales by affiliates must also comply with the manner of sale, current public information, and notice provisions of Rule 144.

### Rule 701

In general, under Rule 701 a person who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been one of our affiliates during the immediately preceding 90 days may sell these shares in reliance upon Rule 144, but without being required to comply with the notice, manner of sale, public information requirements, or volume limitation provisions of Rule 144. Rule 701 also permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701.

**Lock-Up Agreements**

In connection with this offering, we, each of our directors, executive officers and certain other stockholders will enter into lock-up agreements with Roth Capital Partners, LLC. See "Underwriting—Lock-up Agreements."

**Registration Statement on Form S-8**

We intend to file a registration statement on Form S-8 under the Securities Act promptly after the completion of this offering to register the offer and sale of shares of our common stock reserved for future issuance under our Equity Plan. The registration statement on Form S-8 will become effective immediately upon filing, and shares of our common stock covered by the registration statement may then be publicly resold under a valid exemption from registration and subject to the Rule 144 limitations applicable to affiliates, vesting restrictions and any applicable market standoff agreements and lock-up agreements. See "Executive Compensation—Compensation Arrangements to be Adopted in Connection with this Offering—Equity and Incentive Compensation Plan" for a description of our equity incentive plan.

## CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of certain U.S. federal income tax consequences relevant to the purchase, ownership, and disposition of our common stock sold pursuant to this offering by non-U.S. holders (as defined below), but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Code, Treasury regulations promulgated or proposed thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "*IRS*"), in each case in effect as of the date hereof. These authorities may be changed, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought, and will not seek, any rulings from the IRS regarding the matters discussed below, and there can be no assurance that the IRS will not take a position contrary to those discussed below or that any position taken by the IRS will not be sustained.

This summary is limited to non-U.S. holders who purchase our common stock pursuant to this offering and who hold shares of our common stock as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment purposes). This summary does not address the tax consequences arising under the laws of any non-U.S., state, or local jurisdiction or under U.S. federal gift and estate tax laws or the effect, if any, of the alternative minimum tax, the Medicare contribution tax imposed on net investment income, or the effects of Section 451 of the Code conforming the timing of income accruals to financial statements. In addition, this discussion does not address tax considerations applicable to an a non-U.S. holder's particular circumstances or to a non-U.S. holder that may be subject to special tax rules, including, without limitation:

- banks, insurance companies, or other financial institutions;
- partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes and investors therein;
- tax-exempt organizations or governmental organizations;
- controlled foreign corporations, passive foreign investment companies, and corporations that accumulate earnings to avoid U.S. federal income tax;
- brokers or dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- U.S. expatriates and former citizens or former long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction," or other risk reduction transaction;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- tax-qualified retirement plans;
- qualified foreign pension funds as defined in Section 897(l)(2) of the Code and entities all of the interest which are held by qualified foreign pension funds; and
- persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership (including an entity or arrangement classified as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that hold our common stock, and partners in such partnerships, should consult their tax advisors.

**YOU SHOULD CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION, AS WELL AS**

**ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX RULES, U.S. ALTERNATIVE MINIMUM TAX RULES, OR UNDER THE LAWS OF ANY NON-U.S., STATE, OR LOCAL TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.**

**Non-U.S. Holder Defined**

For purposes of this discussion, you are a "non-U.S. holder" if you are a beneficial owner of our common stock and you are neither a "U.S. person" nor an entity or arrangement classified as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) whose administration is subject to the primary supervision of a U.S. court and which has one or more "United States person" (as defined in the Code) who have the authority to control all substantial decisions of the trust or (y) which has made an election under applicable Treasury regulations to be treated as a United States person for U.S. federal income tax purposes.

**Distributions**

As described under "Dividend Policy" in this prospectus, we do not expect to make any distributions for the foreseeable future. However, if we do make distributions on our common stock, other than certain pro rata distributions of common stock, those distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent distributions exceed both our current and our accumulated earnings and profits, they will first constitute a return of capital and will reduce your adjusted tax basis in our common stock, but not below zero, and then any excess will be treated as capital gain from the sale of our common stock, subject to the tax treatment described below in "—Gain on Sale or Other Taxable Disposition of Common Stock."

Any dividend paid to you generally will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividend, or such lower rate as may be specified by an applicable income tax treaty, except to the extent that the dividends are "effectively connected" dividends, as described below. In order to claim treaty benefits to which you are entitled, you must provide us with a properly completed IRS Form W-8BEN or W-8BEN-E certifying qualification for the reduced treaty rate. If you do not timely furnish the required documentation, but are otherwise eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty, you may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. If you hold our common stock through a financial institution or other agent acting on your behalf, you will be required to provide appropriate documentation to the agent, who then will be required to provide certification to us or our paying agent, either directly or through other intermediaries.

We may withhold up to 30% of the gross amount of the entire distribution even if greater than the amount constituting a dividend, as described above, to the extent provided for in the Treasury Regulations. If tax is withheld on the amount of a distribution in excess of the amount constituting a dividend, then a refund of any such excess amounts may be obtained if a claim for refund is timely filed with the IRS.

Dividends received by you that are effectively connected with your conduct of a trade or business within the United States (and, if an applicable income tax treaty requires, attributable to a permanent establishment or fixed base maintained by you in the United States) are exempt from the U.S. federal withholding tax described

above. In order to claim this exemption, you must provide us with an IRS Form W-8ECI (or other successor form) properly certifying that the dividends are effectively connected with your conduct of a trade or business within the United States. Such effectively connected dividends, although not subject to U.S. federal withholding tax, are generally taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons, net of certain deductions and credits. In addition, if you are a corporate non-U.S. holder, you may also be subject to a branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on your effectively connected earnings and profits for the taxable year that are attributable to such dividends, as adjusted for certain items.

**Gain on Sale or Other Taxable Disposition of Common Stock**

Subject to the discussions below regarding FATCA and backup withholding, you generally will not be required to pay U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with your conduct of a U.S. trade or business (and, if an applicable income tax treaty requires, the gain is attributable to a permanent establishment or fixed base maintained by you in the United States);
- you are an individual who is present in the United States for a period or periods aggregating 183 days or more during the taxable year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a U.S. real property interest by reason of our status as a "United States real property holding corporation," or a USRPHC, for U.S. federal income tax purposes, at any time during the shorter of the five-year period ending on the date of the sale or other taxable disposition of, or your holding period for, our common stock.

If you are a non-U.S. holder described in the first bullet above, you generally will be subject to U.S. federal income tax on the gain derived from the sale or other taxable disposition (net of certain deductions or credits) under regular graduated U.S. federal income tax rates generally applicable to U.S. persons, and corporate non-U.S. holders described in the first bullet above also may be subject to branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

If you are an individual non-U.S. holder described in the second bullet above, you will be subject to U.S. federal income tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on the gain derived from the sale or other taxable disposition, which may be offset by U.S. source capital losses for that taxable year (even though you are not considered a resident of the United States), provided that you have timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet above, in general, we would be a USRPHC if our "U.S. real property interests" comprised at least 50% of the sum of the fair market value of our worldwide real property interests plus our other assets used or held in our trade or business. We believe that we are not currently and (based upon our projections as to our business) will not become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a non-U.S. holder of our common stock will not be subject to U.S. federal income tax if our common stock is "regularly traded" (within the meaning of applicable Treasury regulations) on an established securities market, and such non-U.S. holder owned, actually or constructively, five percent or less of our common stock at any time during the applicable period described above.

You should consult your tax advisor regarding any potential applicable income tax or other treaties that may provide for different rules.

**Backup Withholding and Information Reporting**

Payments of dividends on our common stock will not be subject to backup withholding, provided you either certify your non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E, or W-8ECI, or otherwise establish an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to you, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above or you otherwise establish an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to tax authorities in your country of residence, establishment, or organization.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules maybe allowed as a refund or credit against a non-U.S. holder's U.S. federal income tax liability, provided that the required information is furnished to the IRS in a timely manner.

**Additional Withholding Tax on Payments Made to Foreign Accounts**

Sections 1471 through 1474 of the Code and Treasury regulations thereunder, commonly referred to as FATCA, generally imposes a U.S. federal withholding tax of 30% on dividends on, and the gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. The United States Treasury Department has released proposed Treasury regulations which, if finalized in their present form, would eliminate the application of this regime with respect to payments of gross proceeds (but not dividends). Pursuant to these proposed Treasury regulations, we and any other applicable withholding agent may (but are not required to) rely on this proposed change to FATCA withholding until final regulations are issued or until such proposed regulations are rescinded. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. government requiring, among other things, that it undertakes to withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders, and to annually identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code). Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our common stock.

**THE PRECEDING DISCUSSION OF U.S. FEDERAL TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY. THIS DISCUSSION IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.**

## UNDERWRITING

We will enter into an underwriting agreement with the underwriter, Roth Capital Partners, LLC, and the selling stockholder. We refer to Roth Capital Partners, LLC as the "underwriter." Subject to the terms and conditions of the underwriting agreement, we and the selling stockholder will agree to sell to the underwriter, and the underwriter will agree to purchase from us and the selling stockholder, shares of our common stock.

Pursuant to the terms and subject to the conditions contained in the underwriting agreement, we and the selling stockholder will agree to sell to the underwriter named below, and the underwriter will agree to purchase from us and the selling stockholder, the number of shares of common stock set forth opposite its name below:

| Name | Number of Shares |
|---|---|
| Roth Capital Partners, LLC | |
| Total | |

The underwriting agreement will provide that the obligation of the underwriter to purchase the shares of common stock offered by this prospectus, other than those covered by the option to purchase additional shares of common stock described below, is subject to certain conditions. The underwriter will be obligated to purchase all of the shares of common stock offered hereby if any of the shares are purchased.

The underwriter will offer the shares of common stock, subject to prior sale, when, as and if issued to and accepted by it, subject to approval of legal matters by its counsel and other conditions specified in the underwriting agreement. The underwriter will reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

### Discounts, Commissions and Expenses

The underwriter proposes to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. After this offering, the public offering price and concession may be changed by the underwriter. No such change shall change the amount of proceeds to be received by us as set forth on the cover page of this prospectus.

In connection with the sale of the shares to be purchased by the underwriter, the underwriter will be deemed to have received compensation in the form of underwriting commissions and discounts. The underwriter's commissions and discounts will be % of the gross proceeds of this offering, or $ per share of common stock based on the public offering price set forth on the cover page of this prospectus.

The expenses of this offering, not including the underwriting discounts and commissions, are estimated at $ and are payable by us. We will also agree to reimburse the underwriter for reasonable out-of-pocket expenses in connection with this offering, including fees and disbursements of counsel.

In addition, we will agree to issue the underwriter warrants to purchase a number of shares of common stock equal to 5% of the number of shares sold in this offering by us. The underwriter warrants will be exercisable upon issuance, will have an exercise price equal to 110% of the initial public offering price and will terminate on the fifth anniversary of the effective date of the registration statement of which this prospectus is a part. The underwriter warrants and the underlying shares of common stock are deemed compensation by the Financial Industry Regulatory Authority, Inc., or FINRA, and will therefore be subject to FINRA Rule 5110(g)(1). In accordance with FINRA Rule 5110(g)(1), neither the underwriter warrants nor any of our shares issued upon exercise of the underwriter warrants may be sold, transferred, assigned, pledged or hypothecated, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of such securities by any person, for a period of 180 days immediately following the date of effectiveness or commencement of sales of the offering pursuant to which the underwriter warrants are being issued, subject to certain exceptions.

We will grant the underwriter an overallotment option. This option, which will be exercisable for up to 30 days after the date of this prospectus, will permit the underwriter to purchase up to shares of common stock at the public offering price, less underwriting discounts and commissions, to cover overallotments, if any.

The following table shows the total underwriting discounts and commissions to be payable to the underwriter by us in connection with this offering (assuming both the exercise in full and non-exercise of the overallotment option to purchase additional shares of common stock we will grant to the underwriter):

| | Per Share | | Total | |
|---|---|---|---|---|
| | Without Over-allotment Option | With Over-allotment Option | Without Over-allotment Option | With Over-allotment Option |
| Public offering price | $ | $ | $ | $ |
| Underwriting discounts and commissions to be paid by us | | | | |
| Underwriting discounts and commissions to be paid by the selling stockholder | | | | |
| Proceeds, before expenses, to us | | | | |
| Proceeds, before expenses, to the selling stockholder | | | | |

**Indemnification**

Pursuant to the underwriting agreement, we and the selling stockholder will agree to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the underwriter or such other indemnified parties may be required to make in respect of those liabilities.

**Lock-Up Agreements**

We, the selling stockholder and certain of our large stockholders will agree not to (i) offer, pledge, issue, sell, contract to sell, purchase, contract to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock; (ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of shares of common stock; or (iii) file any registration statement with the SEC relating to the offering of any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock, without the prior written consent of Roth Capital Partners, LLC and subject to limited exceptions, for a period of 180 days following the date of this prospectus (the "*Lock-up Period*"). This consent may be given at any time without public notice. These restrictions on future issuances will be subject to exceptions for (i) the issuance of shares of our common stock, (ii) the issuance of shares of our common stock or options to acquire shares of our common stock pursuant to our equity incentive plans and (iii) the filing of one or more registration statements on Form S-8 with respect to shares of our common stock underlying our equity incentive plans from time to time, including the Equity Plan.

In addition, each of our directors and executive officers will enter into a lock-up agreement with the underwriter. Under the lock-up agreements, the directors and executive officers may not, subject to certain exceptions, directly or indirectly, sell, offer to sell, contract to sell, or grant any option for the sale (including any short sale), grant any security interest in, pledge, hypothecate, hedge, establish an open "put equivalent position" (within the meaning of Rule 16a-1(h) under the Exchange Act), or otherwise dispose of, or enter into any transaction which is designed to or could be expected to result in the disposition of, any shares of our common stock or securities convertible into or exchangeable for shares of our common stock, or publicly announce any intention to do any of the foregoing, without the prior written consent of Roth Capital Partners, LLC and subject to limited exceptions, for a period of 180 days from the date of this prospectus. This consent may be given at any time without public notice.

**Electronic Distribution**

This prospectus may be made available in electronic format on websites or through other online services maintained by the underwriter or by its affiliates. In those cases, prospective investors may view offering terms

online and prospective investors may be allowed to place orders online. Other than this prospectus in electronic format, the information on the underwriter's website or our website and any information contained in any other websites maintained by the underwriter or by us is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the underwriter in its capacity as underwriter, and should not be relied upon by investors.

**Price Stabilization, Short Positions and Penalty Bids**

In connection with the offering, the underwriter may engage in stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act:

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Sales by the underwriter of securities in excess of the number of securities the underwriter is obligated to purchase creates a syndicate short position. The underwriter may close out any syndicate short position by purchasing shares in the open market.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions.
- Penalty bids permit the underwriter to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be discontinued at any time.

Neither we, the selling stockholder nor the underwriter make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our shares of common stock. In addition, neither we, the selling stockholder nor the underwriter make any representation that the underwriter will engage in these transactions or that any transaction, if commenced, will not be discontinued without notice.

**Passive Market Making**

In connection with this offering, the underwriter may engage in passive market making transactions in our common stock on the Nasdaq in accordance with Rule 103 of Regulation M under the Exchange Act, during a period before the commencement of offers or sales of the shares and extending through the completion of the distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, then that bid must then be lowered when specified purchase limits are exceeded.

**Other Relationships**

From time to time, the underwriter and its affiliates have provided, and may provide in the future, various advisory, investment and commercial banking and other services to us in the ordinary course of business, for which they have received and may continue to receive customary fees and commissions. However, except as disclosed in this prospectus, we have no present arrangements with the underwriter for any further services.

**Pricing of the Offering**

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations between us and the representative. Among the factors to be considered

in determining the initial public offering price are our future prospects and those of our industry in general, our sales, earnings, and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

**Offer Restrictions Outside the United States**

Other than in the United States, no action has been taken by us or the underwriter that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

**Selling Restrictions**

***European Economic Area and the United Kingdom***

In relation to each Member State of the European Economic Area and the United Kingdom (each, a "*Relevant State*"), no shares of common stock have been offered or will be offered to the public in that Relevant State prior to the publication of a prospectus in relation to the shares of common stock that has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State (all in accordance with the Prospectus Regulation), except that an offer to the public of any shares of common stock in that Relevant State may be made at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the underwriter for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation; and

further provided that no such offer of shares of common stock shall result in a requirement for the publication by us or the underwriter of a prospectus pursuant to Article 3 of the Prospectus Regulation, or a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of common stock in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of common stock to be offered so as to enable an investor to decide to purchase any shares of common stock, and the expression "Prospectus Regulation" means Regulation 2017/1129/EU (as amended).

***United Kingdom***

The underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

section 21 of the Financial Services and Markets Act 2000 (the "*FSMA*") received by it in connection with the issue or sale of any shares of common stock in circumstances in which section 21(1) of the FSMA does not apply to us;

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any shares of common stock in, from or otherwise involving the United Kingdom.

In the United Kingdom, this prospectus is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Regulation) who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "*Order*") and/or (ii) are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "*relevant persons*"). This prospectus must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this prospectus relates is only available to, and will be engaged in with, relevant persons.

***Hong Kong***

The shares of common stock have not been and may not and will not be offered or sold in Hong Kong, by means of any document, other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares of common stock has been, may be or will be issued, or has been, may be, or will be in the possession of any person for the purposes of issue (in each case, whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares of common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

The contents of this prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this prospectus, you should obtain independent professional advice.

The information and this prospectus are strictly confidential to the person whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) by recipient to any other person or used for any purpose in Hong Kong.

***China***

The shares of common stock may not be offered or sold directly or indirectly to the public in the People's Republic of China ("*China*") and neither this prospectus, which has not been submitted to the Chinese Securities and Regulatory Commission or registered with the Asset Management Association of China, nor any offering material or information contained herein relating to the shares of common stock, may be supplied to the public in China or used in connection with any offer for the subscription or sale of shares of common stock to the public in China. The shares of common stock may only be offered or sold to China-related organizations which are authorized to engage in foreign exchange business and offshore investment from outside of China. Such

qualified institutional investors shall be subject to foreign exchange control approval and filing requirements under the relevant Chinese foreign exchange regulations with respect to the subscription and trading of the shares of common stock.

***South Africa***

No "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "*South African Companies Act*")) is being made in connection with the issue of the shares of common stock in connection with this offering. Accordingly, this document does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the shares in South Africa constitutes an offer of the shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from "offers to the public" set out in section 96(1)(a) of the South African Companies Act. Accordingly, this document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as "*SA Relevant Persons*"). Any investment or investment activity to which this document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA Relevant Persons.

## LEGAL MATTERS

The validity of the issuance of the shares of common stock offered by this prospectus will be passed on for us by Jones Day. Certain legal matters relating to this offering will be passed on for the underwriter by Gibson, Dunn & Crutcher LLP.

## EXPERTS

The audited consolidated financial statements of Montauk Holdings USA, LLC as of December 31, 2019 and 2018 and for the years then ended included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

The audited financial statements of Montauk Renewables, Inc. as of November 15, 2020 included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to our shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. Some items are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the shares of common stock offered hereby, we refer you to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus as to the contents of any contract, agreement or any other document are summaries of the material terms of such contract, agreement or other document. With respect to each of these contracts, agreements or other documents filed as an exhibit to the registration statement, reference is made to the exhibits for a more complete description of the matter involved. The SEC maintains a web site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of the SEC's website is *www.sec.gov*.

Upon completion of this offering, we will be required to file periodic reports, proxy statements and other information with the SEC pursuant to the Exchange Act. To comply with these requirements, we will file periodic reports, proxy statements and other information with the SEC.

We intend to make available on or through our internet website, *www.montaukenergy.com*, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

## GLOSSARY OF KEY TERMS

Unless the context requires otherwise, references to "Montauk," the "Company," "we," "us" or "our" refer to Montauk Renewables, Inc. and its consolidated subsidiaries following completion of the Reorganization Transactions. Unless the context requires otherwise, for periods prior to the Reorganization Transactions, references to "MNK" refer to Montauk Holdings Limited and its consolidated subsidiaries, through which our business and operations have historically been conducted.

Unless we otherwise indicate, or unless the context requires otherwise, any references in this prospectus to:

- "*ADG*" refers to anaerobic digested gas.
- "*CARB*" refers to the California Air Resource Board.
- "*CNG*" refers to compressed natural gas.
- "*CI*" refers to carbon intensity.
- "*CWCs*" refers to cellulosic waiver credits.
- "*D3*" refers to cellulosic biofuel with a 60% GHG reduction requirement.
- "*D5*" refers to advanced biofuels with a 50% GHG reduction requirement.
- "*EHS*" refers to environment, health and safety.
- "*EIA*" refers to the U.S. Energy Information Administration.
- "*EPA*" refers to the U.S. Environmental Protection Agency.
- "*Environmental Attributes*" refer to federal, state and local government incentives in the United States, provided in the form of RINs, RECs, LCFS credits, rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of renewable energy projects, that promote the use of renewable energy.
- "*FERC*" refers to the U.S. Federal Energy Regulatory Commission
- "*GHG*" refers to greenhouse gases.
- "*JSE*" refers to the Johannesburg Stock Exchange.
- "*LCFS*" refers to Low Carbon Fuel Standard.
- "*LFG*" refers to landfill gas.
- "*LNG*" refers to liquefied natural gas.
- "*PPAs*" refers to power purchase agreements.
- "*RECs*" refers to Renewable Energy Credits.
- "*Renewable Electricity*" refers to electricity generated from renewable sources.
- "*RFS*" refers to the EPA's Renewable Fuel Standard.
- "*RINs*" refers to Renewable Identification Numbers.
- "*RNG*" refers to renewable natural gas.
- "*RPS*" refers to Renewable Portfolio Standards.
- "*RVOs*" refers to renewable volume obligations.
- "*WRRFs*" refers to water resource recovery facilities.

**MONTAUK HOLDINGS USA, LLC**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Members and Board of Directors
Montauk Holdings USA, LLC

**Opinion on the financial statements**

We have audited the accompanying consolidated balance sheets of Montauk Holdings USA, LLC (a Delaware limited liability company) and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, member's equity, and cash flows for each of the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

**Basis for opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2007.

Pittsburgh, Pennsylvania
October 14, 2020

**MONTAUK HOLDINGS USA, LLC**

**CONSOLIDATED BALANCE SHEETS**

| *(in thousands):* | As of the year ended December 31, 2019 | 2018 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 9,788 | $ 54,032 |
| Restricted cash | 7 | — |
| Accounts and other receivables, net | 9,968 | 11,023 |
| Prepaid expenses and other current assets | 2,779 | 1,431 |
| Total current assets | $ 22,542 | $ 66,486 |
| Property, plant & equipment, net | $ 193,498 | $ 168,418 |
| Operating lease right-of-use assets | 769 | — |
| Deferred tax assets | 8,745 | 7,847 |
| Intangible assets, net | 12,338 | 13,084 |
| Restricted cash | 567 | 947 |
| Goodwill | 60 | 60 |
| Investments | — | 1,096 |
| Other assets | 5,094 | 3,794 |
| **Total assets** | **$ 243,613** | **$ 261,732** |
| **LIABILITIES AND MEMBER'S EQUITY** | | |
| Current Liabilities: | | |
| Accounts payable | $ 3,844 | $ 4,541 |
| Accrued liabilities | 8,685 | 6,993 |
| Current portion of operating lease liability | 269 | — |
| Income taxes payable | — | 1,502 |
| Current portion of derivative instruments | 588 | 347 |
| Current portion of long-term debt | 9,310 | 18,313 |
| Total current liabilities | $ 22,696 | $ 31,696 |
| Non-current portion of operating lease liability | $ 511 | $ — |
| Non-current portion of derivative instruments | 1,045 | 127 |
| Long-term debt, less current portion | 57,256 | 74,649 |
| Asset retirement obligations | 5,928 | 5,399 |
| Other liabilities | 1,920 | 1,920 |
| Total liabilities | $ 89,356 | $ 113,791 |
| Member's equity | $ 154,257 | $ 147,941 |
| **Total liabilities and member's equity** | **$ 243,613** | **$ 261,732** |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**MONTAUK HOLDINGS USA, LLC**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

| *(in thousands except per share data):* | For the year ended December 31, 2019 | 2018 |
|---|---|---|
| Total operating revenues | $107,383 | $116,433 |
| Operating expenses: | | |
| Operating and maintenance expenses | $ 39,783 | $ 29,073 |
| General and administrative expenses | 13,632 | 11,953 |
| Royalties, transportation, gathering and production fuel | 20,558 | 22,359 |
| Depreciation and amortization | 19,760 | 16,195 |
| Impairment loss | 2,443 | 854 |
| Transaction costs | 202 | 176 |
| Total operating expenses | $ 96,378 | $ 80,610 |
| Operating profit | $ 11,005 | $ 35,823 |
| Other expenses (income): | | |
| Interest expense | $ 5,576 | $ 3,083 |
| Equity loss (gain) of nonconsolidated investments | (94) | 224 |
| Net loss (gain) on sale of assets | 10 | (266) |
| Other expense (income) | 47 | (3,781) |
| Total other expenses (income) | $ 5,539 | $ (740) |
| Income before income taxes | $ 5,466 | $ 36,563 |
| Income tax expense (benefit) | (354) | 7,796 |
| Net income | $ 5,820 | $ 28,767 |
| Pro forma earnings per share (unaudited): | | |
| Basic | | |
| Diluted | | |
| Pro forma weighted-average common shares outstanding (unaudited): | | |
| Basic | | |
| Diluted | | |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**MONTAUK HOLDINGS USA, LLC**

**CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY**

| *(in thousands):* | Member's Equity |
|---|---|
| **Balance December 31, 2017** | **$130,293** |
| Net income | 28,767 |
| Stock-based compensation | 637 |
| Dividends | (11,756) |
| **Balance December 31, 2018** | **$147,941** |
| Net income | 5,820 |
| Stock-based compensation | 570 |
| Class B Shareholder repurchase | (74) |
| **Balance December 31, 2019** | **$154,257** |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

## MONTAUK HOLDINGS USA, LLC

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| *(in thousands):* | For the year ended December 31, 2019 | 2018 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net Income | $ 5,820 | $ 28,767 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, depletion and amortization | 19,760 | 16,195 |
| Provision for deferred income taxes | (898) | 6,300 |
| Stock-based compensation | 570 | 637 |
| Non-cash asset held for sale transfer | — | 1,234 |
| Derivative mark-to-market and settlements | 994 | 430 |
| Net gain on sale of assets | (40) | (322) |
| Accretion of asset retirement obligations | 391 | 399 |
| Amortization of debt issuance costs | 1,118 | 655 |
| Inventory obsolescence | — | 105 |
| Non-cash adjustment to capital expenditures | (361) | 29 |
| Equity (income) loss of nonconsolidated investments | (94) | 224 |
| Impairment loss | 2,443 | 854 |
| Accounts receivables and other current assets | (2,287) | (3,196) |
| Accounts payable and other accrued expenses | 48 | (2,630) |
| Net cash provided by operating activities | $ 27,464 | $ 49,681 |
| **Cash flows from investing activities:** | | |
| Capital expenditures | $(45,249) | $ (40,191) |
| Cash collateral deposits, net | 353 | (46) |
| Proceeds from sale of equity method investments | 300 | — |
| Proceeds from insurance recovery | 30 | 401 |
| Distributions from equity method investment | — | (1,320) |
| Proceeds from sale of assets | — | 1,250 |
| Acquisitions, net of cash received | — | (12,980) |
| Net cash used in investing activities | $(44,566) | $ (52,886) |
| **Cash flows from financing activities:** | | |
| Borrowings of long-term debt | $ 28,198 | $ 114,500 |
| Repayments of long-term debt | (55,001) | (66,165) |
| Debt issuance costs | (638) | (2,348) |
| Dividends | — | (11,756) |
| Class B shareholder repurchase | (74) | — |
| Net cash provided by (used in) financing activities | $(27,515) | $ 34,231 |
| **Net increase or decrease in cash, cash equivalents and restricted cash** | $(44,617) | $ 31,026 |
| Cash, cash equivalents and restricted cash at beginning of year | $ 54,979 | $ 23, 953 |
| Cash, cash equivalents and restricted cash at end of year | $ 10,362 | $ 54,979 |
| **Reconciliation of cash, cash equivalents and restricted cash at end of year:** | | |
| Cash and cash equivalents | $ 9,788 | $ 54,032 |
| Restricted cash and cash equivalents—current | 7 | — |
| Restricted cash and cash equivalents—non-current | 567 | 947 |
| | $ 10,362 | $54,979 |
| **Supplemental cash flow information:** | | |
| Capital expenditures financed by accounts payable | $ 92 | $ 821 |
| Cash paid for interest (net of amounts capitalized) | 4,847 | 2,843 |
| Cash paid for income taxes | 2,679 | 349 |
| Change in asset retirement obligation estimate | — | (1,778) |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**MONTAUK HOLDINGS USA, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***(all amounts in thousands, unless otherwise indicated)***

## NOTE 1—DESCRIPTION OF BUSINESS

### Operations and organization

Montauk Holdings USA, LLC and subsidiaries ("*Montauk USA*" or the "*Company*") is a holding company, formed on November 20, 2006 for the specific purpose of acquiring the membership interests in Montauk Energy Capital, LLC ("*MEC*"). On November 20, 2010, Montauk USA formed Montauk Energy Holdings, LLC ("*MEH*"), a wholly-owned subsidiary to which Montauk USA contributed its membership interests in MEC. All references to operations and operating results pertain to the combined operations of MEC and MEH (collectively "*Montauk Energy*"). The Company is 100% owned by Montauk Holdings Ltd., an investment holding company, incorporated in South Africa with its operating subsidiaries domiciled in the United States.

Montauk Energy is a renewable energy company specializing in the management, recovery and conversion of biogas into Renewable Natural Gas ("*RNG*"). The Company captures methane, preventing it from being released into the atmosphere, converting it into either RNG or electrical power for the electrical grid ("*Renewable Electricity*"). The Company, headquartered in Pittsburgh, Pennsylvania, has more than 30 years of experience in the development, operation and management of landfill methane-fueled renewable energy projects. The Company has current operations at 15 operating projects located in California, Idaho, Ohio, Oklahoma, Pennsylvania and Texas. The Company sells RNG and Renewable Electricity, taking advantage of Environmental Attributes (as defined below) premiums available under federal and state policies that incentivize their use.

One of the Company's key revenue drivers is the selling of captured gas and the selling of Renewable Identification Numbers ("*RINs*") to fuel blenders. The Renewable Fuel Standard ("*RFS*") is an Environmental Protection Agency (the "*EPA*") administered federal law that requires transportation fuel to contain a minimum volume of renewable fuel. RNG derived from landfill methane, agricultural digesters and wastewater treatment facilities used as a vehicle fuel qualifies as a D3 (cellulosic biofuel with a 60% greenhouse gas reduction requirement) RIN. The RINs are compliance units for fuel blenders that were created by the RFS program in order to reduce greenhouse gases and imported petroleum into the United States.

An additional program utilized by the Company is the Low Carbon Fuel Standard ("*LCFS*"). This is state specific and is designed to stimulate the use of low-carbon fuels. To the extent that RNG from the Company's facilities is used as a transportation fuel in states that have adopted an LCFS program, it is eligible to receive an Environmental Attribute additional to the RIN value under the federal RFS.

The second primary revenue driver is the selling of captured electricity and the associated environmental premiums related to renewable sales. The Company's electric facilities are designed to conform to and monetize various state renewable portfolio standards requiring a percentage of the electricity produced in that state to come from a renewable resource. Such premiums are in the form of Renewable Energy Credits ("*RECs*"). All four of the Company's electric facilities receive revenue for the monetization of RECs either as a part of a power sales agreement or separately.

Collectively, the Company benefits from federal, state and local government incentives in the United States, provided in the form of RINs, RECs, LCFS credits, rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of renewable energy projects, that promote the use of renewable energy, as environmental attributes ("*Environmental Attributes*").

**MONTAUK HOLDINGS USA, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Principles of Consolidation

The consolidated financial statements include the accounts of Montauk USA, MEH, MEC and their respective subsidiaries and joint ventures in which a controlling interest is held. All intercompany balances and transactions have been eliminated in consolidation. The Company utilizes the equity method of accounting for companies where its ownership is greater than 50% and significant but controlling interest does not exist.

### Unaudited Pro Forma Information

Prior to the completion of our initial public offering ("*IPO*"), Montauk Holdings Ltd. will distribute the common stock of Montauk Renewables, Inc. to its shareholders and immediately prior thereto Montauk Renewables, Inc. will enter into a series of transactions in which it will assume the assets and liabilities of Montauk Energy ("*Reorganization Transactions*").

### Segment Reporting

The Company reports segment information consistent with the internal reporting provided to the chief operating decision maker evaluates operating results and performance. The aforementioned business services and offerings described in Note 1 are grouped and defined by management as two distinct operating segments: RNG and Renewable Electricity Generation. Below is a description of the Company's operating segments and other activities.

Our RNG segment represents the sale of gas sold at fixed-price contracts, counterparty share RNG volumes and applicable Environmental Attributes. This business unit represents the majority of the revenues generated by the Company.

The Renewable Electricity Generation segment represents the sale of captured electricity and applicable Environmental Attributes.

Corporate & Other relates to additional discrete financial information for the corporate function; primarily used as a shared service center for maintaining functions such as executive, accounting, treasury, legal, human resources, tax, environmental, engineering and other operations functions not otherwise allocated to a segment. As such, the corporate entity is not determined to be an operating segment but is discretely disclosed for purposes of reconciliation to the Company's consolidated financial statements.

### Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States ("*GAAP*"), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include highly liquid investments with maturity dates of three months or less from the date of purchase and are recorded at cost. From time to time, the Company holds cash in banks in excess of

federally insured limits. Restricted cash is classified as current or non-current based on the terms of the underlying agreements and represents cash held as deposits, cash held in escrow and cash collateral for financial letters of credit.

**Accounts and Other Receivables**

Accounts and other receivables on the Consolidated Balance Sheets represent outstanding billings for goods and services delivered to customers on an unsecured basis as well as reimbursable expenses. In evaluating its allowance for doubtful accounts for accounts receivable, the Company performs ongoing reviews of its outstanding receivables to determine if any amounts are uncollectable and adjusts the allowance for doubtful accounts accordingly. The Company recorded an immaterial allowance for doubtful accounts related to other than trade receivables at December 31, 2019. There were no such allowances for doubtful accounts at December 31, 2018.

**Property, Plant and Equipment**

Property, plant and equipment purchases are stated at cost. Depreciation and amortization are based on costs less estimated salvage values, primarily using the straight-line method over the estimated useful lives or, if applicable, the term of the related gas rights agreements or power purchase agreements, whichever is shorter. Maintenance and repairs are expensed as incurred. Major improvements that extend the useful lives of property are capitalized.

The estimated useful lives of the Company's property, plant and equipment reflect the expected consumption of the economic benefit of these assets as noted in the following table:

| | |
|---|---|
| Buildings and improvements | 5—30 years |
| Machinery and equipment | 1—43 years |
| Gas mineral rights | 15—25 years |

The Company received insurance proceeds of $30 for business interruption at one of its RNG facilities as a result of a truck crash during 2019. During 2018, the Company received insurance proceeds of $401, net of deductibles of $250, related to schedule and performance inefficiencies due to a forced interconnection curtailment at one of its electric generation facilities. These insurance proceeds are included in Other income in the Consolidated Statements of Operations.

**Goodwill and Intangible Assets**

Goodwill is the cost of an acquisition less the fair value of the identified net assets of the acquired business. The Company recorded goodwill of $60 resulting from the acquisition of Pico Energy, LLC ("*Pico*") on September 21, 2018. More information about Pico is included in Note 3.

Separately identifiable intangible assets are recorded at their fair values upon acquisition. The Company accounts for its intangible assets in accordance with ASC 350, *Intangibles—Goodwill and Other* ("*ASC 350"*). Finite-lived intangible assets include interconnections, customer contracts and trade name & trademarks. The interconnection intangible asset is the exclusive right to utilize 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. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful life as depicted in the chart below. Indefinite intangible assets are not amortized and include emission allowances

and land use rights. Emission allowances consist of permanent allocations of nitrogen oxide ("*NOx*") credits. In certain regions of the United States, our business operations require us to obtain environmental permits, including environmental permits for the emission of NOx from internal combustion engines. Except for permanent allocations of NOx credits, the NOx credits available for use each year are capped at a level necessary for ozone attainment per the National Ambient Air Quality Standards. Permanent allowance allocations represent an ongoing authorization to emit NOx, making permanent allocations highly valuable. The Company acquired permanent allowance allocations through a prior acquisition and they are required in order to operate sites that were part of the acquisition.

The estimated useful lives of separately identified intangible assets are as follows:

| | |
|---|---|
| Interconnection | 10—25 years |
| Customer contracts | 2—15 years |
| Emissions allowances | Indefinite |
| Land use rights | Indefinite |

**Assets Held for Sale**

Assets classified as held for sale are reported at the lower of their carrying value or fair value less costs to sell. Assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction, rather than through continued use. This condition is met only when the sale is highly probable and the assets are available for immediate sale in their present condition, subject only to terms that are usual and customary for sales of such assets. Management must be committed to a sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale and actions required to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Impairment losses on initial classification as held-for-sale are recognized in the consolidated statement of operations. Assets held for sale are no longer depreciated or amortized. At December 31, 2019 and December 31, 2018, the Company had no assets classified as held for sale. See Note 8 for more information on the Company's investment in Red Top.

**Investments**

Investments in companies in which the Company has the ability to exert significant influence, but not control, over operating and financial policies (generally, 20% to 50% ownership) are accounted for using the equity method. Under the equity method, investments are initially recorded at cost and adjusted for dividends and undistributed earnings and losses. The equity method of accounting requires a company to recognize a loss in the value of an equity method investment that is other than a temporary decline.

**Long-Lived Asset Impairment**

In accordance with ASC 360*, Property, Plant and Equipment* ("*ASC 360*") and intangible assets with finite useful lives are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset or asset group to future undiscounted cash flows expected to be generated by the asset or asset group. Such estimates are based on certain assumptions, which are subject to uncertainty and may materially differ from actual results. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

**MONTAUK HOLDINGS USA, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

A summary of impairment losses on tangible and intangible assets for the year ended December 31, 2019 and 2018 is included in Note 4.

**Indefinite-Lived Asset Impairment**

Indefinite-lived intangible assets are required to be evaluated for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The evaluation of impairment under ASC 350 requires the use of projections, estimates and assumptions as to the future performance of the Company's operations, including anticipated future revenues, expected operating costs and the discount factor used. Actual results may differ from projections which, in turn, may result in the recognition of an impairment loss.

**Asset Retirement Obligations**

The Company accounts for asset retirement obligations as required under ASC 410, *Asset Retirement and Environmental Obligations,* ("*ASC 410*"). ASC 410 requires the fair value of a liability for an asset retirement obligation be recognized in the period in which the legal obligation arises, with the associated discounted asset retirement costs being capitalized as a part of the carrying amount of the long-lived asset and the annual accretion expense recorded in operations. The Company has recorded in the consolidated financial statements estimates for asset retirement obligations related to the decommissioning and removal requirements for specific gas processing and distribution assets, as required by their associated gas rights agreements.

**Income Taxes**

Montauk USA has elected to be treated as a corporation for income tax purposes. Therefore, income taxes are accounted for under the liability method on a consolidated basis by Montauk USA in accordance with ASC 740, *Income Taxes* ("*ASC 740*"). Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws. The provision for income taxes includes federal and state income taxes.

The Company recognizes the financial statement benefit of a tax position only after determining the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense.

**Derivative Instruments**

The Company applies the provisions of ASC 815, *Derivatives and Hedging,* ("*ASC 815*"). ASC 815 requires each derivative instrument to be recorded in the Consolidated Balance Sheets at its fair value. Changes in a derivative instrument's fair value are recognized currently in earnings unless specific hedge criteria are met.

**Fair Value of Financial Instruments**

The Company employs varying methods and assumptions in estimating the fair value of each class of financial instruments for which it is practicable to estimate fair value. For cash and cash equivalents, receivables and payables, the carrying amounts approximate fair value due to the short maturity of these instruments. For

long-term debt, the carrying amounts approximate fair value as the interest rates obtained by the Company approximate the prevailing interest rates available to the Company for similar instruments.

In accordance with ASC 820, *Fair Value Measurement* ("*ASC 820*"), a hierarchy is established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy defines three levels of inputs that may be used to measure fair value:

*Level 1*—Unadjusted quoted prices in active markets for identical unrestricted assets and liabilities that the reporting entity has the ability to access at the measurement date.

*Level 2*—Inputs other than quoted prices included within Level 1 that are observable for the assets and liabilities or can be corroborated with observable market data for substantially the entire contractual term of the assets or liabilities.

*Level 3*—Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in the pricing of the assets or liabilities and are consequently not based on market activity but rather through particular valuation techniques. The Company uses the fair value methodology to value the assets and liabilities recorded at fair value, including the Company's derivative instruments and asset retirement obligations.

The Company's gas hedges are valued based on the observable market price of the commodity hedged and are considered a Level 1 measurement. The Company's electricity hedges were valued based on unobservable inputs with no readily available market data and are considered a Level 3 measurement. The values of the Level 2 interest rate derivatives were 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. The Company has also considered both its own credit risk and counterparty credit risk in determining fair value and determined these adjustments were insignificant for the years ended December 31, 2019 and 2018. The Company's asset retirement obligations are recorded at fair value at the time the liability is incurred if a reasonable estimate of fair value can be made. Fair value is determined by calculating the estimated present value of the cost to retire the asset as determined by qualified engineers, based on currently available information and inflation estimates and is considered a Level 3 measurement.

A summary of changes in the fair values of the Company's Level 3 instruments, attributable to asset retirement obligations, for the years ended December 31, 2019 and 2018 is included in Note 12.

**Renewable Identification Numbers**

The Company generates D3 RINs through its production and sale of RNG used for transportation purposes as prescribed under the Federal Renewable Fuel Standard. The RINs that the Company generates as an output of its renewable operating projects can be separated and sold independent from the energy produced. Therefore, no cost is allocated to the RIN when it is generated. Revenue is recognized on these Environmental Attributes when there is an agreement in place to monetize the credits at an agreed upon price with a customer and transfer of control has occured. Realized prices for Environmental Attributes monetized in a year may not correspond directly to index prices due to the forward selling of commitments. The Company had 886 and 1,690 RINs generated and unsold as of December 31, 2019 and 2018, respectively.

MONTAUK HOLDINGS USA, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Renewable Energy Credits**

The Company generates RECs through its production and sale of landfill methane into renewable electric energy as prescribed by the State of California Renewables Portfolio Standard or the EPA. The RECs that the Company generates as an output of its renewable operating projects are able to be separated and sold independent from the electricity produced. Therefore, no cost is allocated to the REC when it is generated. Revenue is recognized on these Environmental Attributes when there is an agreement in place to monetize the credits at an agreed upon price with a customer and transfer of control has occurred.

**Equity-Based Compensation**

The Company accounts for equity-based compensation under the provisions of ASC 718, *Compensation – Stock Compensation,* ("*ASC 718*"). ASC 718 requires compensation costs related to share-based payment transactions, measured based on the fair value of the instruments issued, be recognized in the consolidated financial statements over the requisite service period of the award. Stock options are initially measured on the grant date using the Black-Scholes valuation model, which requires the use of subjective assumptions related to the expected stock price volatility, term, risk-free interest rate and dividend yield. For restricted stock shares, the Company determines the grant date fair value based on the closing market price of the stock on the date of the grant.

**Employee Benefits**

***Leave entitlement***

Employee entitlements to annual leave are recognized 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 "Accrued Liabilities" in the Consolidated Balance Sheets.

***Bonus Plans***

The Company recognizes a liability and an expense for incentive compensation bonuses awarded based on the achievement of Company 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.

**Recently Adopted Accounting Standards**

In May 2014, the FASB issued ASC 606, *Revenue from Contracts with Customers* ("*ASC 606*"). ASC 606 is based on the principle that revenue is recognized to depict the transfer of 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. It also requires additional disclosure about the nature, amount, timing and uncertainty of revenue, cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASC 606 is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period. The Company adopted the provisions of ASC 606 on January 1, 2018, using the modified retrospective approach. Revenue from the Company's point in time product sales continue to be recognized when products are shipped, or services are invoiced and control transferred. Revenue from the Company's product and service sales provided under long-term agreements is recognized as the Company transfers control of the product or renders service to its customers, which approximates the time when the customer is invoiced. The adoption of ASC 606 had no material effect on the Company's financial position, results of operations, or cash flows, and no adjustment to January 1, 2018 opening retained earnings was needed. The Company has presented the disclosures required by ASC 606 in Note 5.

**MONTAUK HOLDINGS USA, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

In October 2016, the FASB issued ASU 2016-16, *Income Taxes—Intra-Entity Transfers of Assets Other Than Inventory (Topic 740)*, ("*ASU 2016-16*") which requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. The ASU was effective on for annual reporting periods beginning after December 15, 2018 and was adopted by the Company on January 1, 2019, using the modified retrospective approach. The adoption of ASU 2016-16 had no material effect on the Company's financial position, results of operations.

On January 1, 2019, the Company early adopted FASB ASU 2016-02, *Leases*, ("*ASU 2016-02*"). This ASU requires lessees to recognize a right-of-use asset and lease liability on the Consolidated Balance Sheet for leases classified as operating leases. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize a right-of-use asset and lease liability. Additionally, when measuring assets and liabilities arising from a lease, optional payments should be included only if the lessee is reasonably certain to exercise an option to extend the lease, exercise a purchase option, or not exercise an option to terminate the lease. A right-of-use asset represents an entity's right to use the underlying asset for the lease term, and a lease liability represents an entity's obligation to make lease payments. Currently, an asset and liability only are recorded for leases classified as capital leases (financing leases). The measurement, recognition and presentation of expenses and cash flows arising from leases by a lessee remains the same. In connection with the adoption of this guidance, the Company has completed an assessment resulting in an accumulation of all of its leasing arrangements and has validated the information for accuracy and completeness. Upon adoption of the new lease guidance, management recorded a right-of-use asset and lease liability, each in the amount of approximately $1,007, on the Company's Consolidated Balance Sheet for various types of operating leases, including office space and other equipment. This amount is equivalent to the aggregate future minimum lease payments on a discounted basis. The Company has also elected to apply the package of transitional practical expedients of the new lease guidance by allowing the Company not to: (1) reassess if expired or existing contracts are, or contain, leases; (2) reassess lease classification for any expired or existing leases; and (3) reassess initial direct costs for any existing leases. Additionally, in July 2018, the FASB issued guidance to provide for an alternative transition method to the new lease guidance, whereby an entity can choose not to reflect the impact of the new lease guidance in the prior periods included in its condensed consolidated financial statements. The Company has utilized this alternative transition method in connection with its adoption on January 1, 2019. The Company has included the enhanced disclosures required by this guidance in its consolidated financial statements for the year ended December 31, 2019.

**Recently Issued Accounting Standards**

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses* ("*ASU 2016-13*"). The new guidance changes how entities measure credit losses on financial instruments and the timing of when such losses are recorded. The new standard is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact this ASU will have on its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software* ("*ASU 2018-15*"). The ASU requires capitalization of certain implementation costs incurred in a cloud computing arrangement that is a service contract. The amendments in the ASU are effective for fiscal years beginning after December 15, 2020 and for interim periods therein with early adoption permitted. The Company is currently evaluating the potential impact of the ASU on its consolidated financial position, results of operations and cash flows.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* ("*ASU 2019-12*"). The new guidance which simplifies the accounting for income taxes, eliminates certain exceptions

with ASC 740 and clarifies certain aspects of the current guidance to promote consistency among reporting entities. The new standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Company is currently evaluating the impact this ASU will have on its consolidated financial statements and related disclosures.

## NOTE 3—ACQUISITIONS

On September 21, 2018, the Company completed the acquisition of 100% of Pico, a dairy digester Renewable Electricity facility, for $14,900 in cash and contingent consideration. The acquisition was accounted for under the acquisition method of accounting under GAAP, which requires an acquiring entity to recognize, with limited exceptions, all the assets acquired and liabilities assumed in a transaction at fair value as of the acquisition date. Goodwill is the cost of an acquisition less the fair value of the identified net assets of the acquired business. The Company incurred $2,443 of acquisition-related costs that are included in the results of operations for the fiscal year ended December 31, 2018.

The purchase agreement for Pico includes an earn-out provision dependent on, and calculated as a factor of, achieving certain levels of EBITDA and production volumes (each as determined under such agreement) during the term of the related gas rights agreement. Any potential earn-out would not be paid until after the commercial operation date of the site. The Company performed a risk adjusted analysis in order to reasonably estimate the earn-out obligation. Based upon the risk adjusted analysis, the preliminary contingent consideration was calculated to be $1,920. A range including an estimated maximum is not readily determinable as the earn-out calculation is dependent on the level of EBITDA and production volumes attained. The earn-out is shown in the purchase price allocation table below as contingent consideration. With the commercial operation date occurring during the period ended September 30, 2020, the first calculation period to determine payment under the earn-out provisions ends December 31, 2020. No such payment has been made as of September 30, 2020.

Included in the Company's consolidated results from the date of acquisition are revenues of $1,612 and a pre-tax loss of $987. Had the acquisition occurred on the first day of the financial reporting period, approximately an additional $383 in revenues and a pre-tax loss of approximately $413 would have been included in the consolidated statement of operations.

The following table presents the preliminary allocation of purchase price based on estimated values made during the measurement period:

| | Preliminary | Adjustments | Final |
|---|---|---|---|
| Trade receivables | $ 120 | $ (120) | $ — |
| Inventories | 390 | (149) | 241 |
| Property, plant and equipment | 11,031 | 1,185 | 12,216 |
| Identified intangible assets | 5,219 | (2,836) | 2,383 |
| Total identified assets acquired | 16,760 | (1,920) | 14,840 |
| Trade payables | (80) | 80 | — |
| Net identified assets acquired | 16,680 | (1,840) | 14,840 |
| Goodwill | — | 60 | 60 |
| Contingent consideration | (3,700) | 1,780 | (1,920) |
| **Purchase price allocation** | **$ 12,980** | **$ —** | **$12,980** |

The $2,383 of acquired identified intangible assets will be amortized over their respective, expected useful lives. Of the amount allocated to identified intangible assets, $1,883 was assigned to gas mineral rights (20-year useful lives) and $500 was assigned to customer contracts (3.25-year useful life). The weighted average useful life of intangible assets acquired was 16.5 years. The amount allocated to goodwill reflects the cost of the acquisition less the fair value of the identifiable assets of Pico and is deductible for income tax purposes.

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## NOTE 4—ASSET IMPAIRMENT

The Company completed an evaluation of asset impairment due to triggering events in accordance with ASC 360, the Company calculated and recorded an impairment loss as of December 31, 2019 of approximately $2,443. Of this loss, $1,690 and $753 is included in RNG and Renewable Electricity Generation, respectively. The impairment loss was due to the continued deterioration in market pricing for electricity, conversion of existing Renewable Electricity to RNG sites, cancellation of a site conversion agreement, and calculated based upon replacement cost and pre-tax cash flow projections, which is considered a Level 3 measurement. The impairment loss was recorded as a component of operating expenses and property, plant and equipment—net within the Consolidated Statements of Operations for the year ended December 31, 2019 and Consolidated Balance Sheet as of December 31, 2019. The Company recorded an impairment loss of $854 for the year ended December 31, 2018 in Renewable Electricity Generation. The impairment loss was due to the conversion of certain Renewable Electricity facilities to RNG facilities and the continued deterioration in market pricing for electricity as well as a cancellation of a site conversion agreement.

## NOTE 5—REVENUES FROM CONTRACTS WITH CUSTOMERS

The Company's revenues are comprised of renewable energy and related Environmental Attribute sales provided under long-term contracts with its customers. All revenue is recognized when (or as) the Company satisfies its performance obligation(s) under the contract (either implicit or explicit) by transferring the promised product or service to its customer either when (or as) its customer obtains control of the product or service. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer. A contract's transaction price is allocated to each distinct performance obligation. The Company allocates the contract's transaction price to each performance obligation using the product's observable market standalone selling price for each distinct product in the contract.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring its products or services. As such, revenue is recorded net of allowances and customer discounts. To the extent applicable, sales, value add and other taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis.

The Company's performance obligations related to the sale of renewable energy (i.e. RNG and Renewable Electricity) are generally satisfied over time. Revenue related to the sale of renewable energy is generally recognized over time either using an output or measure based upon the product quantity delivered to the customer. This measure is used to best depict the Company's performance to date under the terms of the contract. Revenue from products transferred to customers over time accounted for approximately 38% and 36% of revenue for the years ended December 31, 2019 and December 31, 2018, respectively.

The nature of the Company's long-term contracts may give rise to several types of variable consideration, such as periodic price increases. This variable consideration is outside of the Company's influence as the variable consideration is dictated by the market. Therefore, the variable consideration associated with the long-term contracts is considered fully constrained.

The Company's performance obligations related to the sale of Environmental Attributes are generally satisfied at a point in time and were approximately 62% and 64% of revenue for the years ended December 31, 2019 and December 31, 2018, respectively. The Company recognizes Environmental Attribute revenue at the point in time in which the customer obtains control of the Environmental Attributes, which is generally when the title of the Environmental Attribute passes to the customer upon delivery. In limited cases, title does not transfer to the customer and revenue is not recognized until the customer has accepted the Environmental Attributes.

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The following tables display the Company's revenue by major source, excluding realized and unrealized gains or losses under the Company's gas hedge program, based on product type and timing of transfer of goods and services for the years ended December 31, 2019 and December 31, 2018:

| | Year ended December 31, 2019 | | |
|---|---|---|---|
| | Goods transferred at a point in time | Goods transferred over time | Total |
| **Major Goods/Service Line:** | | | |
| Natural Gas Commodity | $ 6,591 | $ 27,263 | $ 33,854 |
| Natural Gas Environmental Attributes | 52,204 | — | 52,204 |
| Electric Commodity | — | 12,396 | 12,396 |
| Electric Environmental Attributes | 7,231 | — | 7,231 |
| | $ 66,026 | $ 39,659 | $105,685 |
| **Operating Segment:** | | | |
| Renewable Natural Gas | $ 58,795 | $ 27,263 | $ 86,058 |
| Renewable Electricity Generation | 7,231 | 12,396 | 19,627 |
| | $ 66,026 | $ 39,659 | $105,685 |

| | Year ended December 31, 2018 | | |
|---|---|---|---|
| | Goods transferred at a point in time | Goods transferred over time | Total |
| **Major Goods/Service Line:** | | | |
| Natural Gas Commodity | $ 13,069 | $ 30,174 | $ 43,243 |
| Natural Gas Environmental Attributes | 55,341 | — | 55,341 |
| Electric Commodity | — | 12,044 | 12,044 |
| Electric Environmental Attributes | 6,163 | — | 6,163 |
| | $ 74,573 | $ 42,218 | $116,791 |
| **Operating Segment:** | | | |
| Renewable Natural Gas | $ 68,410 | $ 30,174 | $ 98,584 |
| Renewable Electricity Generation | 6,163 | 12,044 | 18,207 |
| | $ 74,573 | $ 42,218 | $116,791 |

**Practical expedients**

Under the new revenue standard, companies may elect various practical expedients upon adoption. As a result, the Company elected to recognize the sale of the gas and electric commodities using the right to invoice practical expedient. The Company determined that the amounts invoiced to customers correspond directly with the value to customers and the Company's satisfaction of the performance obligations to date. Furthermore, with the election of the right to invoice practical expedient, the Company also elects to omit disclosures on the remaining, or unsatisfied performance obligations since the revenue recognized corresponds to the amount that the Company has the right to invoice.

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## NOTE 6—ACCOUNTS AND OTHER RECEIVABLES

The Company extends credit based upon an evaluation of the customer's financial condition and, while collateral is not required, the Company periodically receives surety bonds that guarantee payment. Credit terms are consistent with industry standards and practices. Reserves for uncollectible accounts, if any, are recorded as part of general and administrative expenses in the Consolidated Statements of Operations and were $360 and $0 for the years ended December 31, 2019 and December 31, 2018 respectively.

Accounts and other receivables consist of the following as of December 31, 2019 and 2018:

| | Year ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Accounts receivable | $ 10,032 | $ 11,023 |
| Other receivables | 8 | — |
| Allowance for doubtful accounts | (72) | — |
| **Accounts and Other Receivables, Net** | **$ 9,968** | **$ 11,023** |

## NOTE 7—PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consists of the following as of December 31, 2019 and 2018:

| | Year ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Buildings and improvements | $ 13,999 | $ 15,626 |
| Machinery and equipment | 229,793 | 195,007 |
| Gas mineral rights | 40,451 | 39,951 |
| Construction work in progress | 30,125 | 20,649 |
| Total | 314,368 | 271,233 |
| Less: Accumulated depreciation and amortization | (120,870) | (102,815) |
| **Property, Plant & Equipment, Net** | **$ 193,498** | **$ 168,418** |

Depreciation expense for property plant and equipment was approximately $15,878 and $12,368 and amortization expense for gas mineral rights was approximately $2,355 and $2,256 for the years ended December 31, 2019 and December 31, 2018, respectively.

## NOTE 8—INVESTMENTS

On July 18, 2018, the Company entered into a joint venture, Red Top, in which it maintained an 80% ownership interest while a dairy farm owned 20% and represented the Company's first RNG project on a dairy farm. Red Top was established to own and operate a manure digester and build, own and operate an RNG facility for a term of 20 years from commercial operation.

Under applicable guidance for variable interest entities on ASC 810, *Consolidation* ("*ASC 810*"), the Company determined that Red Top was a variable interest entity. The Company concluded that it was not the primary beneficiary of the variable interest entity, as the Company did not have the power to direct the activities that most significantly impacted the economic performance of Red Top. The Company accounted for Red Top under the equity method of accounting.

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The Company made an initial capital contribution to Red Top of $1,000 and an additional capital contribution of $320 in August 2018. The Company recorded equity in the losses of Red Top of $224 for the year ended December 31, 2018.

In March 2019, pursuant to the underlying joint venture agreement, the Company made the decision to sell its equity interest and no longer classified Red Top as a variable interest entity. The Company concluded that Red Top has met the criteria under applicable guidance for a long-lived asset to be held for sale and reclassified its investment in Red Top of $1,096 as a current asset held for sale. On July 26, 2019, the Company entered into an agreement to sell Red Top to the 20% owner for $300. The terms of the sale included the distribution of approximately $892 in fixed assets to the Company. After this distribution, the Company recorded a gain of approximately $94. The Company continued to classify the $892 of fixed assets as held for sale.

At December 31, 2019, the Company estimated the fair value the $892 of fixed assets held for sale and concluded that the carrying value exceeded the fair values and recorded an impairment of $892 for the year ended December 31, 2019.

## NOTE 9—INTANGIBLE ASSETS, NET

Intangible assets consist of the following as of December 31, 2019 and December 31, 2018:

| | Year ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Intangible assets with indefinite lives: | | |
| Emissions allowances | $ 777 | $ 777 |
| Land use rights | 329 | 329 |
| Total intangible assets with indefinite lives: | $ 1,106 | $ 1,106 |
| Intangible assets with finite lives: | | |
| Interconnection, net of accumulated amortization of $1,613 and $1,041 | $ 9,327 | $ 9,248 |
| Customer contracts, net of accumulated amortization of $15,832 and $14,878 | 1,905 | 2,730 |
| Total intangible assets with definite lives: | $ 11,232 | $ 11,978 |
| **Total Intangible Assets** | **$ 12,338** | **$ 13,084** |

The weighted average useful life of the customer contracts and interconnection is approximately 14 years and 19 years, respectively. Amortization expense was approximately $1,526 and $1,570 for the years ended December 31, 2019 and December 31, 2018, respectively. Amortization expense for customer contracts and interconnection the next five years is as follows:

| | Customer contracts | Inter-Connections |
|---|---|---|
| **Year Ending:** | | |
| 2020 | $ 884 | $ 639 |
| 2021 | 880 | 639 |
| 2022 | 37 | 639 |
| 2023 | 27 | 570 |
| 2024 | 14 | 554 |
| Thereafter | 63 | 6,286 |

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## NOTE 10—ASSET RETIREMENT OBLIGATIONS

The following table summarizes the activity associated with asset retirement obligations of the Company for the years ended December 31, 2019 and December 31, 2018:

| | Year ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Asset retirement obligations—beginning of year | $ 5,399 | $ 6,472 |
| Accretion expense | 391 | 399 |
| Changes in asset retirement obligations estimate | — | (1,778) |
| New asset retirement obligations | 177 | 306 |
| Decommissioning | (39) | — |
| Asset retirement obligations—end of year | $ 5,928 | $ 5,399 |

During 2018, the gas rights at three sites were extended. The asset retirement obligations were reduced as a result, due to increased discounting periods, and corresponding adjustments made to the property, plant and equipment items to which the cost of the asset retirement obligations were initially capitalized.

## NOTE 11—DERIVATIVE INSTRUMENTS

To mitigate market risk associated with fluctuations in energy commodity prices (natural gas) and interest rates, the Company utilizes various hedges to secure energy commodity pricing and interest rates under a board-approved program. As a result of the hedging strategy employed, the Company had the following realized and unrealized gains and losses in the Consolidated Statements of Operations for the years ended December 31, 2019 and December 31, 2018:

| | | Year ended December 31, | |
|---|---|---|---|
| Derivative Instrument | Location | 2019 | 2018 |
| Commodity Contracts: | | | |
| Realized Natural Gas | Gas commodity sales | $ 1,446 | $ (451) |
| Unrealized Natural Gas | Other income | 252 | 91 |
| Interest Rate Swaps | Interest expense | (1,246) | (520) |
| **Net gain (loss)** | | **$ 452** | **$ (880)** |

## NOTE 12—FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's assets and liabilities that are measured at fair value on a recurring basis include the following as of December 31, 2019 and 2018, set forth by level, within the fair value hierarchy:

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Current commodity derivative asset | $ 388 | $ — | $ — | $ 388 |
| Interest rate swap derivative liabilities | — | (1,633) | — | (1,633) |
| Asset retirement obligations | — | — | (5,928) | (5,928) |
| | $388 | $(1,633) | $(5,928) | $(7,173) |

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| | December 31, 2018 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Interest rate swap derivative assets | $ — | $ 223 | $ — | $ 223 |
| Current commodity derivative asset | 136 | — | — | 136 |
| Interest rate swap derivative liabilities | — | (610) | — | (610) |
| Asset retirement obligations | — | — | (5,399) | (5,399) |
| | $136 | $(387) | $(5,399) | $(5,650) |

A summary of changes in the fair values of the Company's Level 3 instruments, attributable to asset retirement obligations, for the years ended December 31, 2019 and 2018 is included in Note 10.

In addition, certain assets are measured at fair value on a non-recurring basis when an indicator of impairment is identified and the assets fair value is determined to be less than its carrying value. See Note 4 for additional information.

## NOTE 13—ACCRUED LIABILITIES

The Company's Accrued Liabilities consists of the following as of December 31, 2019 and December 31, 2018:

| | Year ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Accrued expenses | $ 4,952 | $ 1,803 |
| Payroll and related benefits | 849 | 610 |
| Royalty | 1,440 | 3,145 |
| Utility | 1,105 | 1,000 |
| Other | 339 | 435 |
| **Accrued Liabilities** | **$ 8,685** | **$ 6,993** |

## NOTE 14—DEBT

The Company's debt consists of the following as of December 31, 2019 and December 31, 2018:

| | Year ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Term Loans | $ 40,000 | $ 95,000 |
| Revolving credit facility | 28,198 | — |
| Less: current principal maturities | (10,000) | (19,000) |
| Less: debt issuance costs (on long-term debt) | (942) | (1,351) |
| Long-term Debt | $ 57,256 | $ 74,649 |
| Current Portion of Long-term Debt | 9,310 | 18,313 |
| **Total Debt** | **$ 66,566** | **$ 92,962** |

### Amended Credit Agreement

On December 12, 2018, the Company entered into the Second Amended and Restated Revolving Credit and Term Loan Agreement (as amended by the First Amendment to Second Amended and Restated Revolving Credit

and Term Loan Agreement, dated as of March 21, 2019 (the "*First Amendment*"), and the Second Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of September 12, 2019 (the "*Second Amendment*"), and as may be further amended from time to time (the "*Credit Agreement*"), by and among the Company, the financial institutions from time to time party thereto as lenders and Comerica Bank, as the administrative agent, sole lead arranger and sole bookrunner ("*Comerica*"). The Credit Agreement (i) amends and restates in its entirety the Amended and Restated Revolving Credit And Term Loan Agreement, dated as of August 4, 2017 (as amended by the First Amendment to Amended and Restated Revolving Credit And Term Loan Agreement, dated as of August 14, 2018 (the "*Prior Credit Agreement*"), by and between the Company and Comerica and (ii) replaces in its entirety the Credit Agreement, dated as of August 4, 2017 (as amended by the First Amendment to Credit Agreement, dated as of July 30, 2018 (the "*Prior Subsidiary Credit Agreement*"), by and between Bowerman Power LFG, LLC, a wholly-owned subsidiary of the Company, and Comerica. Proceeds of the term loan made under the Credit Agreement were used by the Company to, among other things, fully satisfy $28,232 of outstanding borrowings under the Prior Credit Agreement and $24,336 of outstanding borrowings under the Prior Subsidiary Credit Agreement.

The Credit Agreement, which is secured by a lien on substantially all assets of the Company and certain of its subsidiaries, provides for a $95,000 term loan and a $90,000 revolving credit facility. The term loan amortizes in quarterly installments of $4,750 and has a final maturity of December 12, 2023 with an interest
rate of 4.642% and 5.511% at December 31, 2019 and 2018, respectively.

On March 21, 2019, the Company entered into the First Amendment, which clarified a variety of terms, definitions and calculations in the Credit Agreement. The Credit Agreement requires the Company to maintain customary affirmative and negative covenants, including certain financial covenants, which are measured at the end of each fiscal quarter.

On August 28, 2019 the Company received a temporary waiver for an anticipated Event of Default (as defined in the Credit Agreement) for the consecutive three-month period ending on August 31, 2019 (the "*Specified Event of Default*"). The Specified Event of Default was waived through October 1, 2019. On September 12, 2019, the Company entered into the Second Amendment. Among other matters, the Second Amendment redefined the Fixed Charge Coverage Ratio (as defined in the Credit Agreement), reduced the commitments under the revolving credit facility to $80,000, redefined the Total Leverage Ratio (as defined in the Credit Agreement) and eliminated the RIN Floor (as defined in the Second Amendment) as an Event of Default. In connection with the Second Amendment, the Company paid down the outstanding term loan by $38,250 and the resulting quarterly principal installments were reduced to $2,500. The maturity date of the Credit Agreement was not changed by the Second Amendment and remains December 12, 2023.

As of December 31, 2019, $40,000 was outstanding under the term loan and $28,198 was outstanding under the revolving credit facility. In addition, the Company had $7,565 of outstanding letters of credit as of December 31, 2019. Amounts available under the revolving credit facility are reduced by any amounts outstanding under letters of credit. As of December 31, 2019, the Company's capacity available for borrowing under the revolving credit facility was $44,237. Borrowings of the term loans and revolving credit facility bear interest at the LIBOR rate plus an applicable margin or the Prime Reference Rate plus an applicable margin, as elected by the Company.

The Company accounted for the Credit Agreement as a debt modification in accordance with ASC 470, *Debt* ("*ASC 470*"). In connection with the Credit Agreement, the Company paid a total of $1,821 in new debt issuance costs comprised of $836 in costs paid to the lenders and $985 in costs paid as arranger fees. Of this amount, $364 was expensed and $1,457 was capitalized and will be amortized over the life of the Credit Agreement. The Company also incurred $59 in legal fees associated with the Credit Agreement.

As of December 31, 2019, the Company was in compliance with all financial covenants related to the Credit Agreement.

**Prior Credit Agreement**

On August 4, 2017, the Company entered into the Prior Credit Agreement, by and between the Company and Comerica. The Prior Credit Agreement provided a three-year term loan in the amount of $20,000 and a three-year revolving credit facility in the amount of $20,000. On August 14, 2018, the Company entered into the First Amendment to Amended and Restated Revolving Credit and Term Loan Agreement (the "*First Amendment to Prior Credit Agreement*"), which among other items, temporarily increased commitments of the revolving credit facility to $40,000 and amended certain financial covenants thereunder. The Prior Credit Agreement replaced the Company's $12,000 term loan and $12,000 revolving credit facility outstanding as of March 31, 2017. In connection with entering into the Prior Credit Agreement, the Company recorded a loss on extinguishment of approximately $1,611. The Company paid approximately $1,127 related to this extinguishment. The Company was the sole borrower under the Prior Credit Agreement, mandatory repayments were due in monthly installments through August 2020, and the obligations thereunder were secured by a lien on substantially all of the assets of the Company, except for those assets secured by the Prior Subsidiary Credit Agreement. The Prior Credit Agreement required the Company to maintain customary affirmative and negative covenants, including certain financial ratios, which were measured at the end of each fiscal quarter. As of December 31, 2018, the Company was in compliance with all financial covenants related to the Prior Credit Agreement. As described above, the Prior Credit Agreement was paid in full on December 12, 2018 when the Company entered into the Credit Agreement.

In addition, the Company had $8,260 of outstanding letters of credit under the Prior Credit Agreement as of December 31, 2018. Amounts available under the revolving credit facility were reduced by any amounts outstanding under letters of credit. The Company's capacity available for borrowing under the revolving credit facility was $13,700 for the year ended December 31, 2018.

Under the Prior Credit Agreement, the term loans and revolving credit facilities bore interest at the LIBOR plus an applicable margin or the Prime Reference Rate (as defined in the Prior Credit Agreement) plus an applicable margin, as elected by the Company. As of December 31, 2018, the interest rate on the outstanding term loan under the Prior Credit Agreement was 5.590%.

The Company was in compliance with all financial covenants related to the Prior Credit Agreement through December 12, 2018 when it was amended and restated by the Credit Agreement.

**Prior Subsidiary Credit Agreement**

On August 4, 2017, Bowerman Power LFG, LLC, a wholly-owned subsidiary of the Company ("*Bowerman*"), entered into the Prior Subsidiary Credit Agreement, by and between Bowerman and Comerica. The Prior Subsidiary Credit Agreement, which was secured by a lien on substantially all of the assets of Bowerman, provided for a five-year term loan in the amount of $27,500 and a five-year revolving credit facility in the amount of $10,000. On July 30, 2018, the Company entered into the First Amendment to Credit Agreement (the "*First Amendment to Prior Subsidiary Credit Agreement*"), which among other items, reduced the monthly principal payment and increased the payoff amount at the end of the term under the Prior Subsidiary Credit Agreement. The proceeds from the Prior Subsidiary Credit Agreement were used to repay all indebtedness outstanding under Bowerman's construction term loan that was outstanding as of August 4, 2017. Mandatory repayments of the Prior Subsidiary Credit Agreement were payable in monthly installments through August 2022 at an interest rate of 4.914%. The Prior Subsidiary Credit Agreement was paid in full on December 12, 2018 when the Company entered into the Credit Agreement.

The Prior Subsidiary Agreement required Bowerman to maintain customary affirmative and negative covenants, including certain financial ratios, which were measured at the end of each fiscal quarter. Amounts available under the Prior Subsidiary Credit Agreement's revolving credit facility were reduced by $1,960 in outstanding letters of credit.

The Company was in compliance with all financial covenants related to the Prior Subsidiary Agreement through December 12, 2018 when it was fully repaid and replaced by the Credit Agreement.

**Capitalized Interest**

Capitalized interest was $1,706 and $1,022 for the years ended December 31, 2019 and December 31, 2018, respectively. Interest is capitalized using the borrowing rate for the assets being constructed. Interest capitalized during 2019 and 2018 was for the construction of three and two LFG-to-energy projects, respectively.

**Annual Maturities of Long-Term Debt**

The following is a summary of annual principal maturities of long-term debt as of December 31, 2019:

| | Amount |
|---|---|
| **Year Ending** | |
| 2020 | $ 9,310 |
| 2021 | 9,475 |
| 2022 | 9,665 |
| 2023 | 38,116 |
| 2024 | — |
| **Total** | **$ 66,566** |

**NOTE 15—INCOME TAXES**

The Company is subject to income taxes in the U.S. federal jurisdiction and various state and local jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply.

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act (the "*Tax Act*") which significantly changed U.S. corporate income tax laws beginning, generally, in 2018. These changes included, among others, (i) a permanent reduction of the U.S. corporate income tax rate from a top marginal rate of 35 percent to a flat rate of 21 percent, (ii) elimination of the corporate alternative minimum tax, (iii) immediate deductions for certain new investments instead of deductions for depreciation expense over time, (iv) limitation on the tax deduction for interest expense to 30 percent of adjusted taxable income, (v) limitation of the deduction for net operating losses to 80 percent of current year taxable income and elimination of net operating loss carrybacks and (vi) elimination of many business deductions and credits, including the domestic production activities deduction, the deduction for entertainment expenditures and the deduction for certain executive compensation in excess of $1 million. The 2019 and 2018 tax provisions reflect the legislative changes noted above, including the new corporate tax rate of 21 percent.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following table details the components of the Company's income tax provision (benefit) for the years ended December 31, 2019 and December 31, 2018:

| | Year ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Current expense (benefit): | | |
| Federal | $ — | $ (973) |
| State | 544 | 2,469 |
| | $ 544 | $ 1,496 |
| Deferred expense (benefit): | | |
| Federal | $ (722) | $ 4,784 |
| State | (176) | 1,516 |
| | $ (898) | $ 6,300 |
| Income tax expense (benefit) | $ (354) | $ 7,796 |

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The following table illustrates the deferred tax assets and liabilities as of December 31, 2019 and December 31, 2018:

| | Year ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Deferred tax assets: | | |
| Net operating loss carry forwards | $ 16,843 | $ 15,851 |
| Federal tax credits | 8,402 | 6,498 |
| Book reserves | 1,768 | 1,387 |
| Intangible asset amortization | 852 | 1,039 |
| Interest expense | 6,501 | 1,960 |
| Other | 2,235 | 1,351 |
| Total deferred tax assets | 36,601 | 28,086 |
| Less: valuation allowance | (4,174) | (3,540) |
| Net deferred tax assets | $ 32,427 | $ 24,546 |
| Deferred tax liabilities: | | |
| Property depreciation | $ (23,682) | $ (16,699) |
| Total deferred tax liabilities | (23,682) | (16,699) |
| **Net Deferred Tax Assets** | **$ 8,745** | **$ 7,847** |

As of December 31, 2019, the Company has net operating loss ("*NOL*") carryforwards of $60,423 and federal tax credit carryforwards that expire 20 years from the date incurred. Current NOL carryforwards and tax credits are set to expire between 2027 and 2037. Of the Company's carryforwards of $60,423, $42,887 were incurred prior to the enactment of the Tax Cuts and Jobs Act and, therefore, can fully offset taxable income in a future year, and $17,536 of the Company's NOL carryforwards were incurred in 2018 or later taxable years and thus can generally offset 80% of taxable income in a future year.

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Section 382 of the Internal Revenue Code has the potential to limit the Company's ability to utilize existing NOL carryovers 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 stockholders of more than 50 percentage points. Management continues to track possible ownership changes and currently does not believe there have been any changes that under Section 382 would limit the Company's usage of NOL carryforwards.

The following table details the components of the Company's income tax provision (benefit) for the years ended December 31, 2019 and December 31, 2018:

| | Year ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Tax provision at federal statutory rate of 21% | $ 1,125 | $ 7,693 |
| State tax provision (benefit) | (29) | 2,576 |
| Non-controlling interests | 16 | (15) |
| Valuation allowance | 634 | 467 |
| Tax credits | (1,881) | (2,821) |
| Return to provision | (24) | (284) |
| Other | (195) | $ 180 |
| **Total income tax expense (benefit)** | **$ (354)** | **$ 7,796** |

The Company has completed an Internal Revenue Service ("*IRS*") examination for the period ended March 31, 2011 with no material adjustments. Additionally, the IRS completed an exam for the period ended March 31, 2018 with a "No Change" result. As of December 31, 2019, the tax years 2016, 2017 and 2018 are subject to examination by the IRS.

**Valuation Allowance**

The Company annually reviews its deferred tax assets for the possibility they will not be realized. A valuation allowance will be recorded if it is determined more than a 50% likelihood exists that a deferred tax asset will not be realized. A $4,174 valuation allowance exists for Monmouth Energy, Inc., which represents the subsidiary's deferred tax assets that are not expected to be realized.

The Company has a $27,552 gross deferred tax asset related to Section 163(j) interest disallowance. As a result of the dissolution of the MEC partnership (see Note 22), the Company's history of earnings, and the Company's future forecasts, the Company does not believe a valuation allowance is required at this time related to previously disallowed interest expense.

**Uncertain Tax Position**

The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in both federal and state jurisdictions. ASC 740 states that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of each situation's technical merits.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company (1) records unrecognized tax benefits as liabilities in accordance with ASC 740 and (2) adjusts these liabilities when its judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the unrecognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available. The Company has not recorded any liability for unrecognized tax benefits as of December 31, 2019 or 2018.

At this point in time the Company is not aware of any tax positions taken that would give rise to recording an uncertain tax position.

## NOTE 16—SHARE-BASED COMPENSATION

The Company records and reports share-based compensation for stock options ("*Options*") and restricted stock. When vested and exercised, Options and restricted stock are converted into shares of, and issued by, the Company's parent, Montauk Holdings Ltd. The Company does not have an equity plan from which it issues options or restricted stock.

In December 2015, the Board of Directors awarded 525,000 Options to certain executives, which vest 1/3 per year over three years beginning in December 2018. The Board of Directors awarded an additional 425,000 Options to certain executives in October 2016, of those Options 250,000 vest 1/3 per year over three years beginning October 2019 and the remaining 175,000 were scheduled to fully vest in October 2019. The Board of Directors awarded 204,480 Options to an executive in March 2018, which were scheduled to vest 1/3 per year over three years beginning in March 2021.

In June 2019, the Board of Directors awarded 918,241 Options to certain executives which vest in full approximately three years following the grant date. In November 2019, the Board of Directors awarded 1,109,425 Options to certain executives of which 402,083 vest in full approximately three years following the grant date and 707,342 vest 1/3 per year over three years beginning in November 2022. Under the Black Scholes Model, a risk-free rate of 1.79% and a volatility factory of 90% were utilized.

In September 2019, the Board of Directors approved an agreement upon the resignation of the Company's former Chief Executive Officer in which the remaining 746,798 unvested Options and 646,400 shares of restricted stock immediately vested. In September 2019, the Board of Directors terminated the employment of a certain executive and 204,480 Options awarded to this executive were forfeited.

The Options issued allows the recipient to receive common stock equal to the appreciation in the fair market value of the Company's common stock between the date the award was granted and the conversion date of the shares vested.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

In March 2016, the Board of Directors granted shares of restricted stock to certain executives, which vested as follows: 20% by March 2018, 60% by March 2019 and 100% by March 2020. Compensation cost is recorded based on the fair value of the shares at grant date. The following table summarizes the Options and restricted stock as of December 31, 2019 and December 31, 2018:

| | Options | | Restricted Stock | |
|---|---|---|---|---|
| | Number of Shares | Weighted Average Exercise Price | Number of Shares | Weighted Average Exercise Price |
| Beginning of period—January 1, 2018 | 875,000 | $ 0.44 | 1,939,200 | $ 0.95 |
| Granted | 204,480 | 1.84 | — | — |
| End of period—December 31, 2018 | **1,079,480** | **$ 0.81** | **1,939,200** | **$ 0.95** |
| Beginning of period—January 1, 2019 | 1,079,480 | $ 0.81 | 1,939,200 | $ 0.95 |
| Granted | 2,027,666 | 1.15 | — | — |
| Forfeited | (626,278) | 1.67 | — | — |
| Exercised | (608,334) | 0.86 | — | — |
| End of period—December 31, 2019 | **1,872,534** | **$ 0.88** | **1,939,200** | **$ 0.95** |
| Vested and exercisable—December 31, 2019 | **50,000** | **$ 0.92** | **1,422,080** | **$ 0.95** |

During the period ended December 31, 2019, the intrinsic value of the 608,334 Options exercised was $1,002. The Company received $23 related to the exercise of a portion of these Options. At December 31, 2019 and December 31, 2018, the aggregate intrinsic value (difference between exercise price and closing price at that date) of all Options outstanding was $3,410 and $5,238, respectively.

Stock-based compensation expense for the years ended December 31, 2019 and 2018 was $570 and $637, respectively, and is included in general and administrative expense in the Consolidated Statement of Operations.

As of December 31, 2019, unrecognized compensation expense for awards the Company expects to vest approximated $2,202 and will be recognized over approximately 5 years.

In May 2007, MEC issued 50.7 restricted Class B units to certain executives of MEC. Twenty percent of the units vested immediately upon issuance. The remaining units vested in four equal annual installments beginning in May 2008. The grant date fair value of the units issued was approximately $0.2 million. Six units issued in May 2007 were forfeited during 2011. The value of the units forfeited was immaterial. During 2016, 29.52 units issued in May 2007 were repurchased for an immaterial amount and 8.28 units issued in May 2007 were surrendered. No Class B units were issued and no units were forfeited during the years ended December 31, 2019 or 2018.

In July 2007, MEC issued options to purchase up to 5.52 Class B units to an executive of MEC, with an exercise price of $3,600 per unit. Twenty percent of the options vested immediately upon issuance. The remaining options vested in four equal annual installments beginning in July 2008. In September 2019, 6.9 Class B units were canceled associated with the September 2019 resignation of the Company's former Chief Executive Officer. In October 2019, 5.52 units were surrendered in consideration of a restricted stock award discussed previously.

As MEC's units are not publicly traded, the Company utilized the probability-weighted expected return method ("*PWERM*") to value the Class B units issued. Under the PWERM, the value of the units was estimated based

upon a probability-weighted present value of expected future investment returns for the enterprise assuming various future outcomes. The future outcomes considered were an initial public offering, a merger or sale, dissolution or continued operation as the existing private enterprise. The discount rate utilized was 15%, with an additional 33% discount on the estimated value for the lack of marketability of the units.

## NOTE 17—DEFINED CONTRIBUTION PLAN

The Company maintains a 401(k) defined contribution plan for eligible employees. The Company matches 50% of an employee's deferrals up to 4%. The Company also contributes 3% of eligible employee's compensation expense as a safe harbor contribution. The matching contributions vest ratably over four years of service, while the safe harbor contributions vest immediately. Incurred expense related to the 401(k) plan was approximately $438 and $400 the years ended December 31, 2019 and December 31, 2018, respectively.

## NOTE 18—RELATED-PARTY TRANSACTIONS

### Executive Loans

In March 2019, the Company's former Chief Executive Officer and Vice President of Engineering exercised 100,000 and 25,000 shares, respectively, of a vested tranche of Options. In connection with this exercise, the Company loaned to its former Chief Executive Officer and Vice President Engineering $80 and $20, respectively, related to the personal income tax consequences of the exercise. Both of these loans have an interest rate of 2.53% and matured on July 31, 2019. In July 2019, the maturity of both of these loans was amended to mature on March 21, 2020. The Company's former Chief Executive Officer repaid the loan in February 2020 and the Vice President of Engineering repaid the loan in March 2020.

These loans are included in Prepaid expenses and other current assets in the Consolidated Balance Sheet.

### Options

In December 2019, the Company's current Chief Executive Officer and former Vice President and General Counsel exercised 50,000 and 83,334 shares, respectively, of a vested tranche of Options. In connection with this exercise, the Company loaned its current Chief Executive Officer and former Vice President and General Counsel $29 and $36, respectively related to the personal income tax consequences of the exercise. Both of these loans were repaid in January 2020.

These loans were included in Prepaid expenses and other current assets in the December 31, 2019 Consolidated Balance Sheet.

## NOTE 19—SEGMENT INFORMATION

The Company's reportable segments for the year ended December 31, 2019 are Renewable Natural Gas and Renewable Electricity Generation. Renewable Natural Gas includes the production of RNG. Renewable Electricity Generation includes generation of electricity at biogas-to-electricity plants. The corporate entity is not determined to be an operating segment, but is discretely disclosed for purposes of reconciliation of the Company's consolidated financial statements. The following table is consistent with the manner in which the chief operating decision maker evaluates the performance of each segment and allocates the Company's resources. In the following tables "RNG" refers to Renewable Natural Gas and "REG" refer to Renewable Electricity Generation.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

| | For the year ended December 31, 2019 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Total revenues | $ 85,826 | $19,859 | $ 1,698 | $107,383 |
| Adjusted EBITDA (1) | 39,019 | 6,185 | (11,589) | 33,615 |
| Net income (loss) | 25,640 | (1,635) | (18,185) | 5,820 |
| Total assets | 136,068 | 83,051 | 24,494 | 243,613 |
| Capital expenditures | 33,326 | 11,553 | 370 | 45,249 |

(1) 2019 EBITDA Reconciliation

The following table is a reconciliation of the Company's reportable segments' net income from continuing operations to Adjusted EBITDA for the year ended December 31, 2019:

| | For the year ended December 31, 2019 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Net Income (loss) | $25,640 | $(1,635) | $(18,185) | $ 5,820 |
| Depreciation and amortization | 11,702 | 7,878 | 180 | 19,760 |
| Interest expense | — | 7 | 5,569 | 5,576 |
| Income tax expense (benefit) | — | (822) | 468 | (354) |
| Consolidated EBITDA | $37,342 | $ 5,428 | $(11,968) | $30,802 |
| Impairment loss | 1,690 | 753 | — | 2,443 |
| Transaction costs | 83 | 4 | 115 | 202 |
| Equity loss (gain) of nonconsolidated investments | (94) | — | — | (94) |
| Net loss (gain) of sale of assets | (2) | — | 12 | 10 |
| Non-cash hedging charges | — | — | 252 | 252 |
| **Adjusted EBITDA** | $39,019 | $ 6,185 | $(11,589) | $33,615 |

| | For the year ended December 31, 2018 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Total revenues | $ 98,584 | $18,207 | $ (358) | $116,433 |
| Adjusted EBITDA (1) | 59,877 | 8,489 | (11,445) | 56,921 |
| Net income (loss) | 51,102 | (1,639) | (20,696) | 28,767 |
| Total assets | 115,392 | 84,008 | 62,332 | 261,732 |
| Capital expenditures | 37,557 | 2,471 | 163 | 40,191 |

(1) 2018 EBITDA Reconciliation

The following table is a reconciliation of the Company's reportable segments' net income from continuing operations to Adjusted EBITDA for the year ended December 31, 2018:

| | For the year ended December 31, 2018 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Net Income (loss) | $ 51,102 | $(1,639) | $(20,696) | $28,767 |
| Depreciation and amortization | 9,074 | 6,952 | 169 | 16,195 |
| Interest expense | — | 1,180 | 1,903 | 3,083 |
| Income tax expense (benefit) | — | 885 | 6,911 | 7,796 |
| Consolidated EBITDA | $ 60,176 | $ 7,378 | $(11,713) | $55,841 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| | For the year ended December 31, 2018 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Impairment loss | $ — | $ 854 | $ — | $ 854 |
| Transaction costs | — | — | 176 | 176 |
| Equity loss (gain) of nonconsolidated investments | 224 | — | — | 224 |
| Net loss (gain) of sale of assets | (523) | 257 | — | (266) |
| Non-cash hedging charges | — | — | 92 | 92 |
| **Adjusted EBITDA** | $59,877 | $8,489 | $(11,445) | $56,921 |

For the years ended December 31, 2019 and December 31, 2018, five and three customers, respectively, made up greater than 10% of our total revenues.

| | For the year ended December 31, 2019 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Customer A | — | 14.1% | — | 14.1% |
| Customer B | 13.7% | — | — | 13.7% |
| Customer C | 13.7% | — | — | 13.7% |
| Customer D | 10.8% | — | — | 10.8% |
| Customer E | 10.8% | — | — | 10.8% |

| | For the year ended December 31, 2018 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Customer B | 18.1% | — | — | 18.1% |
| Customer C | 15.8% | — | — | 15.8% |
| Customer A | — | 11.7% | — | 11.7% |

**NOTE 20—LEASES**

The Company leases office space and other office equipment under operating lease arrangements (with initial terms greater than twelve months), expiring in various years through 2025. These leases have been entered into to better enable the Company to conduct business operations. Office space is leased to provide adequate workspace for all employees in Pittsburgh, Pennsylvania and Houston, Texas.

The Company determines if an arrangement is, or contains, a lease at inception based on whether that contract conveys the right to control the use of an identified asset in exchange for consideration for a period of time. For all operating lease arrangements, the Company presents at the commencement date: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

The Company has elected, as a practical expedient, not to separate non-lease components from lease components, and instead accounts for each separate component as a single lease component for all lease arrangements, as lessee. In addition, the Company has elected, as a practical expedient, not to apply lease recognition requirements to short-term lease arrangements, generally those with a lease term of less than twelve months, for all classes of underlying assets. In determination of the lease term, the Company considers the likelihood of lease renewal options and lease termination provisions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company uses its incremental borrowing rate, as the basis to calculate the present value of future lease payments, at lease commencement. The incremental borrowing rate represents the rate that would approximate the rate to borrow funds on a collateralized basis over a similar term and in a similar economic environment.

As of December 31, 2019, there were no leases entered into which have not yet commenced and that would entitle the Company to significant rights or create additional obligations. The total lease cost included in our consolidated financial statements statement of operations for the year ended December 31, 2019 was $308.

Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheet and the lease expense for those leases is recognized on a straight-line basis. The short-term lease expense for the year ended December 31, 2019 was approximately $354.

Supplemental information related to operating lease arrangements was as follows as of and for the year ended December 31, 2019:

| | |
|---|---|
| Cash paid for amounts included in the measurement of operating lease liabilities | $ 83 |
| Weighted average remaining lease term (in years) | 3.06 |
| Weighted average discount rate | 5.00% |

Future minimum lease payments for the years ending December 31, 2019 are as follows:

| | Amount |
|---|---|
| **Year Ending** | |
| 2020 | $ 301 |
| 2021 | 255 |
| 2022 | 272 |
| 2023 | 8 |
| 2024 | 20 |
| Interest | (76) |
| **Total** | **$ 780** |

As previously disclosed under the ASC 840, *Leases* ("*ASC 840*"), future minimum lease payments of operating lease arrangements were approximately as follows:

| | Amount |
|---|---|
| **Year Ending** | |
| 2020 | $ 332 |
| 2021 | 255 |
| 2022 | 267 |
| 2023 | 8 |
| 2024 | 1 |

## NOTE 21—COMMITMENTS AND CONTINGENCIES

### Concentrations

A substantial portion of the Company's revenues are generated from five locations in 2019 and 2018, each in separate areas of the country. For the years ended December 31, 2019 and December 31, 2018, excluding the

impact of derivative instruments, approximately 81% and 77%, respectively, of operating revenues were derived from these locations. The Company's financial position, results of operations and cash flows could be adversely affected if production volumes related to these locations would significantly decrease. In addition, five customers make up approximately 67% and 72% of accounts receivable as of December 31, 2019 and December 31, 2018, respectively.

**Environmental**

The Company is subject to a variety of environmental laws and regulations governing discharges to the air and water, as well as the handling, storage and disposing of hazardous or waste materials. The Company believes its operations currently comply in all material respects with all environmental laws and regulations applicable to its business. However, there can be no assurance that environmental requirements will not change in the future or that the Company will not incur significant costs to comply with such requirements.

**Contingencies**

The Company, from time to time, may be involved in litigation. At December 31, 2019, management does not believe there are any matters outstanding that would have a material adverse effect on the Company's financial position or results of operations.

In June 2016, the Company initiated an arbitration proceeding against the contractor responsible for the engineering, procurement and construction of the Company's renewable electric facility located in Southern California related to certain schedule and performance issues. In February 2018, the Company and the contractor entered into a settlement and release agreement related to this arbitration proceeding. Among other matters as described in the underlying agreement, the Company recorded a gain in the Consolidated Statements of Operations associated with the $2,600 payment received from the contractor. Also, the Company recorded a non-cash gain of $1,234 related to an outstanding liability for the construction of the facility which the Company was not required to pay.

**NOTE 22—SUBSEQUENT EVENTS**

**Subsequent Events**

The Company evaluated its December 31, 2019 consolidated financial statements through October 13, 2020, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require disclosure in the consolidated financial statements except for the matters discussed below.

In March 2020, the Company entered into an agreement to terminate a customer contract associated with the Pico acquisition. Upon termination, the Company recorded an impairment of approximately $278.

The outbreak of COVID-19 during mid-January 2020 and the related pandemic government response mitigation efforts has disrupted the global economic markets. The Company is classified as an essential business under federal, state and local regulations in the jurisdictions in which it operates. The Company did not experience any material production or supply chain disruptions related to various mitigation efforts put in place in the various jurisdictions in which it operates. The Company had firm sales commitments for RINs during the first six months of 2020 which mitigated index price volatility. However, there remains uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

In response to the COVID-19 epidemic, various changes to existing tax laws were implemented via the CARES Act. NOLs, alternative minimum tax credits and business interest disallowance rules have been affected by the CARES Act. The Company does not expect the CARES Act legislation to have a material impact on the Company's financial statements.

On December 9, 2019, the sale of Johnstown LFG Holdings Inc.'s, a wholly owned subsidiary of MEH, share of the MEC partnership to MEH was completed and made effective as of October 7, 2019. On January 1, 2020, the dissolution of the MEC partnership will allow MEC and all entities under MEC to file as part of the Company's consolidated federal tax group.

The Company's parent, Montauk Holdings Ltd., experienced reporting delays in South Africa associated with the outbreak of COVID-19 which impacted the timing of the Company's financial statements being available to be issued. From April 30, 2020 through July 30, 2020, the Company was in technical violation of its 120-day covenant to furnish audited consolidated financial statements to its five-bank syndicate. The Company communicated these delays to the arranger, its primary commercial bank, of the five-bank Amended Credit Agreement. The Amended Credit Agreement, as amended, has provisions that a default associated with the furnishing of audited consolidated financial statements is deemed cured upon the delivery of the financial statements. The technical violation was cured under the terms of the Amended Credit Agreement by providing audited financials on July 30, 2020 to the Company's five-bank syndicate.

MONTAUK HOLDINGS USA, LLC

**UNAUDITED CONSOLIDATED BALANCE SHEETS**

| *(in thousands):* | As of, September 30, 2020 | As of, December 31, 2019 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 19,537 | $ 9,788 |
| Restricted cash | 151 | 7 |
| Accounts and other receivables, net | 8,876 | 9,968 |
| Prepaid expenses and other current assets | 4,403 | 2,779 |
| Total current assets | $ 32,967 | $ 22,542 |
| Property, plant & equipment, net | $ 189,957 | $ 193,498 |
| Operating lease right-of-use assets | 563 | 769 |
| Deferred tax assets | 9,117 | 8,745 |
| Intangible assets, net | 14,393 | 12,338 |
| Restricted cash | 567 | 567 |
| Goodwill | 60 | 60 |
| Other assets | 3,903 | 5,094 |
| **Total assets** | **$ 251,527** | **$ 243,613** |
| **LIABILITIES AND MEMBER'S EQUITY** | | |
| Current Liabilities: | | |
| Accounts payable | $ 4,403 | $ 3,844 |
| Accrued liabilities | 10,966 | 8,685 |
| Current portion of operating lease liability | 247 | 269 |
| Income taxes payable | 77 | — |
| Current portion of derivative instruments | 1,294 | 588 |
| Current portion of long-term debt | 9,443 | 9,310 |
| Total current liabilities | $ 26,430 | $ 22,696 |
| Non-current portion of operating lease liability | $ 331 | $ 511 |
| Non-current portion of derivative instruments | 1,332 | 1,045 |
| Long-term debt, less current portion | 58,656 | 57,256 |
| Asset retirement obligations | 5,991 | 5,928 |
| Other liabilities | 1,920 | 1,920 |
| Total liabilities | $ 94,660 | $ 89,356 |
| Member's equity | $ 156,867 | $ 154,257 |
| **Total liabilities and member's equity** | **$ 251,527** | **$ 243,613** |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

MONTAUK HOLDINGS USA, LLC

**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

| *(in thousands except per share data):* | For the nine months ended September 30, 2020 | 2019 |
|---|---|---|
| Total operating revenues | $75,559 | $83,703 |
| Operating expenses: | | |
| Operating and maintenance expenses | $30,884 | $30,306 |
| General and administrative expenses | 11,336 | 10,593 |
| Royalties, transportation, gathering and production fuel | 14,769 | 16,197 |
| Depreciation and amortization | 16,120 | 14,754 |
| Impairment loss | 278 | 1,550 |
| Gain on insurance proceeds | (3,444) | — |
| Transaction costs | — | 202 |
| Total operating expenses | $69,943 | $73,602 |
| Operating profit | $ 5,616 | $10,101 |
| Other expenses (income): | | |
| Interest expense | $ 3,510 | $ 5,293 |
| Equity (gain) of nonconsolidated investments | — | (94) |
| Net loss on sale of assets | — | 10 |
| Other expense (income) | 250 | (17) |
| Total other expenses | $ 3,760 | $ 5,192 |
| Income before income taxes | $ 1,856 | $ 4,909 |
| Income tax benefit | (291) | (539) |
| Net income | $ 2,147 | $ 5,448 |
| Pro forma earnings per share (unaudited): | | |
| Basic | | |
| Diluted | | |
| Pro forma weighted-average common shares outstanding (unaudited): | | |
| Basic | | |
| Diluted | | |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

MONTAUK HOLDINGS USA, LLC

**UNAUDITED CONSOLIDATED STATEMENT OF MEMBER'S EQUITY**

| *(in thousands):* | Member's Equity |
|---|---|
| **Balance December 31, 2018** | **$ 147,941** |
| Net income | 5,448 |
| Stock-based compensation | 661 |
| **Balance September 30, 2019** | **$ 154,050** |
| **Balance December 31, 2019** | **$ 154,257** |
| Net income | 2,147 |
| Stock-based compensation | 463 |
| **Balance September 30, 2020** | **$ 156,867** |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

MONTAUK HOLDINGS USA, LLC

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

| *(in thousands):* | For the nine months ended September 30, 2020 | 2019 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net Income | $ 2,147 | $ 5,448 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, depletion and amortization | 16,120 | 14,754 |
| Provision for deferred income taxes | (372) | (1,744) |
| Stock-based compensation | 463 | 661 |
| Non-cash asset held for sale transfer | — | (893) |
| Related party receivable (loans to executives) | 164 | (98) |
| Derivative mark-to-market and settlements | 1,381 | 1,216 |
| Gain on property insurance proceeds | (1,169) | — |
| Net gain (loss) on sale or disposal of assets | — | 10 |
| Accretion of asset retirement obligations | 109 | 310 |
| Amortization of debt issuance costs | 532 | 882 |
| Non-cash adjustment to capital expenditures | (524) | (211) |
| Equity (income) loss of nonconsolidated investments | — | (95) |
| Impairment loss | 278 | 1,550 |
| Accounts receivables and other current assets | 695 | 1,795 |
| Accounts payable and other accrued expenses | 2,123 | (1,923) |
| Net cash provided by operating activities | $ 21,947 | $ 21,662 |
| **Cash flows from investing activities:** | | |
| Capital expenditures | $ (14,223) | $ (33,640) |
| Cash collateral deposits, net | — | 360 |
| Proceeds from sale of equity method investments | — | 300 |
| Proceeds from insurance recovery | 1,169 | 30 |
| Distributions from equity method investment | — | 893 |
| Net cash used in investing activities | $ (13,054) | $ (32,057) |
| **Cash flows from financing activities:** | | |
| Borrowings of long-term debt | $ 8,500 | $ 12,198 |
| Repayments of long-term debt | (7,500) | (52,500) |
| Debt issuance costs | — | (712) |
| Net cash provided by (used in) financing activities | $ 1,000 | $ (41,014) |
| **Net increase or decrease in cash, cash equivalents and restricted cash** | $ 9,893 | $ (51,409) |
| Cash, cash equivalents and restricted cash at beginning of year | $ 10,362 | $ 54,979 |
| Cash, cash equivalents and restricted cash at end of year | $ 20,255 | $ 3,570 |
| **Reconciliation of cash, cash equivalents and restricted cash at end of year:** | | |
| Cash and cash equivalents | $ 19,537 | $ 3,003 |
| Restricted cash and cash equivalents—current | 151 | — |
| Restricted cash and cash equivalents—non-current | 567 | 567 |
| | $ 20,255 | $ 3,570 |
| **Supplemental cash flow information:** | | |
| Capital expenditures financed by accounts payable | $ 165 | $ 1,852 |
| Cash paid for interest (net of amounts capitalized) | 3,162 | 4,011 |
| Cash paid for income taxes | (468) | 6 |
| Change in asset retirement obligation estimate | (150) | — |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**MONTAUK HOLDINGS USA, LLC**

**UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***(all amounts in thousands, unless otherwise indicated)***

## NOTE 1—DESCRIPTION OF BUSINESS

### Operations and organization

Montauk Holdings USA, LLC and subsidiaries ("*Montauk USA*" or the "*Company*") is a holding company, formed on November 20, 2006 for the specific purpose of acquiring the membership interests in Montauk Energy Capital, LLC ("*MEC*"). On November 20, 2010, Montauk USA formed Montauk Energy Holdings, LLC ("*MEH*"), a wholly-owned subsidiary to which Montauk USA contributed its membership interests in MEC. All references to operations and operating results pertain to the combined operations of MEC and MEH (collectively "*Montauk Energy*"). The Company is 100% owned by Montauk Holdings Ltd., an investment holding company, incorporated in South Africa with its operating subsidiaries domiciled in the United States.

Montauk Energy is a renewable energy company specializing in the management, recovery and conversion of biogas into Renewable Natural Gas ("*RNG*"). The Company captures methane, preventing it from being released into the atmosphere, converting it into either RNG or electrical power for the electrical grid ("*Renewable Electricity*"). The Company, headquartered in Pittsburgh, Pennsylvania, has more than 30 years of experience in the development, operation and management of landfill methane-fueled renewable energy projects. The Company has current operations at 15 operating projects located in California, Idaho, Ohio, Oklahoma, Pennsylvania and Texas. The Company sells RNG and Renewable Electricity, taking advantage of Environmental Attributes (as defined below) premiums available under federal and state policies that incentivize their use.

One of the Company's key revenue drivers is the selling of captured gas and the selling of Renewable Identification Numbers ("*RINs*") to fuel blenders. The Renewable Fuel Standard ("*RFS*") is an Environmental Protection Agency (the "*EPA*") administered federal law that requires transportation fuel to contain a minimum volume of renewable fuel. RNG derived from landfill methane, agricultural digesters and wastewater treatment facilities used as a vehicle fuel qualifies as a D3 (cellulosic biofuel with a 60% greenhouse gas reduction requirement) RIN. The RINs are compliance units for fuel blenders that were created by the RFS program in order to reduce greenhouse gases and imported petroleum into the United States.

An additional program utilized by the Company is the Low Carbon Fuel Standard ("*LCFS*"). This is state specific and is designed to stimulate the use of low-carbon fuels. To the extent that RNG from the Company's facilities is used as a transportation fuel in states that have adopted an LCFS program, it is eligible to receive an Environmental Attribute additional to the RIN value under the federal RFS.

The second primary revenue driver is the selling of captured electricity and the associated environmental premiums related to renewable sales. The Company's electric facilities are designed to conform to and monetize various state renewable portfolio standards requiring a percentage of the electricity produced in that state to come from a renewable resource. Such premiums are in the form of Renewable Energy Credits ("*RECs*"). All four of the Company's electric facilities receive revenue for the monetization of RECs either as a part of a power sales agreement or separately.

Collectively, the Company benefits from federal, state and local government incentives in the United States, provided in the form of RINs, RECs, LCFS credits, rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of renewable energy projects, that promote the use of renewable energy, as environmental attributes ("*Environmental Attributes*").

**MONTAUK HOLDINGS USA, LLC**

**UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**COVID-19**

In March 2020, the World Health Organization classified the outbreak of COVID-19 as a pandemic and recommended containment and mitigation measures worldwide. The Company is considered an essential company under the U.S. Federal Cybersecurity and Infrastructure Security Agency guidance and various state or local jurisdictions in which we operate. In response to the COVID-19 pandemic, the Infectious Disease and Response Plan ("*IDRC*") was activated to lead the development and response to any infectious disease event.

The Company implemented, and continues to undertake, measures to protect the health the well-being of its employees, including arranging shifts at facilities to stagger employees to assist with following social distancing protocols, utilizing overnight and weekend remote facility monitoring during normal operating shifts, implementing extensive cleaning and sanitation processes for both facilities and office spaces, incorporating temperature checks and facial covering requirements, instituting employee and visitor fitness questionnaires, restricting corporate travel and visitor access to sites and implemented work-from-home initiatives for certain employees. These measures resulted, and may continue to result, in additional costs. Although the Company has not experienced any material disruptions in its ability to continue its business operations or a material impact to its financial results to date due to COVID-19, the potential future impact cannot be predicted with certainty.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying unaudited financial statements of the Company have been prepared as though they were required to be in accordance with Rule 10-01 of Regulation S-X for interim financial statements, however, they do not include all information and footnotes required by United States generally accepted accounting principles ("*GAAP*") for complete financial statements. The information furnished herein reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. The results of operations for the period ended September 30, 2020 are not necessarily indicative of the results that will be realized for the year ending December 31, 2020 or any other period. The balance sheet as of December 31, 2019 has been derived from our audited financial statements as of that date. For further information, refer to our audited financial statements and notes thereto included for the year ended December 31, 2019.

**Unaudited Pro Forma Information**

Prior to the completion of our initial public offering ("*IPO*"), Montauk Holdings Ltd. will distribute the common stock of Montauk Renewables, Inc. to its shareholders and immediately prior thereto Montauk Renewables, Inc. will enter into a series of transactions in which it will assume the assets and liabilities of Montauk Energy ("*Reorganization Transactions*").

**Renewable Identification Numbers**

The Company generates D3 RINs through its production and sale of RNG used for transportation purposes as prescribed under the Federal Renewable Fuel Standard. The RINs that the Company generates can be separated and sold independent from the energy produced. Therefore, no cost is allocated to the RIN when it is generated. The Company had 0.5 million and 3.5 million RINs generated and unsold as of September 30, 2020 and 2019, respectively.

**Recently Adopted Accounting Standards**

In August 2018, the FASB issued ASU 2018-15, *Intangibles–Goodwill and Other–Internal-Use Software, ("ASU 2018-15")* associated with a customer's accounting for implementation costs incurred in a cloud computing

arrangement that is a service contract. The amendments align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. Costs for implementation activities in the application development stage are capitalized as prepayments depending on the nature of the costs, while costs incurred during the preliminary project and post-implementation stages are expensed as the activities are performed. The Company early adopted this amended guidance on January 1, 2020 prospectively, and it did not have a material impact on our consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes ("ASU 2019-12")*. The new guidance which simplifies the accounting for income taxes, eliminates certain exceptions with ASC 740 and clarifies certain aspects of the current guidance to promote consistency among reporting entities. The new standard is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company early adopted this guidance on January 1, 2020 prospectively, and it did not have a material impact on our consolidated financial statements.

## NOTE 3—ASSET IMPAIRMENT

The Company recorded an impairment loss of $278 for the nine months ended September 30, 2020 in Renewable Electricity Generation segment. The impairment loss was due to termination of a development agreement related to the acquisition of Pico. For the nine months ended September 30, 2019, the Company calculated and recorded an impairment loss of $1,550. Of this loss, $797 and $753 is included in RNG and Renewable Electricity Generation, respectively. The impairment loss was due to the cancellation of a site conversion agreement and specifically identified costs incurred and pre-tax cash flow projections, which is considered a Level 3 measurement. The impairment loss was recorded as a component of operating expenses and property, plant and equipment—net within the Consolidated Statements of Operations for the nine months ended September 30, 2019.

## NOTE 4—REVENUES FROM CONTRACTS WITH CUSTOMERS

The Company's revenues are comprised of renewable energy and related Environmental Attribute sales provided under long-term contracts with its customers. All revenue is recognized when (or as) the Company satisfies its performance obligation(s) under the contract (either implicit or explicit) by transferring the promised product or service to its customer either when (or as) its customer obtains control of the product or service. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer. A contract's transaction price is allocated to each distinct performance obligation. The Company allocates the contract's transaction price to each performance obligation using the product's observable market standalone selling price for each distinct product in the contract.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring its products or services. As such, revenue is recorded net of allowances and customer discounts. To the extent applicable, sales, value add, and other taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis.

The Company's performance obligations related to the sale of renewable energy (i.e. RNG and Renewable Electricity) are generally satisfied over time. Revenue related to the sale of renewable energy is generally recognized over time either using an output or measure based upon the product quantity delivered to the customer. This measure is used to best depict the Company's performance to date under the terms of the contract. Revenue from products transferred to customers over time accounted for approximately 35% and 36% of revenue for the nine months ended September 30, 2020 and September 30, 2019, respectively.

**MONTAUK HOLDINGS USA, LLC**

**UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The nature of the Company's long-term contracts may give rise to several types of variable consideration, such as periodic price increases. This variable consideration is outside of the Company's influence as the variable consideration is dictated by the market. Therefore, the variable consideration associated with the long-term contracts is considered fully constrained.

The Company's performance obligations related to the sale of Environmental Attributes are generally satisfied at a point in time and were approximately 65% and 64% of revenue for the nine months ended September 30, 2020 and September 30, 2019, respectively. The Company recognizes Environmental Attribute revenue at the point in time in which the customer obtains control of the Environmental Attributes, which is generally when the title of the Environmental Attribute passes to the customer upon delivery. In limited cases, title does not transfer to the customer and revenue is not recognized until the customer has accepted the Environmental Attributes.

The following tables display the Company's revenue by major source, excluding realized and unrealized gains or losses under the Company's gas hedge program, based on product type and timing of transfer of goods and services for the nine months ended September 30, 2020 and September 30, 2019:

| | Nine months ended September 30, 2020 | | |
|---|---|---|---|
| | Goods transferred at a point in time | Goods transferred over time | Total |
| **Major Goods/Service Line:** | | | |
| Natural Gas Commodity | $ 4,684 | $ 18,352 | $23,036 |
| Natural Gas Environmental Attributes | 39,100 | — | 39,100 |
| Electric Commodity | — | 8,035 | 8,035 |
| Electric Environmental Attributes | 5,226 | — | 5,226 |
| | $ 49,010 | $ 26,387 | $75,397 |
| **Operating Segment:** | | | |
| Renewable Natural Gas | $ 43,784 | $ 18,352 | $62,136 |
| Renewable Electricity Generation | 5,226 | 8,035 | 13,261 |
| | $ 49,010 | $ 26,387 | $75,397 |

| | Nine months ended September 30, 2019 | | |
|---|---|---|---|
| | Goods transferred at a point in time | Goods transferred over time | Total |
| **Major Goods/Service Line:** | | | |
| Natural Gas Commodity | $ 6,450 | $ 19,937 | $26,387 |
| Natural Gas Environmental Attributes | 41,001 | — | 41,001 |
| Electric Commodity | — | 9,485 | 9,485 |
| Electric Environmental Attributes | 5,377 | — | 5,377 |
| | $ 52,828 | $ 29,422 | $82,250 |
| **Operating Segment:** | | | |
| Renewable Natural Gas | $ 47,451 | $ 19,937 | $67,388 |
| Renewable Electricity Generation | 5,377 | 9,485 | 14,862 |
| | $ 52,828 | $ 29,422 | $82,250 |

MONTAUK HOLDINGS USA, LLC

UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5—ACCOUNTS AND OTHER RECEIVABLES

The Company extends credit based upon an evaluation of the customer's financial condition and, while collateral is not required, the Company periodically receives surety bonds that guarantee payment. Credit terms are consistent with industry standards and practices. Reserves for uncollectible accounts, if any, are recorded as part of general and administrative expenses in the Consolidated Statements of Operations and were $0 and $360 for the nine months ended September 30, 2020 and 2019 respectively.

Accounts and other receivables consist of the following as of September 30, 2020 and December 31, 2019:

| | As of | |
|---|---|---|
| | September 30, 2020 | December 31, 2019 |
| Accounts receivable | $ 8,764 | $ 10,032 |
| Other receivables | 95 | 8 |
| Reimbursable expenses | 17 | — |
| Allowance for doubtful accounts | — | (72) |
| **Accounts and Other Receivables, Net** | **$ 8,876** | **$ 9,968** |

## NOTE 6—PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consists of the following as of September 30, 2020 and December 31, 2019:

| | As of | |
|---|---|---|
| | September 30, 2020 | December 31, 2019 |
| Buildings and improvements | $ 28,266 | $ 13,999 |
| Machinery and equipment | 254,074 | 229,793 |
| Gas mineral rights | 40,451 | 40,451 |
| Construction work in progress | 2,833 | 30,125 |
| Total | 325,624 | 314,368 |
| Less: Accumulated depreciation and amortization | (135,667) | (120,870) |
| **Property, Plant & Equipment, Net** | **$ 189,957** | **$ 193,498** |

Depreciation expense for property plant and equipment was approximately $13,582 and $11,728 and amortization expense for gas mineral rights was approximately $1,472 and $1,865 for the nine months ended September 30, 2020 and 2019, respectively.

## NOTE 7—INVESTMENTS

In March 2019, pursuant to the underlying joint venture agreement, the Company made the decision to sell its equity interest and no longer classified Red Top as a variable interest entity. The Company concluded that Red Top has met the criteria under applicable guidance for a long-lived asset to be held for sale and reclassified its investment in Red Top of $1,096 as a current asset held for sale. On July 26, 2019, the Company entered into an agreement to sell Red Top to the 20% owner for $300. The terms of the sale included the distribution of approximately $892 in fixed assets to the Company which were classified as held for sale. After this distribution, the Company recorded a gain of approximately $94.

MONTAUK HOLDINGS USA, LLC

UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2019, the Company estimated the fair value the $892 of fixed assets held for sale and concluded that the carrying value exceeded the fair values and recorded an impairment of $892 for the year ended December 31, 2019.

## NOTE 8—INTANGIBLE ASSETS, NET

Intangible assets consist of the following as of September 30, 2020 and December 31, 2019:

| | As of, | |
|---|---|---|
| | September 30, 2020 | December 31, 2019 |
| Intangible assets with indefinite lives: | | |
| Emissions allowances | $ 777 | $ 777 |
| Land use rights | 329 | 329 |
| Total intangible assets with indefinite lives: | $ 1,106 | $ 1,106 |
| Intangible assets with finite lives: | | |
| Interconnection, net of accumulated amortization of $2,093 and $1,613 | $ 12,187 | $ 9,327 |
| Customer contracts, net of accumulated amortization of $16,183 and $15,832 | 1,100 | 1,905 |
| Total intangible assets with definite lives: | $ 13,287 | $ 11,232 |
| **Total Intangible Assets** | **$ 14,393** | **$ 12,338** |

The weighted average useful life of the customer contracts and interconnection is approximately 14 years and 19 years, respectively. Amortization expense was approximately $1,065 and $1,160 for the nine months ended September 30, 2020 and 2019, respectively.

## NOTE 9—ASSET RETIREMENT OBLIGATIONS

The following table summarizes the activity associated with asset retirement obligations of the Company as of September 30, 2020 and December 31, 2019:

| | As of | |
|---|---|---|
| | September 30, 2020 | December 31, 2019 |
| Asset retirement obligations—beginning of year | $ 5,928 | $ 5,399 |
| Accretion expense | 258 | 391 |
| Changes in asset retirement obligations estimate | (150) | — |
| New asset retirement obligations | 350 | 177 |
| Decommissioning | (395) | (39) |
| Asset retirement obligations—end of year | $ 5,991 | $ 5,928 |

## NOTE 10—DERIVATIVE INSTRUMENTS

To mitigate market risk associated with fluctuations in energy commodity prices (natural gas) and interest rates, the Company utilizes various hedges to secure energy commodity pricing and interest rates under a board-

MONTAUK HOLDINGS USA, LLC

UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

approved program. As a result of the hedging strategy employed, the Company had the following realized and unrealized gains and losses in the Consolidated Statements of Operations for the nine months ended September 30, 2020 and September 30, 2019:

| Derivative Instrument | Location | Nine months ended September 30, 2020 | 2019 |
|---|---|---|---|
| Commodity Contracts: | | | |
| Realized Natural Gas | Gas commodity sales | $ 551 | $ 1,040 |
| Unrealized Natural Gas | Other income | (388) | 565 |
| Interest Rate Swaps | Interest expense | (993) | (1,630) |
| **Net gain (loss)** | | **$ (830)** | **$ (25)** |

## NOTE 11—FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's assets and liabilities that are measured at fair value on a recurring basis include the following as of September 30, 2020 and December 31, 2019, set forth by level, within the fair value hierarchy:

| | As of September 30, 2020 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Interest rate swap derivative liabilities | $ — | $(2,626) | $ — | $(2,626) |
| Asset retirement obligations | — | — | (5,991) | (5,991) |
| | $ — | $(2,626) | $(5,991) | $(8,617) |

| | As of December 31, 2019 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Current commodity derivative asset | $ 388 | $ — | $ — | $ 388 |
| Interest rate swap derivative liabilities | — | (1,633) | — | (1,633) |
| Asset retirement obligations | — | — | (5,928) | (5,928) |
| | $ 388 | $(1,633) | $(5,928) | $(7,173) |

A summary of changes in the fair values of the Company's Level 3 instruments, attributable to asset retirement obligations, for the nine months ended September 30, 2020 and year ended December 31, 2019 is included in Note 9.

In addition, certain assets are measured at fair value on a non-recurring basis when an indicator of impairment is identified and the assets fair value is determined to be less than its carrying value. See Note 3 for additional information.

MONTAUK HOLDINGS USA, LLC

UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 12—ACCRUED LIABILITIES

The Company's accrued liabilities consist of the following as of September 30, 2020 and December 31, 2019:

| | As of | |
|---|---|---|
| | September 30, 2020 | December 31, 2019 |
| Accrued expenses | $ 4,699 | $ 4,952 |
| Payroll and related benefits | 1,863 | 849 |
| Royalty | 2,586 | 1,440 |
| Utility | 1,122 | 1,105 |
| Other | 696 | 339 |
| **Accrued Liabilities** | **$ 10,966** | **$ 8,685** |

## NOTE 13—DEBT

The Company's debt consists of the following as of September 30, 2020 and December 31, 2019:

| | As of | |
|---|---|---|
| | September 30, 2020 | December 31, 2019 |
| Term Loans | $ 32,500 | $ 40,000 |
| Revolving credit facility | 36,698 | 28,198 |
| Less: current principal maturities | (10,000) | (10,000) |
| Less: debt issuance costs (on long-term debt) | (542) | (942) |
| Long-term Debt | $ 58,656 | $ 57,256 |
| Current Portion of Long-term Debt | 9,443 | 9,310 |
| **Total Debt** | **$ 68,099** | **$ 66,566** |

### Capitalized Interest

Capitalized interest was $1,113 and $1,706 for the nine months ended September 30, 2020 and the year ended December 31, 2019, respectively. Interest is capitalized using the borrowing rate for the assets being constructed. Interest capitalized during the nine months ended September 30, 2020 and 2019 was for the construction of two and three LFG-to-energy projects, respectively.

### Amended Credit Agreement

On December 12, 2018, the Company entered into the Second Amended and Restated Revolving Credit and Term Loan Agreement (as amended by the First Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of March 21, 2019 (the "*First Amendment*"), and as further amended by the Second Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of September 12, 2019 (the "*Second Amendment*"), and as may be further amended from time to time (the "*Amended Credit Agreement*"), with Comerica Bank, as administrative agent, sole lead arranger and sole bookrunner, and the other financial institutions from time to time party thereto.

The Amended Credit Agreement, which is secured by a lien on substantially all assets of the Company and certain of its subsidiaries, provides for a $95,000 term loan and a $90,000 revolving credit facility. The term loan amortizes in quarterly installments of $4,750 and has a final maturity date of December 12, 2023 with an interest rate of 2.981% and 4.642% at September 30, 2020 and December 31, 2019, respectively.

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**UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As of September 30, 2020 and December 31, 2019, respectively, $32,500 and $40,000 was outstanding under the term loan and $36,698 and $28,198 was outstanding under the revolving credit facility. In addition, the Company had $7,145 and $7,565 of outstanding letters of credit as of September 30, 2020 and December 31, 2019, respectively. Amounts available under the revolving credit facility are reduced by any amounts outstanding under letters of credit. As of September 30, 2020 and December 31, 2019, the Company's capacity available for borrowing under the revolving credit facility was $36,157 and $44,237, respectively. Borrowings under the term loans and revolving credit facility bear interest at the LIBOR rate plus an applicable margin or the Prime Reference Rate plus an applicable margin, as elected by the Company.

The Company's parent, Montauk Holdings Ltd., experienced reporting delays in South Africa associated with the outbreak of COVID-19 which impacted the timing of the Company's financial statements being available to be issued. From April 30, 2020 through July 30, 2020, the Company was in technical violation of its 120-day covenant to furnish audited consolidated financial statements to its five-bank syndicate. The Company communicated these delays to the arranger, its primary commercial bank, of the five-bank Amended Credit Agreement. The Amended Credit Agreement, as amended, has provisions that a default associated with the furnishing of audited consolidated financial statements is deemed cured upon the delivery of the financial statements. The technical violation was cured under the terms of the Amended Credit Agreement by providing audited financials on July 30, 2020 to the Company's five-bank syndicate.

As of September 30, 2020, the Company was in compliance with all financial covenants related to the Amended Credit Agreement.

## NOTE 14—INCOME TAXES

The Company is subject to income taxes in the U.S. federal jurisdiction and various state and local jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply.

The Company's effective tax rate ("*ETR*") from continuing operations excluding discrete items for the nine month periods ended September 30, 2020 and 2019 was approximately 105.6% and (11.1%), respectively. The Company's ETR is significantly impacted by our ability to generate tax credits from our operations. The tax rate is higher than the U.S. federal statutory tax rate of 21% due to state taxes, permanent differences, and the current year generation of tax credits as compared to forecasted earnings. In addition, we estimated the tax impacts from the dissolution of the MEC partnership, which resulted in a discrete tax benefit of ($2,251).

During the nine months ended September 30, 2020, the Company elected to early adopt ASU 2019-12 though this impact did not have a material impact on the Company's consolidated results of operations.

## NOTE 15—SHARE-BASED COMPENSATION

The Company records and reports share-based compensation for stock options ("*Options*") and restricted stock. When vested and exercised, Options and restricted stock are converted into shares of, and issued by, the Company's parent, Montauk Holdings Ltd. The Company does not have an equity plan from which it issues options or restricted stock.

The Options issued allows the recipient to receive common stock equal to the appreciation in the fair market value of Montauk Holdings Ltd. common stock between the date the award was granted and the conversion date of the shares vested.

MONTAUK HOLDINGS USA, LLC

UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Compensation cost is recorded based on the fair value of the shares at grant date. The following table summarizes the Options and restricted stock as of September 30, 2020 and 2019:

| | Options | | Restricted Stock | |
|---|---|---|---|---|
| | Number of Shares | Weighted Average Exercise Price | Number of Shares | Weighted Average Exercise Price |
| Beginning of period—January 1, 2020 | 1,872,534 | $ 1.24 | 1,939,200 | $ 0.95 |
| Granted | 924,779 | 1.00 | — | — |
| Forfeited | (166,666) | 1.01 | — | — |
| Exercised | (50,000) | 1.71 | — | — |
| End of period—September 30, 2020 | **2,580,647** | **$ 1.16** | **1,939,200** | **$ 0.95** |
| Vested and exercisable—September 30, 2020 | — | — | **1,939,200** | **$ 0.95** |

| | Options | | Restricted Stock | |
|---|---|---|---|---|
| | Number of Shares | Weighted Average Exercise Price | Number of Shares | Weighted Average Exercise Price |
| Beginning of period—January 1, 2019 | 1,079,480 | $ 0.81 | 1,939,200 | $ 0.95 |
| Granted | 918,241 | 1.59 | — | — |
| Forfeited | (626,278) | 1.67 | — | — |
| Exercised | (475,000) | 0.77 | — | — |
| End of period—September 30, 2019 | **896,443** | **$ 1.03** | **1,939,200** | **$ 0.95** |

During the nine months ended September 30, 2020, the intrinsic value of the 50,000 Options exercised was $50. The Company received $56 related to the exercise of a portion of these Options. At September 30, 2020 and 2019, the aggregate intrinsic value difference between exercise price and closing price at that date of all Options outstanding was $3,983 and $854, respectively.

Stock-based compensation expense for the nine months ended September 30, 2020 and 2019 was $463 and $661 respectively, and is included in general and administrative expense in the Consolidated Statement of Operations.

## NOTE 16—DEFINED CONTRIBUTION PLAN

The Company maintains a 401(k) defined contribution plan for eligible employees. The Company matches 50% of an employee's deferrals up to 4%. The Company also contributes 3% of eligible employee's compensation expense as a safe harbor contribution. The matching contributions vest ratably over four years of service, while the safe harbor contributions vest immediately. Incurred expense related to the 401(k) plan was approximately $340 and $334 the nine months ended September 30, 2020 and 2019.

## NOTE 17—RELATED-PARTY TRANSACTIONS

### Executive Loans

In March 2019, the Company's former Chief Executive Officer and Vice President of Engineering exercised 100,000 and 25,000 shares, respectively, of a vested tranche of Options. In connection with this exercise, the Company loaned to its former Chief Executive Officer and Vice President Engineering $80 and $20,

respectively, related to the personal income tax consequences of the exercise. Both of these loans have an interest rate of 2.53% and matured on July 31, 2019. In July 2019, the maturity of both of these loans was amended to mature on March 21, 2020. The Company's former Chief Executive Officer repaid the loan in February 2020 and the Vice President of Engineering repaid the loan in March 2020.

These loans are included in Prepaid expenses and other current assets in the September 30, 2019 and December 31, 2019 Consolidated Balance Sheets.

**Options**

In December 2019, the Company's current Chief Executive Officer and former Vice President and General Counsel exercised 50,000 and 83,334 shares, respectively, of a vested tranche of Options. In connection with this exercise, the Company loaned its current Chief Executive Officer and former Vice President and General Counsel $29 and $36, respectively related to the personal income tax consequences of the exercise. Both of these loans were repaid in January 2020.

These loans were included in Prepaid expenses and other current assets in the December 31, 2019 Consolidated Balance Sheet.

## NOTE 18—SEGMENT INFORMATION

The Company's reportable segments for the nine months ended September 30, 2020 and 2019 are Renewable Natural Gas and Renewable Electricity Generation. Renewable Natural Gas includes the production of RNG. Renewable Electricity Generation includes generation of electricity at biogas-to-electricity plants. The corporate entity is not determined to be an operating segment, but is discretely disclosed for purposes of reconciliation of the Company's consolidated financial statements. The following table is consistent with the manner in which the chief operating decision maker evaluates the performance of each segment and allocates the Company's resources. In the following tables "RNG" refers to Renewable Natural Gas and "REG" refer to Renewable Electricity Generation.

| | Nine months ended September 30, 2020 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Total revenues | $ 62,192 | $13,282 | $ 85 | $ 75,559 |
| Adjusted EBITDA (1) | 29,100 | 3,912 | (11,636) | 21,376 |
| Net income (loss) | 18,700 | (1,955) | (14,598) | 2,147 |
| Total assets | 135,359 | 80,485 | 35,683 | 251,527 |
| Capital expenditures | 11,097 | 3,068 | 58 | 14,223 |

(1) Nine months ended September 30, 2020 EBITDA Reconciliation

**MONTAUK HOLDINGS USA, LLC**

**UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following table is a reconciliation of the Company's reportable segments' net income from continuing operations to Adjusted EBITDA for the nine months ended September 30, 2020:

| | Nine months ended September 30, 2020 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Net Income (loss) | $18,700 | $(1,955) | $(14,598) | $ 2,147 |
| Depreciation and amortization | 10,400 | 5,587 | 133 | 16,120 |
| Interest expense | — | — | 3,510 | 3,510 |
| Income tax expense (benefit) | — | 2 | (293) | (291) |
| Consolidated EBITDA | $29,100 | $ 3,634 | $(11,248) | $21,486 |
| Impairment loss | — | 278 | — | 278 |
| Non-cash hedging charges | — | — | (388) | (388) |
| **Adjusted EBITDA** | $29,100 | $ 3,912 | $(11,636) | $21,376 |

| | Nine months ended September 30, 2019 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Total revenues | $ 67,322 | $14,927 | $ 1,454 | $ 83,703 |
| Adjusted EBITDA (1) | 31,401 | 4,269 | (8,632) | 27,038 |
| Net income (loss) | 22,032 | (2,062) | (14,522) | 5,448 |
| Total assets | 133,296 | 79,645 | 17,868 | 230,809 |
| Capital expenditures | 27,067 | 6,271 | 302 | 33,640 |

(1) Nine months ended September 30, 2019 EBITDA Reconciliation

The following table is a reconciliation of the Company's reportable segments' net income from continuing operations to Adjusted EBITDA for the nine months ended September 30, 2019:

| | Nine months ended September 30, 2019 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Net Income (loss) | $ 22,032 | $(2,062) | $(14,522) | $ 5,448 |
| Depreciation and amortization | 8,585 | 6,033 | 136 | 14,754 |
| Interest expense | — | 7 | 5,286 | 5,293 |
| Income tax expense (benefit) | — | (466) | (73) | (539) |
| Consolidated EBITDA | $ 30,617 | $ 3,512 | $ (9,173) | $24,956 |
| Impairment loss | 797 | 753 | — | 1,550 |
| Transaction costs | 83 | 4 | 115 | 202 |
| Equity (gain) of nonconsolidated investments | (94) | — | — | (94) |
| Net loss (gain) of sale of assets | (2) | — | 12 | 10 |
| Non-cash hedging charges | — | — | 414 | 414 |
| **Adjusted EBITDA** | $ 31,401 | $ 4,269 | $ (8,632) | $27,038 |

MONTAUK HOLDINGS USA, LLC

UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2020 and September 30, 2019, four and five customers, respectively, made up greater than 10% of our total revenues.

| | Nine months ended September 30, 2020 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Customer A | — | 15.0% | — | 15.0% |
| Customer B | 12.3% | — | — | 12.3% |
| Customer C | 14.5% | — | — | 14.5% |
| Customer D | 11.3% | — | — | 11.3% |

| | Nine months ended September 30, 2019 | | | |
|---|---|---|---|---|
| | RNG | REG | Corporate | Total |
| Customer A | — | 13.4% | — | 13.4% |
| Customer C | 13.2% | — | — | 13.2% |
| Customer D | 13.2% | — | — | 13.2% |
| Customer E | 12.0% | — | — | 12.0% |
| Customer F | 11.5% | — | — | 11.5% |

**NOTE 19—LEASES**

The Company leases office space and other office equipment under operating lease arrangements (with initial terms greater than twelve months), expiring in various years through 2025. These leases have been entered into to better enable the Company to conduct business operations. Office space is leased to provide adequate workspace for all employees in Pittsburgh, Pennsylvania and Houston, Texas.

The Company determines if an arrangement is, or contains, a lease at inception based on whether that contract conveys the right to control the use of an identified asset in exchange for consideration for a period of time. For all operating lease arrangements, the Company presents at the commencement date: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

The Company has elected, as a practical expedient, not to separate non-lease components from lease components, and instead accounts for each separate component as a single lease component for all lease arrangements, as lessee. In addition, the Company has elected, as a practical expedient, not to apply lease recognition requirements to short-term lease arrangements, generally those with a lease term of less than twelve months, for all classes of underlying assets. In determination of the lease term, the Company considers the likelihood of lease renewal options and lease termination provisions.

The Company uses its incremental borrowing rate, as the basis to calculate the present value of future lease payments, at lease commencement. The incremental borrowing rate represents the rate that would approximate the rate to borrow funds on a collateralized basis over a similar term and in a similar economic environment.

As of September 30, 2020, there were no leases entered into which have not yet commenced that would entitle the Company to significant rights or create additional obligations.

MONTAUK HOLDINGS USA, LLC

UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Supplemental information related to operating lease arrangements was as follows as of and for the nine months ended September 30, 2020:

| | |
|---|---|
| Cash paid for amounts included in the measurement of operating lease liabilities | $ 226 |
| Weighted average remaining lease term (in years) | 2.68 |
| Weighted average discount rate | 5.00% |

Future minimum lease payments as of September 30, 2020 are as follows:

| | Amount |
|---|---|
| **Year Ending** | |
| 2021 | $ 255 |
| 2022 | 267 |
| 2023 | 8 |
| 2024 | 1 |
| 2025 | — |
| Interest | (36) |
| **Total** | **$ 495** |

## NOTE 20—COMMITMENTS AND CONTINGENCIES

### Concentrations

A substantial portion of the Company's revenues are generated from five locations in the nine months ended September 30, 2020 and 2019, each in separate areas of the country. For the nine months ended September 30, 2020 and 2019, excluding the impact of derivative instruments, approximately 79% and 81%, respectively, of operating revenues were derived from these locations. The Company's financial position, results of operations and cash flows could be adversely affected if production volumes related to these locations would significantly decrease. In addition, five customers make up approximately 89% and 67% of accounts receivable as of September 30, 2020 and December 31, 2019, respectively.

### Environmental

The Company is subject to a variety of environmental laws and regulations governing discharges to the air and water, as well as the handling, storage and disposing of hazardous or waste materials. The Company believes its operations currently comply in all material respects with all environmental laws and regulations applicable to its business. However, there can be no assurance that environmental requirements will not change in the future or that the Company will not incur significant costs to comply with such requirements.

### Contingencies

The Company, from time to time, may be involved in litigation. At September 30, 2020, management does not believe there are any matters outstanding that would have a material adverse effect on the Company's financial position or results of operations.

During the nine months ended September 30, 2020, the Company received insurance proceeds related to an engine failure at our McCarty RNG location. During the fourth quarter of 2019, one of the McCarty production engines failed resulting in reduced production. The engine was replaced and commissioning began during the first quarter of 2020. The Company submitted this claim to its insurance carrier and as of September 30, 2020 has received total proceeds of $3,444 for business interruption and property loss, net of deductibles. These proceeds were recorded within "Operating expenses" in the consolidated statements of operations. Upon finalization of the claim process, the Company will record any additional proceeds that may be received as additional gain on insurance proceeds.

**MONTAUK HOLDINGS USA, LLC**

**UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## NOTE 21—SUBSEQUENT EVENTS

### Subsequent Events

The Company evaluated its September 30, 2020 consolidated financial statements through December 11, 2020, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require disclosure in the consolidated financial statements except for the matters discussed below.

In October 2020, a wildfire broke out near one of the Company's electricity generating facilities. Only minor damage was sustained to the facility and assets owned by the Company. The wellfield and infrastructure surrounding the facility, not owned or maintained by the Company, was damaged which cut off the flow of gas to the electricity generating facility taking it offline. The Company anticipates the temporary halt of operations at the facility, until the gas line can be repaired, to impact Renewable Electricity Generation revenues for the year ended December 31, 2020 and REC revenues for the year ended December 31, 2021. The Company expects the facility to resume normal operations in January 2021.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholder
Montauk Renewables, Inc.

**Opinion on the financial statements**

We have audited the accompanying balance sheet of Montauk Renewables, Inc. (a Delaware corporation) (the "Company") as of November 15, 2020 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of November 15, 2020 in conformity with accounting principles generally accepted in the United States of America.

**Basis for opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2020.

Pittsburgh, Pennsylvania
December 11, 2020

**MONTAUK RENEWABLES, INC.**

**CONSOLIDATED BALANCE SHEET**

| | As of November 15, 2020 |
|---|---|
| **ASSETS** | |
| Current Assets: | |
| Cash | $ 10.00 |
| Total current assets | 10.00 |
| **Total assets** | $ 10.00 |
| **STOCKHOLDER'S EQUITY** | |
| Common Stock, par value $0.01 per share, 1,000 shares authorized, 10 shares issued and outstanding | $ 0.10 |
| Additional paid-in capital | 9.90 |
| **Total stockholder's equity** | $ 10.00 |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**MONTAUK RENEWABLES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## NOTE 1—DESCRIPTION OF BUSINESS

### Operations and organization

Montauk Renewables, Inc. (or the "*Company*") was organized as a Delaware corporation on September 21, 2020. Pursuant to a series of reorganization transactions, the Company will continue to conduct the business and operations now conducted by Montauk Holdings USA, LLC ("*Montauk USA*").

### COVID-19

In March 2020, the World Health Organization classified the outbreak of COVID-19 as a pandemic and recommended containment and mitigation measures worldwide. The Company is considered an essential company under the U.S. Federal Cybersecurity and Infrastructure Security Agency guidance and various state or local jurisdictions in which we operate. In response to the COVID-19 pandemic, the Infectious Disease and Response Plan ("*IDRC*") was activated to lead the development and response to any infectious disease event.

Although the Company has not experienced any material disruptions in its ability to continue its business operations or a material impact to its financial results to date due to COVID-19, the potential future impact cannot be predicted with certainty.

## NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The Balance Sheet has been prepared in accordance with United States generally accepted accounting principles ("*GAAP*"). Separate statements of operations, changes in stockholders' equity and cash flows have not been presented in the financial statements because there have been no activities in this entity or because the single transaction is fully disclosed below.

### Cash

Cash includes highly liquid investments with maturity dates of three months or less from the date of purchase and are recorded at cost. From time to time, the Company holds cash in banks in excess of federally insured limits.

## NOTE 3—STOCKHOLDER'S EQUITY

The Company is authorized to issue 1,000 shares of Common Stock, par value $0.01 per share, under the Company's certificate of incorporation in effect as of September 21, 2020. In exchange for $10.00, the Company issued 10 shares of Common Stock as of September 30, 2020.

## NOTE 4—SUBSEQUENT EVENTS

### Subsequent Events

The Company evaluated its November 15, 2020 consolidated financial statements through December 11, 2020, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

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**Shares**

# MONTAUK RENEWABLES, INC.

**common stock**

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**PROSPECTUS**

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## ROTH CAPITAL PARTNERS

**, 2021**

**Until and including , 2021(25 days after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.**

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

### Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the expenses payable by the registrant expected to be incurred in connection with the issuance and distribution of the shares of common stock being registered hereby (other than underwriting discounts and commissions). We have agreed to pay all offering expenses, other than underwriting discounts and commissions, for the selling stockholder incurred in connection with the sale of shares of our common stock by the selling stockholder. All of such expenses are estimates, other than the filing and listing fees payable to the SEC, FINRA, and stock exchange listing fee.

| | Amount to be Paid |
|---|---|
| SEC registration fee(1) | $ 2,182 |
| FINRA filing fee(1) | 3,500 |
| Stock exchange listing fee | 75,000 |
| Transfer agent's fees and expenses | 54,500 |
| Printing expenses | 325,000 |
| Legal fees and expenses | * |
| Accounting fees and expenses | * |
| Miscellaneous expenses | * |
| Total | $ * |

* To be provided by amendment

(1) These fee amounts do not include any registration fee for the shares of our common stock to be sold by the selling stockholder.

### Item 14. Indemnification of Directors and Officers.

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with specified actions, suits, and proceedings, other than a derivative action by or in the right of the corporation, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification extends only to expenses, including attorneys' fees, actually and reasonably incurred in connection with the defense or settlement of such action and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's certificate of incorporation, bylaws, disinterested director vote, stockholder vote, agreement, or otherwise.

Our Amended and Restated Certificate of Incorporation limits the liability of our directors for monetary damages for a breach of fiduciary duty as a director to the fullest extent permitted by the DGCL and any other applicable law. The Amended and Restated Certification of Incorporation provides that each person who was or is made a party or is threatened to be made a party to a proceeding by reason of the fact that he or she is or was our director or officer or is or was serving at our request as a director, officer, employee or agent of another entity will be indemnified by us to the fullest extent permitted or required by the DGCL and any other applicable law, as the same exists or may hereafter be amended.

In connection with and upon the completion of this offering, we expect to enter into indemnification agreements with our directors, executive officers and certain other officers and agents pursuant to which they are provided indemnification rights that are broader than the specific indemnification provisions contained in the DGCL. These indemnification agreements generally require us, among other things, to indemnify our directors, executive officers, and certain other officers and agents against liabilities that may arise by reason of their status or service. These indemnification agreements may also require us to advance all expenses incurred by the directors, executive officers, and certain other officers and agents in investigating or defending any such action, suit, or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve on our behalf.

The limitation of liability and indemnification provisions that are included in our Amended and Restated Certificate of Incorporation and the indemnification agreements that we expect to enter into with our directors, executive officers, and certain other officers and agents may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, executive officers, and certain other officers and agents or is or was serving at our request as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made for breach of fiduciary duty or other wrongful acts as a director or executive officer and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law. Prior to the completion of this offering, we will enter into additional and enhanced insurance arrangements to provide coverage to our directors and executive officers against loss arising from claims relating to public securities matters.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our Board of Directors.

The underwriting agreement will provide for indemnification by the underwriter of us and our officers, directors, and employees for certain liabilities arising under the Securities Act or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**Item 15. Recent Sales of Unregistered Securities.**

On September 22, 2020 and in connection with our initial formation, Montauk issued 10 shares of our common stock to Ms. Melissa Zotter for $10 under Section 4(a)(2) of the Securities Act on the basis that the transaction did not involve a public offering.

On January 4, 2021 and in connection with the Equity Exchange, Montauk redeemed the 10 shares of its common stock owned by Ms. Melissa Zotter for $10. Immediately thereafter, Montauk issued 138,312,713 shares of its common stock to Montauk USA (representing all of the issued and outstanding shares of common stock of Montauk) in exchange for all of the issued and outstanding membership interests of MEH under Section 4(a)(2) of the Securities Act on the basis that the transaction did not involve a public offering.

**Item 16. Exhibits and Financial Statement Schedules.**

(a) Exhibits

| Exhibit Number | Exhibit Description |
|---|---|
| 1.1 | Form of Underwriting Agreement |
| 2.1+# | Transaction Implementation Agreement, dated as of November 6, 2020, between Montauk Renewables, Inc., Montauk Holdings Limited and Montauk Holdings USA, LLC |
| 2.2 | Letter Agreement, dated as of January 3, 2021, to the Transaction Implementation Agreement, dated as of November 6, 2020, between Montauk Renewables, Inc., Montauk Holdings Limited and Montauk Holdings USA, LLC |
| 3.1 | Amended and Restated Certificate of Incorporation of Montauk Renewables, Inc. |
| 3.2 | Amended and Restated Bylaws of Montauk Renewables, Inc. |
| 4.1 | Form of Underwriter Warrant |
| 5.1# | Form of Opinion of Jones Day |
| 10.1^ | Montauk Renewables, Inc. Equity and Incentive Compensation Plan |
| 10.2^# | Form of Nonqualified Stock Option Agreement |
| 10.3^# | Form of Restricted Stock Unit Award Agreement (Employees) |
| 10.4^# | Form of Restricted Stock Unit Award Agreement (Non-Employee Directors) |
| 10.5^+# | Form of Restricted Stock Agreement |
| 10.6^# | Form of Option Cancellation Agreement |
| 10.7^# | Form of Indemnity Letter between Montauk Renewables, Inc. and each of its current directors and executive officers |
| 10.8^# | Form of Indemnification Agreement between Montauk Renewables, Inc. and each of its directors and executive officers |
| 10.9^# | Employment Agreement, effective September 25, 2019, between Montauk Energy Holdings LLC and Sean F. McClain |
| 10.10^# | Employment Agreement, effective September 25, 2019, between Montauk Energy Holdings LLC and Kevin A. Van Asdalan |
| 10.11^# | Employment Agreement, effective September 24, 2019, between Montauk Energy Holdings LLC and James A. Shaw |
| 10.12^# | Severance Agreement, effective September 30, 2019, between Montauk Energy Holdings LLC and Martin L. Ryan |
| 10.13+# | Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of December 12, 2018, by and among Montauk Energy Holdings LLC, the financial institutions from time to time party thereto, as lenders, and Comerica Bank, as administrative agent, sole lead arranger and sole book runner |
| 10.14# | First Amendment, dated as of March 21, 2019, to the Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of December 12, 2018, by and among Montauk Energy Holdings LLC, the financial institutions from time to time party thereto, as lenders, and Comerica Bank, as administrative agent, sole lead arranger and sole book runner |
| 10.15# | Second Amendment, dated as of September 12, 2019, to the Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of December 12, 2018, by and among Montauk Energy Holdings LLC, the financial institutions from time to time party thereto, as lenders, and Comerica Bank, as administrative agent, sole lead arranger and sole book runner |

| Exhibit Number | Exhibit Description |
|---|---|
| 10.16 | Third Amendment, dated as of January 4, 2021, to the Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of December 12, 2018, by and among Montauk Energy Holdings LLC, the financial institutions from time to time party thereto, as lenders, and Comerica Bank, as administrative agent, sole lead arranger and sole book runner |
| 10.17†+# | Second Amended & Restated Landfill Gas Rights & Production Facilities Agreement, by and between County of Orange and Bowerman Power LFG, LLC |
| 10.18†+# | First Amendment to the Second Amended & Restated Landfill Gas Rights & Production Facilities Agreement, by and between County of Orange and Bowerman Power LFG, LLC |
| 10.19+# | Renewable Power Purchase and Sale Agreement by and between the City of Anaheim and Bowerman Power LFG, LLC |
| 10.20†+ | Amended and Restated Gas Sale and Purchase Agreement, by and between McCarty Road Landfill TX, LP and GSF Energy, LLC |
| 10.21+# | Base Contract for Sale and Purchase of Natural Gas, dated as of August 24, 2018, by and between Trillium Transportation Fuels, LLC and GSF Energy, LLC |
| 10.22†# | Transaction Confirmation, dated as of August 24, 2018, by and between Trillium Transportation Fuels, LLC and GSF Energy, LLC |
| 10.23†# | First Amendment to Transaction Confirmation, dated as of June 26, 2019, by and between Trillium Transportation Fuels, LLC and GSF Energy, LLC |
| 10.24†+# | Third Amended and Restated Gas Lease Agreement, dated January 1, 2018, by and between Rumpke Sanitary Landfill, Inc. and GSF Energy, LLC |
| 10.25+ | Base Contract for Sale and Purchase of Natural Gas, dated as of May 9, 2016, by and between Iogen D3 Biofuel Partners LLC and GSF Energy, LLC |
| 10.26†+ | Transaction Confirmation, dated as of May 9, 2016, by and between Iogen D3 Biofuel Partners LLC and GSF Energy, LLC |
| 10.27 | First Amendment to Transaction Confirmation, dated as of May 20, 2016, by and between Iogen D3 Biofuel Partners LLC and GSF Energy, LLC |
| 10.28†+ | Second Amendment to Transaction Confirmation, dated as of May 22, 2018, by and between Iogen D3 Biofuel Partners LLC and GSF Energy, LLC |
| 10.29†+ | Third Amendment to Transaction Confirmation, dated as of September 17, 2019, by and between Iogen D3 Biofuel Partners LLC and GSF Energy, LLC |
| 10.30+* | Base Contract for Sale and Purchase of Natural Gas, dated as of May 6, 2016, by and between Shell Energy North America (US), L.P. and GSF Energy, LLC |
| 10.31†+# | Transaction Confirmation, dated as of May 6, 2016, by and between Shell Energy North America (US), L.P. and GSF Energy, LLC |
| 10.32# | Amendment to Transaction Confirmation, dated as of May 24, 2016, by and between Shell Energy North America (US), L.P. and GSF Energy, LLC |
| 10.33+ | Base Contract for Sale and Purchase of Natural Gas, dated as of October 9, 2019, by and between Bluesource LLC and GSF Energy, LLC |
| 10.34† | Transaction Confirmation, dated as of October 15, 2019, by and between Bluesource LLC and GSF Energy, LLC |
| 10.35†+# | Amended and Restated Landfill Gas Purchase and Sale Agreement, dated October 17, 2016, by and between Waste Management of Texas, Inc. and TX LFG Energy, LP |
| 10.36+# | Base Contract for Sale and Purchase of Natural Gas, dated as of February 27, 2017, by and between BP Energy Company and BP Products North America Inc. (formerly Clean Energy Renewable Fuels, LLC) and TX LFG Energy, LP |

| Exhibit Number | Exhibit Description |
|---|---|
| 10.37†# | Transaction Confirmation, dated as of February 27, 2017, by and between BP Energy Company and BP Products North America Inc. (formerly Clean Energy Renewable Fuels, LLC) and TX LFG Energy, LP |
| 10.38†+# | First Amendment to Transaction Confirmation, dated as of February 7, 2018, by and between BP Energy Company and BP Products North America Inc. (formerly Clean Energy Renewable Fuels, LLC) and TX LFG Energy, LP |
| 10.39* | Form of Consortium Agreement, by and among the stockholders named therein |
| 10.40# | Administrative Services Agreement, effective as of December 15, 2014, by and among HCI Managerial Services Proprietary Limited and Montauk Holdings Limited |
| 10.41# | Form of Loan Agreement and Promissory Note, by and between Montauk Holdings Limited and Montauk Renewables, Inc., dated _____, _____ |
| 10.42^ | Employment Agreement, effective June 1, 2020, between Montauk Energy Holdings LLC and John Ciroli |
| 10.43^ | Employment Agreement, effective April 15, 2010, between Montauk Energy Capital, LLC and Scott Hill |
| 10.44 | Form of Administrative Services Agreement, by and between HCI Managerial Services Proprietary Limited and Montauk Renewables, Inc. |
| 21.1# | List of subsidiaries of Montauk Renewables, Inc. |
| 23.1# | Consent of Jones Day (included in Exhibit 5.1) |
| 23.2 | Consent of Grant Thornton LLP |
| 23.3 | Consent of Grant Thornton LLP |
| 24.1 | Power of Attorney (included on the signature page hereto) |

* Exhibits marked with a (*) will be filed by amendment.
^ Exhibits marked with a (^) are management contracts or compensation plans or arrangements.
\+ Exhibits marked with a (+) exclude certain immaterial schedules and exhibits pursuant to the provisions of Regulation S-K, Item 601(a)(5). A copy of any of the omitted schedules and exhibits will be furnished to the Securities and Exchange Commission upon request.
† Exhibits marked with a (†) exclude certain portions of the exhibit pursuant to Item 601(b)(10)(iv) of Regulation S-K. A copy of the omitted portions will be furnished to the Securities and Exchange Commission upon request.
\# Exhibits marked with a (#) were previously filed.

(b) Financial Statement Schedules

All financial statement schedules are omitted because the information called for is not required or is shown either in the consolidated financial statements or in the notes thereto. See the Index to Financial Statements included on page F-1 for a list of the financial statements and schedules included in this registration statement.

**Item 17. Undertakings.**

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or

paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Montauk Renewables, Inc. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Pittsburgh, Commonwealth of Pennsylvania, on January 8, 2021.

**MONTAUK RENEWABLES, INC.**

By: /s/ Sean F. McClain
Name: Sean F. McClain
Title: President and Chief Executive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned constitutes and appoints each of Sean F. McClain, Kevin A. Van Asdalan and John Ciroli, or any of them, each acting alone, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such person and in his name, place and stead, in any and all capacities, to sign this Registration Statement (including all pre-effective and post-effective amendments and registration statements filed pursuant to Rule 462(b) under the Securities Act of 1933), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming that any such attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated on January 8, 2021.

| Signature | Title | Date |
|---|---|---|
| /s/ Sean F. McClain<br>Sean F. McClain | Chief Executive Officer, President and Director (*Principal Executive Officer*) | January 8, 2021 |
| /s/ Kevin A. Van Asdalan<br>Kevin A. Van Asdalan | Chief Financial Officer (*Principal Financial and Accounting Officer*) | January 8, 2021 |
| /s/ Mohamed H. Ahmed<br>Mohamed H. Ahmed | Director | January 8, 2021 |
| /s/ John A. Copelyn<br>John A. Copelyn | Director | January 8, 2021 |
| /s/ Theventheran G. Govender<br>Theventheran G. Govender | Director | January 8, 2021 |
| /s/ Michael A. Jacobson<br>Michael A. Jacobson | Director | January 8, 2021 |
| /s/ Bruce S. Raynor<br>Bruce S. Raynor | Director | January 8, 2021 |

**Exhibit 1.1**

**MONTAUK RENEWABLES, INC.**

**UNDERWRITING AGREEMENT**

_____, 2021

Roth Capital Partners, LLC
888 San Clemente Drive, Suite 400
Newport Beach, CA 92660

c/o Roth Capital Partners, LLC
888 San Clemente Drive, Suite 400
Newport Beach, CA 92660

Ladies and Gentlemen:

Montauk Renewables, Inc., a Delaware corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to issue and sell to Roth Capital Partners, LLC (the "Underwriter") an aggregate of [●] authorized but unissued shares (the "Firm Shares") of common stock, par value $0.01 per share (the "Common Stock"), of the Company and Montauk Holdings Limited, the stockholder of the Company (the "Selling Stockholder") hereby agrees, to sell an aggregate of up to [●] shares of Common Stock (the "Secondary Shares") in the amount set forth opposite its name on **Schedule I**. The Company and the Selling Stockholder are collectively referred to herein as the "Montauk Parties" (each a "Montauk Party"). The Company also proposes to sell to the Underwriter, upon the terms and conditions set forth in Section 4 hereof, up to an additional [●] shares of Common Stock (the "Option Shares"). The Firm Shares, the Secondary Shares, and the Option Shares are hereinafter collectively referred to as the "Shares". The Shares, the Underwriter Warrants (as defined below) and the Underwriter Warrant Shares (as defined below) are collectively referred to as the "Securities." Prior to the date hereof, the Company will own 100% of the issued and outstanding equity of Montauk Energy Holdings, LLC and immediately prior to the Closing Time (as defined herein), the Montauk Parties will complete reorganization transactions (the "Reorganization") as described under the caption "The Reorganization Transactions" in the Registration Statement (as defined below).

The Company, the Selling Stockholder and the Underwriter hereby confirm their agreement as follows:

***1. Registration Statement and Prospectus***.

The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement covering the Shares on Form S-1 (File No. 333-251312) under the Securities Act of 1933, as amended (the "Securities Act"), and the rules and regulations (the "Rules and Regulations") of the Commission thereunder, and such amendments to such registration statement (including post effective amendments) as may have been required to the date of this Agreement. Such registration statement, as amended (including any post effective

amendments), has been declared effective by the Commission. Such registration statement, including amendments thereto (including post effective amendments thereto) and all documents and information deemed to be a part of the Registration Statement at the time of effectiveness thereof (the "Effective Time"), the exhibits and any schedules thereto at the Effective Time or thereafter during the period of effectiveness and the documents and information otherwise deemed to be a part thereof or included therein by the Securities Act or otherwise pursuant to the Rules and Regulations at the Effective Time or thereafter during the period of effectiveness, is herein called the "Registration Statement." If the Company has filed or files an abbreviated registration statement pursuant to Rule 462(b) under the Securities Act (the "Rule 462 Registration Statement"), then any reference herein to the term Registration Statement shall include such Rule 462 Registration Statement. Any preliminary prospectus included in the Registration Statement or filed with the Commission pursuant to Rule 424(a) under the Securities Act is hereinafter called a "Preliminary Prospectus." The Preliminary Prospectus relating to the Shares that was included in the Registration Statement immediately prior to the pricing of the offering contemplated hereby is hereinafter called the "Pricing Prospectus."

The Company is filing with the Commission pursuant to Rule 424 under the Securities Act a final prospectus covering the Shares, which includes the information permitted to be omitted therefrom at the Effective Time by Rule 430A under the Securities Act. Such final prospectus, as so filed, is hereinafter called the "Final Prospectus." The Final Prospectus, the Pricing Prospectus and any preliminary prospectus in the form in which they were included in the Registration Statement or filed with the Commission pursuant to Rule 424 under the Securities Act is hereinafter called a "Prospectus."

***2. Representations and Warranties of the Montauk Parties Regarding the Offering.***

(a) Each Montauk Party represents and warrants to, jointly and severally, and agrees with, the Underwriter, as of the date hereof and as of the Closing Date (as defined in Section 4(c) below) and as of each Option Closing Date (as defined in Section 4(d) below), as follows:

(i) **No Material Misstatements or Omissions**. At each time of effectiveness, at the date hereof, at the Closing Date, and at each Option Closing Date, if any, the Registration Statement and any post-effective amendment thereto complied or will comply in all material respects with the requirements of the Securities Act and the Rules and Regulations and did not, does not, and will not, as the case may be, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Time of Sale Disclosure Package (as defined in Section 2(a)(v)(A)(1) below) as of [●] (Eastern time) (the "Applicable Time") on the date hereof and at the Closing Date and on each Option Closing Date, if any, and the Final Prospectus, as amended or supplemented, as of its date, at the time of filing pursuant to Rule 424(b) under the Securities Act and at the Closing Date and at each Option Closing Date, if any, and any individual Written Testing-the-Waters Communication, when considered together with the Time of Sale Disclosure Package, did not, does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties set forth in the two immediately preceding sentences shall

not apply to statements in or omissions from the Registration Statement, the Time of Sale Disclosure Package or any Prospectus in reliance upon, and in conformity with, written information furnished to the Company by the Underwriter specifically for use in the preparation thereof, which written information is described in Section 7(g). The Registration Statement contains all exhibits and schedules required to be filed by the Securities Act or the Rules and Regulations. No order preventing or suspending the effectiveness or use of the Registration Statement or any Prospectus is in effect and no proceedings for such purpose have been instituted or are pending, or, to the knowledge of the Montauk Parties, are contemplated or threatened by the Commission.

(ii) **Public Disclosure**. The Company has filed publicly on the Electronic Data Gathering, Analysis, and Retrieval system at least 15 calendar days prior to the date hereof and any "road show" (as defined in Rule 433 und the Securities Act), the Registration Statement, any confidentially submitted draft of the Registration Statement and all amendments thereto relating to the offer and sale of Shares.

(iii) **Marketing Materials**. The Montauk Parties have not distributed any prospectus or other offering material in connection with the offering and sale of the Shares other than the Time of Sale Disclosure Package and the roadshow or investor presentations delivered to and approved by the Underwriter for use in connection with the marketing of the offering of the Shares (the "Marketing Materials").

(iv) **Emerging Growth Company**. The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "Emerging Growth Company").

(v) **Testing-the-Waters Communications.** Neither Montauk Party (i) has alone engaged in any Testing-the-Waters Communication other than Testing-the-Waters Communications with the consent of the Underwriter with entities that are qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are accredited investors within the meaning of Rule 501 under the Securities Act and (ii) has authorized anyone other than the Underwriter to engage in Testing-the-Waters Communications. Neither Montauk Party has distributed any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act ("Written Testing-the-Waters Communications"), other than those previously provided to the Underwriter and listed on Schedule III hereto. "Testing-the-Waters Communication" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act. Each Written Testing-the-Waters Communication, did not, as of the Applicable Time, and at all times through the completion of the public offer and sale of Shares will not, include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus.

(vi) **Accurate Disclosure**. (A) The Montauk Parties have provided a copy to the Underwriter of each Issuer Free Writing Prospectus (as defined below) used in the sale of Shares. The Company has filed all Issuer Free Writing Prospectuses required to be so filed with the Commission, and no order preventing or suspending the effectiveness

or use of any Issuer Free Writing Prospectus is in effect and no proceedings for such purpose have been instituted or are pending, or, to the knowledge of the Company, are contemplated or threatened by the Commission. When taken together with the rest of the Time of Sale Disclosure Package or the Final Prospectus, no Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of Shares, has, does or will include (1) any untrue statement of a material fact or omission to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (2) information that conflicted, conflicts or will conflict with the information contained in the Registration Statement or the Final Prospectus. The representations and warranties set forth in the immediately preceding sentence shall not apply to statements in or omissions from the Time of Sale Disclosure Package, the Final Prospectus or any Issuer Free Writing Prospectus in reliance upon, and in conformity with, written information furnished to the Company by the Underwriter specifically for use in the preparation thereof, which written information is described in Section 7(g). As used in this paragraph and elsewhere in this Agreement:

(1) "Time of Sale Disclosure Package" means the Prospectus most recently filed with the Commission before the time of this Agreement, each Issuer Free Writing Prospectus, and the description of the transaction provided by the Underwriter included on **Schedule I**.

(2) "Issuer Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433 under the Securities Act, relating to the Shares that (A) is required to be filed with the Commission by the Company, or (B) is exempt from filing pursuant to Rule 433(d)(5)(i) or (d)(8) under the Securities Act, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g) under the Securities Act.

(B) At the time of filing of the Registration Statement and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405 under the Securities Act or an "excluded issuer" as defined in Rule 164 under the Securities Act.

(C) Each Issuer Free Writing Prospectus listed on **Schedule II** satisfied, as of its issue date and at all subsequent times through the Prospectus Delivery Period, all other conditions as may be applicable to its use as set forth in Rules 164 and 433 under the Securities Act, including any legend, record-keeping or other requirements.

(vii) **Financial Statements**. The financial statements of Montauk Holdings USA, LLC ("Montauk USA") and the Company, respectively, together with the related notes and schedules, included in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus comply in all material respects with the applicable requirements of the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the Commission thereunder, and fairly present the financial condition of Montauk USA and the Company, respectively, as of the dates indicated and the results of operations and changes in cash

flows for the periods therein specified in conformity with U.S. generally accepted accounting principles ("GAAP") consistently applied throughout the periods involved. No other financial statements or schedules are required under the Securities Act, the Exchange Act, or the Rules and Regulations to be included in the Registration Statement, the Time of Sale Disclosure Package or the Final Prospectus.

(viii) **Pro Forma Financial Information**. The pro forma financial information included in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus include assumptions that provide a reasonable basis for presenting the significant effects directly attributable to the transactions and events described therein, the related pro forma adjustments give appropriate effect to those assumptions, and the pro forma adjustments reflect the proper application of those adjustments to the historical financial statements amounts in the pro forma information included in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus. The pro forma information included in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus comply as to form in all material respects with the application requirements of Regulation S-X under the Exchange Act. No other pro forma financial information or schedules are required under the Securities Act, the Exchange Act, or the rules and regulations thereunder to be included in the Registration Statement, the Time of Sale Disclosure Package or the Final Prospectus.

(ix) **Independent Accountants.** To the Montauk Parties' knowledge, Grant Thornton LLP, which has expressed its opinion with respect to the financial statements and schedules included as a part of the Registration Statement and included in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus, is an independent public accounting firm with respect to the Company and Montauk USA within the meaning of the Securities Act and the Rules and Regulations.

(x) **Accounting and Disclosure Controls.** The Company and Montauk USA and their subsidiaries maintain systems of "internal control over financial reporting" (as defined under Rules 13a-15 and 15d-15 under the Exchange Act) that comply with the requirements of the Exchange Act and have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Since the date of the latest audited financial statements included in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus, there has been no change in the Company's or Montauk USA's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's or Montauk USA's internal control over financial reporting.

The Company and Montauk USA maintain disclosure controls and procedures that have been designed to ensure that material information relating to the Montauk Parties and any subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within those entities; and such disclosure controls and procedures are effective.

(xi) **Forward-Looking Statements**. The Montauk Parties had a reasonable basis for, and made in good faith, each "forward-looking statement" (within the meaning of Section 27A of the Securities Act or Section 21E of the Exchange Act) contained in the Registration Statement, the Time of Sale Disclosure Package, the Final Prospectus or the Marketing Materials.

(xii) **Statistical and Marketing-Related Data**. All statistical or market-related data included in the Registration Statement, the Time of Sale Disclosure Package or the Final Prospectus, or included in the Marketing Materials, are based on or derived from sources that the Montauk Parties reasonably believe to be reliable and accurate, and the Montauk Parties have obtained written consent to the use of such data from such sources, to the extent required.

(xiii) **Trading Market**. The Common Stock is registered pursuant to Section 12(b) of the Exchange Act and is approved for listing on the Nasdaq Capital Market (the "Nasdaq"). There is no action pending by the Company or, to the Company's knowledge, the Nasdaq to delist the Common Stock from the Nasdaq, nor has the Company received any notification that the Nasdaq is contemplating terminating such listing. When issued, the Shares will be listed on the Nasdaq. The Company has taken all actions it deems reasonably necessary or advisable to take on or prior to the date hereof, the Closing Date or each Option Closing Date, as applicable, to assure that it will be in compliance in all material respects with all applicable corporate governance requirements set forth in the rules of the Nasdaq that are then in effect.

(xiv) **Absence of Manipulation**. Neither Montauk Party has taken, directly or indirectly, any action that is designed to or that has constituted or that would reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares.

(xv) **Investment Company Act**. Neither Montauk Party is, nor after giving effect to the offering and sale of the Securities and the application of the net proceeds thereof will be, an "investment company," as such term is defined in the Investment Company Act of 1940, as amended.

***3. Representations and Warranties Regarding the Montauk Parties.***

(a) The Montauk Parties represent and warrant to, jointly and severally, and agree with, the Underwriter, as of the date hereof and as of the Closing Date and as of each Option Closing Date, as follows:

(i) **Good Standing**. Each of the Montauk Parties and their subsidiaries has been duly organized and is validly existing as a corporation or other entity in good

standing under the laws of its jurisdiction of incorporation. Each of the Montauk Parties and their subsidiaries has the power and authority (corporate or otherwise) to own its properties and conduct its business as currently being carried on and as described in the Registration Statement, the Time of Sale Disclosure Package and the Prospectus, and is duly qualified to do business as a foreign corporation or other entity in good standing in each jurisdiction in which it owns or leases real property or in which the conduct of its business makes such qualification necessary, except where the failure to so qualify would not have or be reasonably likely to result (i) in a material adverse effect upon the business, prospects, properties, operations, condition (financial or otherwise) or results of operations of the Company and its subsidiaries, taken as a whole, or in its ability to perform its obligations under this Agreement ("Company Material Adverse Effect") or (ii) in a material adverse effect upon the business, prospects, properties, operations, condition (financial or otherwise) or results of operations of the Selling Stockholder and its subsidiaries, taken as a whole, or in its ability to perform its obligations under this Agreement ("Selling Stockholder Material Adverse Effect").

(ii) **Authorization**. Each of the Montauk Parties has the power and authority to enter into this Agreement and to authorize, issue and sell the Shares as contemplated by this Agreement. The Company has the power and authority to authorize, issue and sell the Underwriter Warrants as contemplated by this Agreement. This Agreement has been duly authorized by each of the Montauk Parities, and when executed and delivered by the Montauk Parties, will constitute the valid, legal and binding obligation of the Montauk Parties, enforceable against the Montauk Parties in accordance with its terms, except as rights to indemnity hereunder may be limited by federal or state securities laws and except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally and subject to general principles of equity. The Underwriter Warrants have been duly authorized by the Company, and when executed and delivered by the Company, and will constitute the valid, legal and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as rights to indemnity hereunder may be limited by federal or state securities laws and except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally and subject to general principles of equity. The Montauk Parties have the power and authority to consummate the Reorganization, and the Reorganization has been duly authorized by the Montauk Parties.

(iii) **Contracts**. The execution, delivery and performance of this Agreement, with respect to the Montauk Parties, and the Underwriter Warrants, with respect to the Company, and the consummation of the transactions herein contemplated will not (A) result in a breach or violation of any of the terms and provisions of, or constitute a default under, any law, order, rule or regulation to which the Montauk Parties or any subsidiary is subject, or by which any property or asset of the Montauk Parties or any subsidiary is bound or affected, (B) conflict with, result in any violation or breach of, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any right of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) (a "Default Acceleration Event") of, any agreement, lease, credit facility, debt, note, bond, mortgage, indenture or

other instrument (the "Contracts") or obligation or other understanding to which the Montauk Parties or any subsidiary is a party or by which any property or asset of the Montauk Parties or any subsidiary is bound or affected, except to the extent that such conflict, default, or Default Acceleration Event is not reasonably likely to result in a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively, or (C) result in a breach or violation of any of the terms and provisions of, or constitute a default under, the organizational documents of either Montauk Party.

(iv) **No Violations of Governing Documents**. None of the Montauk Parties nor any of their subsidiaries is in violation, breach or default under its certificate of incorporation, by-laws or other equivalent organizational or governing documents.

(v) **Consents**. No consents, approvals, orders, authorizations or filings are required on the part of the Montauk Parties in connection with the execution, delivery or performance of this Agreement and the Underwriter Warrants, the consummation of the Reorganization and the issue and sale of the Securities, except (A) the registration under the Securities Act of the Shares, which has been effected, (B) the necessary filings and approvals from the Nasdaq to list the Shares, (C) such consents, approvals, authorizations, registrations or qualifications as may be required under state or foreign securities or Blue Sky laws and the rules of the Financial Industry Regulatory Authority, Inc. ("FINRA") in connection with the purchase and distribution of the Shares by the Underwriter, (D) such consents and approvals as have been obtained and are in full force and effect, and (E) such consents, approvals, orders, authorizations and filings the failure of which to make or obtain is not reasonably likely to result in a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively.

(vi) **Capitalization**. After giving effect to the Reorganization, the issuance of the Shares and the use of the net proceeds therefrom as described in the Registration Statement, the Company will have an authorized capitalization as set forth in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus. All of the issued and outstanding shares of capital stock of the Company are duly authorized and validly issued, fully paid and nonassessable, and have been issued in compliance with all applicable securities laws, and conform to the description thereof in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus. All of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and, except as set forth in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus, are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims. Except for the issuances of options or restricted stock in the ordinary course of business, since the respective dates as of which information is provided in the Registration Statement, the Time of Sale Disclosure Package or the Final Prospectus, the Company has not entered into or granted any convertible or exchangeable securities, options, warrants, agreements, contracts or other rights in existence to purchase or acquire from the Company any shares of the capital stock of the Company. The Shares, when issued and paid for as provided herein, will be duly authorized and validly issued, fully paid and nonassessable, will be issued in compliance with all applicable securities laws, and will be free of preemptive, registration or similar rights-and will conform to the

description of the capital stock of the Company contained in the Registration Statement, the Time of Sale Disclosure Package and the Prospectus. The shares of Common Stock issuable upon the exercise of the Underwriter Warrants (the "Underwriter Warrant Shares"), when issued, paid for and delivered upon due exercise of the Underwriter Warrants will be duly authorized and validly issued, fully paid and nonassessable, will be issued in compliance with all applicable securities laws, and will be free of preemptive, registration or similar rights. The Underwriter Warrant Shares have been reserved for issuance. The Underwriter Warrants, when issued, will conform in all material respects to the descriptions thereof set forth in the Registration Statement, the Time of Sales Disclosure Package and the Final Prospectus.

(vii) **Taxes**. Each of the Company and its subsidiaries has (a) filed all foreign, federal, state and local tax returns (as hereinafter defined) required to be filed with taxing authorities prior to the date hereof or has duly obtained extensions of time for the filing thereof and (b) paid all taxes (as hereinafter defined) shown as due and payable on such returns that were filed and has paid all taxes imposed on or assessed against the Company or such respective subsidiary, except to the extent the failure to so file or pay is not reasonably likely to result in a Company Material Adverse Effect. The provisions for taxes payable, if any, shown on the financial statements included in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus are sufficient for all material accrued and unpaid taxes, whether or not disputed, and for all periods to and including the dates of such consolidated financial statements. To the knowledge of the Company, no issues have been raised (and are currently pending) by any taxing authority in connection with any of the returns or taxes asserted as due from the Company or its subsidiaries, and no waivers of statutes of limitation with respect to the returns or collection of taxes have been given by or requested from the Company or its subsidiaries. The term "taxes" mean all federal, state, local, foreign, and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments, or charges of any kind whatever, together with any interest and any penalties, additions to tax, or additional amounts with respect thereto. The term "returns" means all returns, declarations, reports, statements, and other documents required to be filed in respect to taxes.

(viii) **Material Change**. Since the respective dates as of which information is given in the Registration Statement, the Time of Sale Disclosure Package or the Final Prospectus and except as described in the Registration Statement, the Time of Sale Disclosure Package or the Final Prospectus, (a) neither the Company nor any of its subsidiaries has incurred any material liabilities or obligations, direct or contingent, or entered into any material transactions other than in the ordinary course of business or as otherwise described in such documents, (b) neither Montauk Party has declared or paid any dividends or made any distribution of any kind with respect to its capital stock except as otherwise described in such documents; (c) there has not been any change in the capital stock of the Company or any of its subsidiaries (other than a change in the number of outstanding shares of Common Stock due to the issuance of shares upon the exercise of outstanding options or warrants, upon the conversion of outstanding shares of preferred

stock or other convertible securities or the issuance of restricted stock awards or restricted stock units under the Company's existing stock awards plan, or any new grants thereof in the ordinary course of business, except as otherwise described in such documents), (d) there has not been any material change in the Montauk Parties' long-term or short-term debt, except as otherwise described in such documents and (e) there has not been the occurrence of a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively.

(ix) **Absence of Proceedings**. There is not pending or, to the knowledge of the Montauk Parties, threatened, any action, suit or proceeding to which the Montauk Parties or their subsidiaries is a party or of which any property or assets of the Montauk Parties or their subsidiaries is the subject before or by any court or governmental agency, authority or body, or any arbitrator or mediator, which is reasonably likely to result in a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively.

(x) **Permits**. The Montauk Parties and each of their subsidiaries holds, and is in compliance with, all franchises, grants, authorizations, licenses, permits, easements, consents, certificates and orders ("Permits") of any governmental or self-regulatory agency, authority or body required for the conduct of its business, and all such Permits are in full force and effect, in each case except where the failure to hold, or comply with, any of them is not reasonably likely to result in a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively. or adversely affect the consummation of the transactions contemplated by this Agreement.

(xi) **Good Title**. The Montauk Parties and each of their subsidiaries have good and marketable title to all property (whether real or personal) described in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus as being owned by them that are material to the business of the Montauk Parties, in each case free and clear of all liens, claims, security interests, other encumbrances or defects, except those that are disclosed in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus and those that are not reasonably likely to result in a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively. The property held under lease by the Montauk Parties and each of their subsidiaries is held by them under valid, subsisting and enforceable leases with only such exceptions with respect to any particular lease as do not interfere in any material respect with the conduct of the business of the Montauk Parties and each of their subsidiaries.

(xii) **Intellectual Property**. The Montauk Parties and each of their subsidiaries owns or possesses or has valid right to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, inventions, trade secrets and similar rights ("Intellectual Property") necessary for the conduct of the business of the Company or any of its subsidiaries as currently carried on and as described in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus. To the knowledge of the Montauk Parities, no action or use by the Montauk Parties or any of their subsidiaries involves or gives rise to any infringement of, or license or similar fees for, any Intellectual

Property of others, except where such action, use, license or fee is not reasonably likely to result in a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively. Neither the Montauk Parities nor any of their subsidiaries has received any notice alleging any such infringement or fee. To the Montauk Parties' knowledge, none of the technology employed by the Company or any of its subsidiaries has been obtained or is being used by the Montauk Parties or such subsidiary in violation of any contractual obligation binding on the Montauk Parties or such subsidiary or, to the Montauk Parties' knowledge, any of the officers, directors or employees of the Montauk Parties or their subsidiaries, or, to the Montauk Parties' knowledge, otherwise in violation of the rights of any persons, except in each case for such violations as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively.

(xiii) **Employment Matters**. There is (A) no unfair labor practice complaint pending against either Montauk Party, or any of their respective subsidiaries, nor to the Montauk Parties' knowledge, threatened against them or any of their respective subsidiaries, before the National Labor Relations Board, any state or local labor relation board or any foreign labor relations board, and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement is so pending against itself or any of its subsidiaries, or, to the Montauk Parties' knowledge, threatened against it and (B) no labor disturbance by the employees or any of the subsidiaries exists or, to the Montauk Parties' knowledge, is imminent, and the Montauk Parties are not aware of any existing or imminent labor disturbance by the employees of the Montauk Parties or their subsidiaries, principal suppliers, manufacturers, customers or contractors, that could reasonably be expected, singularly or in the aggregate, to have a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively. Neither Montauk Party is aware that any key employee or significant group of employees of the Montauk Parties or any subsidiary plans to terminate employment with the Montauk Parties or any such subsidiary that could reasonably be expected, singularly or in the aggregate, to have a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively.

(xiv) **ERISA Compliance**. No "prohibited transaction" (as defined in Section 406 of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"), or Section 4975 of the Internal Revenue Code of 1986, as amended from time to time (the "Code")) or "accumulated funding deficiency" (as defined in Section 302 of ERISA) or any of the events set forth in Section 4043(b) of ERISA (other than events with respect to which the thirty (30)-day notice requirement under Section 4043 of ERISA has been waived) has occurred or could reasonably be expected to occur with respect to any employee benefit plan of the Montauk Parties or any of their subsidiaries which would reasonably be expected to, singularly or in the aggregate, have a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively. Each employee benefit plan of the Montauk Parties or any of their subsidiaries is in compliance in all material respects with applicable law, including ERISA and the Code (to the extent applicable). The Montauk Parties and their subsidiaries have not incurred and could not reasonably be expected to incur liability under Title IV of ERISA with respect to the termination of, or

withdrawal from, any pension plan (as defined in ERISA) that would reasonably be expected to have a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively. Each pension plan for which the Montauk Parties or any of their subsidiaries would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified, and nothing has occurred, to the knowledge of the Montauk Parties or any of their subsidiaries, whether by action or by failure to act, which could, singularly or in the aggregate, cause the loss of such qualification.

(xv) **Environmental Matters**. The Montauk Parties and their subsidiaries are in compliance with all foreign, federal, state and local rules, laws and regulations relating to the use, treatment, storage and disposal of hazardous or toxic substances or waste and protection of health and safety (with respect to exposure to hazardous or toxic substances) or the environment which are applicable to their businesses ("Environmental Laws"), except where the failure to comply has not had and would not reasonably be expected to have, singularly or in the aggregate, a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively. There has been no storage, generation, transportation, handling, treatment, disposal, discharge, emission, or other release of any kind of toxic or hazardous substances or wastes by, due to, or caused by the Montauk Parties or any of their subsidiaries (or, to the Montauk Parties' knowledge, any other entity for whose acts or omissions the Montauk Parties or any of their subsidiaries is or may otherwise be liable) upon any of the property now or previously owned or leased by the Montauk Parties or any of their subsidiaries, or upon any other property, in violation of any law, statute, ordinance, rule, regulation, order, judgment, decree or permit or which would, under any law, statute, ordinance, rule (including rule of common law), regulation, order, judgment, decree or permit, give rise to any liability, except for any violation or liability which has not had and would not reasonably be expected to have, singularly or in the aggregate, a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively; and there has been no disposal, discharge, emission or other release of any kind onto such property or into the environment surrounding such property of any toxic or hazardous substances or wastes with respect to which the Montauk Parties or any of their subsidiaries has knowledge except as has not had and would not reasonably be expected to have, singularly or in the aggregate, a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively.

(xvi) **SOX Compliance**. The Company has taken all actions it deems reasonably necessary or advisable to take on or prior to the date of this Agreement to assure that, upon and at all times after the effectiveness of the Registration Statement, it will be in compliance in all material respects with all applicable provisions of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and all rules and regulations promulgated thereunder or implementing the provisions thereof that are then in effect and will take all action it deems reasonably necessary or advisable to assure that it will be in compliance in all material respects with other applicable provisions of the Sarbanes-Oxley Act not currently in effect upon it and at all times after the effectiveness of such provisions.

(xvii) **Money Laundering Laws**. The operations of the Montauk Parties and their subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign

Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "Money Laundering Laws"); and no action, suit or proceeding by or before any Governmental Entity involving the Montauk Parties or any of their subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Montauk Parties, threatened. "Governmental Entity" shall be defined as any arbitrator, court, governmental body, regulatory body, administrative agency or other authority, body or agency (whether foreign or domestic) having jurisdiction over the Montauk Parties or any of their subsidiaries or any of their respective properties, assets or operations.

(xviii) **Foreign Corrupt Practices Act**. Neither the Montauk Parties nor any of their subsidiaries, or any director or officer of the Company or any subsidiary, nor, to the knowledge of the Montauk Parties, any employee, representative, agent, affiliate of the Montauk Parties or any of their subsidiaries or any other person acting on behalf of the Montauk Parties or any of their subsidiaries, is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and the Montauk Parties and, to the knowledge of the Montauk Parties, its affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(xix) **OFAC**. Neither the Montauk Parties nor or any of their subsidiaries or any director or officer of the Montauk Parties or any subsidiary, nor, to the knowledge of the Montauk Parties, any employee, representative, agent or affiliate of the Montauk Parties or any of their subsidiaries or any other person acting on behalf of the Montauk Parties or any of their subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and the Montauk Parties will not directly or indirectly use the proceeds of the offering of the Shares contemplated hereby, or lend, contribute or otherwise make available such proceeds to any person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(xx) **Insurance**. The Montauk Parties and each of their subsidiaries carries, or is covered by, insurance in such amounts and covering such risks as is adequate for the conduct of its business and the value of its properties and as is customary for companies engaged in similar businesses in similar industries.

(xxi) **Books and Records**. The minute books of the Montauk Parties and each of their subsidiaries have been made available to the Underwriter and counsel for the

Underwriter, and such books (i) contain an accurate summary in all material respects of all meetings and actions of the board of directors (including each board committee) (or analogous governing bodies and interest holders, as applicable), and each of its subsidiaries since the time of its respective incorporation or organization through the date of the latest meeting and action, and (ii) accurately in all material respects reflect all transactions referred to in such minutes.

(xxii) **No Undisclosed Contracts**. There is no Contract or document required by the Securities Act or by the Rules and Regulations to be described in the Registration Statement, the Time of Sale Disclosure Package or in the Final Prospectus or to be filed as an exhibit to the Registration Statements which is not so described or filed therein as required; and all descriptions of any such Contracts or documents contained in the Registration Statement, the Time of Sale Disclosure Package and in the Final Prospectus are accurate and complete descriptions of such documents in all material respects. Other than as described in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus, no such Contract has been suspended or terminated for convenience or default by the Montauk Parties or any of their subsidiaries or any of the other parties thereto, and neither the Montauk Parties nor any of their subsidiaries has received notice, and the Montauk Parties have no knowledge, of any such pending or threatened suspension or termination, except for such pending or threatened suspensions or terminations that would not reasonably be expected to have a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect.

(xxiii) **No Undisclosed Relationships**. No relationship, direct or indirect, exists between or among the Montauk Parties or any of their subsidiaries on the one hand, and the directors, officers, stockholders (or analogous interest holders), customers or suppliers of the Montauk Parties or any of their subsidiaries on the other hand, which is required to be described in the Registration Statement, the Time of Sale Disclosure Package or the Final Prospectus and which is not so described.

(xxiv) **Insider Transactions**. There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees of indebtedness by the Company or any of its subsidiaries to or for the benefit of any of the officers or directors of the Company or any of its subsidiaries or any of their respective family members, except as disclosed in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus. All transactions by the Montauk Parties with office holders or control persons of the Montauk Parties have been duly approved by the board of directors of the Montauk Parties, or duly appointed committees or officers thereof, if and to the extent required under applicable law.

(xxv) **No Registration Rights**. No person or entity has the right to require registration of shares of Common Stock or other securities of the Company or any of its subsidiaries within 180 days of the date hereof because of the filing or effectiveness of the Registration Statement or otherwise, except for persons and entities who have expressly waived such right in writing or who have been given timely and proper written notice and have failed to exercise such right within the time or times required under the terms and conditions of such right. Except as described in the Registration Statement, the Time of

Sale Disclosure Package and the Final Prospectus, there are no persons with registration rights or similar rights to have any securities registered by the Montauk Parties or any of their subsidiaries under the Securities Act.

(xxvi) **Continued Business**. Except as disclosed in the Registration Statement, no supplier, customer, distributor or sales agent of the Company or any subsidiary has notified the Montauk Parties or any subsidiary that it intends to discontinue or decrease the rate of business done with the Montauk Parties or any subsidiary, except where such discontinuation or decrease has not resulted in and could not reasonably be expected to result in a Company Material Adverse Effect or a Selling Stockholder Material Adverse Effect, respectively.

(xxvii) **No Finder's Fee**. There are no claims, payments, issuances, arrangements or understandings for services in the nature of a finder's, consulting or origination fee with respect to the introduction of the Montauk Parties to the Underwriter or the sale of the Securities hereunder or any other arrangements, agreements, understandings, payments or issuances with respect to the Montauk Parties that may affect the Underwriter's compensation, as determined by FINRA.

(xxviii) **No Fees.** Except as disclosed to the Underwriter in writing, the Montauk Parties have not made any direct or indirect payments (in cash, securities or otherwise) to (i) any person, as a finder's fee, investing fee or otherwise, in consideration of such person raising capital for the Montauk Parties or introducing to the Montauk Parties persons who provided capital to the Montauk Parties, (ii) any FINRA member, or (iii) any person or entity that has any direct or indirect affiliation or association with any FINRA member within the 12-month period prior to the date on which the Registration Statement was filed with the Commission ("Filing Date") or thereafter.

(xxix) **Proceeds**. None of the net proceeds of the offering will be paid by the Company to any participating FINRA member or any affiliate or associate of any participating FINRA member, except as specifically authorized herein.

(xxx) **No FINRA Affiliations**. To the Company's knowledge, other than as a result of the Distribution (as defined in the Registration Statement), no (i) officer or director of the Company or its subsidiaries, (ii) owner of 5% or more of any class of the Company's securities or (iii) owner of any amount of the Company's unregistered securities acquired within the 180-day period prior to the Filing Date, has any direct or indirect affiliation or association with any FINRA member. The Company will advise the Underwriter and counsel to the Underwriter if it becomes aware that any officer, director of the Company or its subsidiaries or any owner of 5% or more of any class of the Company's securities is or becomes an affiliate or associated person of a FINRA member participating in the offering.

(xxxi) **No Financial Advisor**. Other than the Underwriter, no person has the right to act as an underwriter or as a financial advisor to the Company in connection with the transactions contemplated hereby.

(xxxii) **Certain Statements**. The statements set forth in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus under the caption "Certain Relationships and Related Party Transactions," insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects, and under the caption "Description of Capital Stock" insofar as they purport to constitute a summary of (i) the terms of the Company's outstanding securities, (ii) the terms of the Shares, and (iii) the terms of the documents referred to therein, are accurate, complete and fair in all material respects.

(xxxiii) **Prior Sales of Securities**. Except as set forth in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus, the Company has not sold or issued any shares of Common Stock during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A under, or Regulations D or S of, the Securities Act, other than shares issued pursuant to employee benefit plans, stock option plans or other employee compensation plans or pursuant to outstanding preferred stock, options, rights or warrants or other outstanding convertible securities.

(xxxiv) **Record Holder**. The Selling Stockholder is, on the date hereof, the record and beneficial owner of all of the Secondary Shares free and clear of all liens, encumbrances, equities and claims and has duly indorsed such Secondary Shares in blank or has duly signed a stock power assigning all right, title and interest to the Secondary Shares, with all signatures appropriately guaranteed by an eligible guarantor institution with membership in an approved medallion guaranty program pursuant to Rule 17Ad-15 under the Exchange Act.

(xxxv) **Taxes**. On the applicable Closing Date, all stock transfer or other taxes (other than income taxes) that are required to be paid in connection with the sale and transfer by the Selling Stockholder of the Secondary Shares will be fully paid or provided for by the Selling Stockholder and all laws imposing such taxes will be fully complied with

(xxxvi) **No Transfer of Shares**. The Selling Stockholder, directly or indirectly, has not entered into any commitment, transaction or other arrangement, including any prepaid forward contract, 10b5-1 plan or similar agreement, which transfers or may transfer any of the legal or beneficial ownership or any of the economic consequences of ownership of the Secondary Shares.

(xxxvii) **Reorganization**. The Reorganization has been or, prior to the consummation of the issuance and sale of the Shares, will be consummated as described in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus and has not been modified in any material respect or rescinded

(xxxviii) **Business Status**. The electronic Companies and Intellectual Property Commission report generated in respect of the Selling Stockholder is accurate in all respects and the Selling Stockholder is in fact "in business" and will remain "in business" at all times on and prior to the Closing Date. The Selling Stockholder has not passed, or will not on or prior to the Closing Date pass, any voluntary winding-up resolution or resolution to commence business rescue proceedings nor will the Selling

Stockholder (or any other person) present any application to any competent court for its liquidation, winding-up, custodianship, dissolution, administration or business rescue on or prior to the Closing Date.

(xxxix) **Solvency**. The Selling Stockholder's consolidated assets (fairly valued) exceeds its liabilities (fairly valued), including the fair value of its contingent liabilities. The Selling Stockholder will be able to pay all its debts as they become due in the ordinary course of business for a period of 12 months after the Closing Date.

(b) Any certificate signed by any officer of the Montauk Parties and delivered to the Underwriter or to counsel for the Underwriter shall be deemed a representation and warranty by such Montauk Party to the Underwriter as to the matters covered thereby.

***4. Purchase, Sale and Delivery of Shares.***

(a) On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell the Firm Shares, and the Selling Stockholder agrees to sell the Secondary Shares to the Underwriter, and the Underwriter agrees to purchase the Firm Shares and the Secondary Shares as set forth in the first paragraph hereto. The purchase price to be paid by the Underwriter to the Company for each Firm Share shall be $[●] per share. The purchase price to be paid by the Underwriter to the Selling Stockholder for each Secondary Share shall be $[●] per share.

(b) The Company hereby grants to the Underwriter the option to purchase some or all of the Option Shares and, upon the basis of the warranties and representations and subject to the terms and conditions herein set forth, the Underwriter shall have the right to purchase at the purchase price set forth in Section 4(a) all or any portion of the Option Shares as may be necessary to cover over-allotments made in connection with the transactions contemplated hereby. This option may be exercised by the Underwriter at any time and from time to time on or before the thirtieth (30th) day following the date hereof, by written notice to the Company (the "Option Notice"). The Option Notice shall set forth the aggregate number of Option Shares as to which the option is being exercised, and the date and time when the Option Shares are to be delivered (such date and time being herein referred to as the "Option Closing Date"); *provided*, *however*, that the Option Closing Date shall not be earlier than the Closing Date (as defined below) nor earlier than the first business day after the date on which the option shall have been exercised nor later than the fifth business day after the date on which the option shall have been exercised unless the Company and the Underwriter otherwise agree.

(c) Payment of the purchase price for and delivery of the Option Shares shall be made on an Option Closing Date in the same manner and at the same office as the payment for the Firm Shares and Secondary Shares as set forth in subparagraph (d) below.

(d) The Firm Shares and the Secondary Shares will be delivered by the Company and the Selling Stockholder to the Underwriter, against payment of the purchase price therefor by wire transfer of same day funds payable to the order of the Company or the Selling Stockholder, as appropriate, at the offices of Roth Capital Partners, LLC, 888 San Clemente Drive, Suite 400, Newport Beach, CA 92660, or such other location as may be mutually acceptable, at

6:00 a.m. Pacific Time, on the second (or if the Firm Shares and the Secondary Shares are priced, as contemplated by Rule 15c6-1(c) under the Exchange Act, after 4:30 p.m. Eastern time, the third) full business day following the date hereof, or at such other time and date as the Underwriter and the Company determine pursuant to Rule 15c6-1(a) under the Exchange Act, or, in the case of the Option Shares, at such date and time set forth in the Option Notice. The time of delivery of the Firm Shares and Secondary Shares is referred to herein as the "Closing Time" and date of delivery of the Firm Shares and Secondary Shares is referred to herein as the "Closing Date." On the Closing Date, the Company shall deliver the Firm Shares, which shall be registered in the name or names and shall be in such denominations as the Underwriter may request at least one (1) business day before the Closing Date, to the account of the Underwriter, which delivery shall with respect to the Firm Shares, be made through the facilities of the Depository Trust Company's DWAC system.

(e) On the Closing Date, the Company shall issue to the Underwriter (and/or its designees), warrants (the "Underwriter Warrants"), in form and substance acceptable to the Underwriter, for the purchase of an aggregate of [●] shares of Common Stock, which shall be registered in the name or names and shall be in such denominations as the Underwriter may request at least one (1) business day before the Closing Date.

***5. Covenants.***

(a) The Montauk Parties covenant and agree with the Underwriter as follows:

(i) The Company shall prepare the Final Prospectus in a form approved by the Underwriter and file such Final Prospectus pursuant to Rule 424(b) under the Securities Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by the Rules and Regulations.

(ii) During the period beginning on the date hereof and ending on the later of the Closing Date or such date as determined by the Underwriter the Final Prospectus is no longer required by law to be delivered in connection with sales by an underwriter or dealer (the "Prospectus Delivery Period"), prior to amending or supplementing the Registration Statement, including any Rule 462 Registration Statement, the Time of Sale Disclosure Package or the Final Prospectus, the Company shall furnish to the Underwriter for review and comment a copy of each such proposed amendment or supplement, and the Company shall not file any such proposed amendment or supplement to which the Underwriter reasonably objects.

(iii) From the date of this Agreement until the end of the Prospectus Delivery Period, the Company shall promptly advise the Underwriter in writing (A) of the receipt of any comments of, or requests for additional or supplemental information from, the Commission, (B) of the time and date of any filing of any post-effective amendment to the Registration Statement or any amendment or supplement to the Time of Sale Disclosure Package, the Final Prospectus or any Issuer Free Writing Prospectus, (C) of the time and date that any post-effective amendment to the Registration Statement becomes effective and (D) of the issuance by the Commission of any stop order suspending the

effectiveness of the Registration Statement or of any order preventing or suspending its use or the use of the Time of Sale Disclosure Package, the Final Prospectus or any Issuer Free Writing Prospectus, or of any proceedings to remove, suspend or terminate from listing or quotation the Common Stock from any securities exchange upon which it is listed for trading or included or designated for quotation, or of the threatening or initiation of any proceedings for any of such purposes. If the Commission shall enter any such stop order at any time during the Prospectus Delivery Period, the Company will use its reasonable efforts to obtain the lifting of such order at the earliest possible moment. Additionally, the Company agrees that it shall comply with the provisions of Rules 424(b), 430A or 430C as applicable, under the Securities Act and will use its reasonable efforts to confirm that any filings made by the Company under Rule 424(b) or Rule 433 were received in a timely manner by the Commission (without reliance on Rule 424(b)(8) or 164(b) of the Securities Act).

(iv) (A) During the Prospectus Delivery Period, the Company will comply with all requirements imposed upon it by the Securities Act, as now and hereafter amended, and by the Rules and Regulations, as from time to time in force, and by the Exchange Act, as now and hereafter amended, so far as necessary to permit the continuance of sales of or dealings in the Shares as contemplated by the provisions hereof, the Time of Sale Disclosure Package, the Registration Statement and the Final Prospectus. If during the Prospectus Delivery Period any event occurs the result of which would cause the Final Prospectus (or if the Final Prospectus is not yet available to prospective purchasers, the Time of Sale Disclosure Package ) to include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary or appropriate in the opinion of the Company or its counsel or the Underwriter or counsel to the Underwriter to amend the Registration Statement or supplement the Final Prospectus (or if the Final Prospectus is not yet available to prospective purchasers, the Time of Sale Disclosure Package ) to comply with the Securities Act, or to file under the Exchange Act any document that would be deemed to be incorporated by reference in the Final Prospectus in order to comply with the Securities Act or the Exchange Act, the Company will promptly notify the Underwriter, allow the Underwriter the opportunity to provide reasonable comments on such amendment, prospectus supplement or document, and will amend the Registration Statement or supplement the Final Prospectus (or if the Final Prospectus is not yet available to prospective purchasers, the Time of Sale Disclosure Package) or file such document (at the expense of the Company) so as to correct such statement or omission or effect such compliance.

(B) If at any time during the Prospectus Delivery Period there occurred or occurs an event or development the result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement or any Prospectus or included or would include, when taken together with the Time of Sale Disclosure Package, an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, the Company will promptly notify the Underwriter and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(v) The Company shall take or cause to be taken all necessary action to qualify the Shares for sale under the securities laws of such jurisdictions as the Underwriter reasonably designates and to continue such qualifications in effect so long as required for the distribution of the Shares, except that the Company shall not be required in connection therewith to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified, to execute a general consent to service of process in any state or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise subject.

(vi) The Company will furnish to the Underwriter and counsel to the Underwriter copies of the Registration Statement, each Prospectus, any Issuer Free Writing Prospectus, and all amendments and supplements to such documents, in each case as soon as available and in such quantities as the Underwriter may from time to time reasonably request.

(vii) The Company will make generally available to its security holders as soon as practicable, but in any event not later than 15 months after the end of the Company's current fiscal quarter, an earnings statement (which need not be audited) covering a 12-month period that shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 of the Rules and Regulations.

(viii) The Company, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, will pay or cause to be paid (A) all reasonable expenses (including transfer taxes allocated to the respective transferees) incurred in connection with the delivery to the Underwriter of the Securities (including all fees and expenses of the registrar and transfer agent of the Shares and the registrar and transfer agent of the Underwriter Warrants (if other than the Company), and the cost of preparing and printing stock certificates and warrant certificates), (B) all expenses and fees (including, without limitation, fees and expenses of the Company's counsel) in connection with the preparation, printing, filing, delivery, and shipping of the Registration Statement (including the financial statements therein and all amendments, schedules, and exhibits thereto), the Securities, the Time of Sale Disclosure Package, any Prospectus, the Final Prospectus, any Issuer Free Writing Prospectus and any amendment thereof or supplement thereto, (C) all reasonable filing fees and reasonable fees and disbursements of the Underwriter's counsel incurred in connection with the qualification of the Shares for offering and sale by the Underwriter or by dealers under the securities or blue sky laws of the states and other jurisdictions that the Underwriter shall designate, (D) the reasonable filing fees and reasonable fees and disbursements of counsel to the Underwriter incident to any required review and approval by FINRA of the terms of the sale of the Shares up to an amount not to exceed $[____], (F) listing fees, if any, and (G) all other reasonable costs and expenses incident to the performance of its obligations hereunder that are not otherwise specifically provided for herein. The Company will reimburse the Underwriter for the Underwriter's reasonable out-of-pocket expenses, including legal fees and disbursements, in connection with the purchase and sale of the

Shares. If this Agreement is terminated by the Underwriter in accordance with the provisions of Section 6 or Section 9, the Company will reimburse the Underwriter for all reasonable out-of-pocket disbursements (including, but not limited to, reasonable fees and disbursements of counsel, travel expenses, postage, facsimile and telephone charges) incurred by the Underwriter in connection with its investigation, preparing to market and marketing the Shares or in contemplation of performing its obligations hereunder.

(ix) The Company intends to apply the net proceeds from the sale of the Shares to be sold by it hereunder for the purposes set forth in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus under the heading "Use of Proceeds".

(x) The Company has not taken and will not take, directly or indirectly, during the Prospectus Delivery Period, any action designed to or which might reasonably be expected to cause or result in, or that has constituted, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares.

(xi) The Company represents and agrees that, unless it obtains the prior written consent of the Underwriter, and the Underwriter, represents and agrees that, unless it obtains the prior written consent of the Company, it has not made and will not make any offer relating to the Securities that would constitute an Issuer Free Writing Prospectus; provided that the prior written consent of the parties hereto shall be deemed to have been given in respect of the free writing prospectuses included in **Schedule II**. Any such free writing prospectus consented to by the Company and the Underwriter is hereinafter referred to as a "Permitted Free Writing Prospectus." The Company represents that it has treated or agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied or will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely Commission filing where required, legending and record-keeping.

(xii) The Company hereby agrees that, without the prior written consent of the Underwriter, it will not, during the period ending one hundred and eighty (180) days after the date hereof ("Lock-Up Period"), (i) offer, pledge, issue, sell, contract to sell, purchase, contract to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise; or (iii) file any registration statement with the Commission relating to the offering of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock. The restrictions contained in the preceding sentence shall not apply to (1) the Shares to be sold hereunder, (2) the issuance of Common Stock upon the exercise of options, the vesting or settlement of restricted stock units or the conversion of outstanding preferred stock or other outstanding convertible securities disclosed as outstanding in the Registration Statement (excluding exhibits thereto), the Time of Sale Disclosure Package, and the Final Prospectus, (3) the issuance of employee stock options not exercisable during

the Lock-Up Period and the grant of restricted stock awards or restricted stock units or shares of Common Stock pursuant to equity incentive plans described in the Registration Statement (excluding exhibits thereto), the Time of Sale Disclosure Package, and the Final Prospectus or (4) the filing of a registration statement on Form S-8 or other appropriate forms, and any amendments thereto, as required by the Securities Act, relating to the Common Stock or other equity-based securities issuable pursuant to the Company's equity incentive plans described above.

(xiii) The Company hereby agrees, during a period of three years from the effective date of the Registration Statement, to furnish to the Underwriter copies of all reports or other communications (financial or other) furnished to stockholders, and to deliver to the Underwriter as soon as reasonably practicable upon availability, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; provided, that any information or documents available on the Commission's Electronic Data Gathering, Analysis and Retrieval System shall be considered furnished for purposes of this Section 5(a)(xiii).

(xiv) The Company hereby agrees to engage and maintain, at its expense, a registrar and transfer agent for the Common Stock (if other than the Company).

(xv) The Company hereby agrees to use its reasonable best efforts to obtain approval to list the Shares and the Underwriter Warrant Shares on the Nasdaq.

(xvi) The Company hereby agrees not to take, directly or indirectly, any action designed to cause or result in, or that has constituted or might reasonably be expected to constitute, under the Exchange Act or otherwise, the stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Shares.

(xvii) The Company will promptly notify the Underwriter if the Company ceases to be an Emerging Growth Company at any time prior to the later of (a) the end of the Prospectus Delivery Period and (b) the expiration of the lock-up period described in Section 5(a)(xii) above.

(b) The Selling Stockholder covenants and agrees with the Underwriter as follows:

(i) The Selling Stockholder, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, will pay or cause to be paid (A) all reasonable expenses (including transfer taxes allocated to the respective transferees) incurred in connection with the delivery to the Underwriter of the Secondary Shares to be sold by the Selling Stockholder hereunder.

(ii) The Selling Stockholder hereby agrees that, without the prior written consent of the Underwriter, it will not, during the Lock-Up Period, (i) offer, pledge, sell, contract to sell, purchase, contract to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or

exercisable or exchangeable for Common Stock; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The restrictions contained in the preceding sentence shall not apply to (1) the Shares to be sold hereunder, (2) shares of Common Stock subject to a security interest granted by the Selling Stockholder to the Company pursuant to the terms of a promissory note, (3) the issuance of Common Stock upon the exercise of options or warrants disclosed as outstanding in the Registration Statement (excluding exhibits thereto) or the Prospectus, (4) the issuance of employee stock options not exercisable during the Lock-Up Period and the grant of restricted stock or restricted stock units pursuant to equity incentive plans described in the Registration Statement (excluding exhibits thereto) and the Prospectus.

(iii) The Selling Stockholder will deliver to the Underwriter prior to the applicable Closing Date a properly completed and executed United States Treasury Department Form W-8BEN-E.

(iv) During the Prospectus Delivery Period, the Selling Stockholder will advise the Underwriter promptly, and if requested by the Underwriter, will confirm such advice in writing, of any change in information relating to such Selling Stockholder in the Registration Statement, the Time of Sale Disclosure Package or any Prospectus.

**(v)** The Selling Stockholder agrees that it will not prepare or have prepared on its behalf or use or refer to any "free writing prospectus" (as such term is defined in Rule 405 under the Act), and agrees that it will not distribute any written materials in connection with the offer or sale of the Shares.

***6. Conditions of the Underwriter's Obligations.*** The obligations of the Underwriter hereunder to purchase the Shares are subject to the accuracy, as of the date hereof and at all times through the Closing Date, and on each Option Closing Date (as if made on the Closing Date or such Option Closing Date, as applicable), of and compliance with all representations, warranties and agreements of the Company and the Selling Stockholder contained herein, the performance by the Company and the Selling Stockholder of its obligations hereunder and the following additional conditions:

(a) If filing of the Final Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, is required under the Securities Act or the Rules and Regulations, the Company shall have filed the Final Prospectus (or such amendment or supplement) or such Issuer Free Writing Prospectus with the Commission in the manner and within the time period so required (without reliance on Rule 424(b)(8) or 164(b) under the Securities Act); the Registration Statement shall remain effective; no stop order suspending the effectiveness of the Registration Statement or any part thereof, any Rule 462 Registration Statement, or any amendment thereof, nor suspending or preventing the use of the Time of Sale Disclosure Package, any Prospectus, the Final Prospectus or any Issuer Free Writing Prospectus shall have been issued; no proceedings for the issuance of such an order shall have been initiated or threatened by the Commission; any request of the Commission or the Underwriter for additional

information (to be included in the Registration Statement, the Time of Sale Disclosure Package, any Prospectus, the Final Prospectus, any Issuer Free Writing Prospectus or otherwise) shall have been complied with to the satisfaction of the Underwriter.

(b) The Shares and the Underwriter Warrant Shares shall be approved for listing on the Nasdaq, subject to official notice of issuance.

(c) FINRA shall have raised no objection to the fairness and reasonableness of the underwriting terms and arrangements.

(d) The Underwriter shall not have reasonably determined, and advised the Company, that the Registration Statement, the Time of Sale Disclosure Package, any Prospectus, the Final Prospectus, or any amendment thereof or supplement thereto, or any Issuer Free Writing Prospectus, contains an untrue statement of fact which, in the reasonable opinion of the Underwriter, is material, or omits to state a fact which, in the reasonable opinion of the Underwriter, is material and is required to be stated therein or necessary to make the statements therein not misleading.

(e) [reserved]

(f) On the Closing Date and on each Option Closing Date, there shall have been furnished to the Underwriter the opinion and negative assurance letters of Jones Day, counsel to the Company, each dated the Closing Date or the Option Closing Date, as applicable, and addressed to the Underwriter, in form and substance reasonably satisfactory to the Underwriter.

(g) On the Closing Date and on each Option Closing Date, there shall have been furnished to the Underwriter the opinion of Edward Nathan Sonnenbergs Inc, South African counsel to the Company, dated the Closing Date or the Option Closing Date, as applicable, and addressed to the Underwriter, in form and substance reasonably satisfactory to the Underwriter.

(h) On the Closing Date and on each Option Closing Date, there shall have been furnished to the Underwriter the negative assurance letter of Gibson, Dunn & Crutcher LLP, counsel to the Underwriter, dated the Closing Date or the Option Closing Date, as applicable, and addressed to the Underwriter, in form and substance reasonably satisfactory to Underwriter.

(i) On the Closing Date and on each Option Closing Date, there shall have been furnished to the Underwriter the opinion of legal counsel to the Selling Stockholder, dated the Closing Date or the Option Closing Date, as applicable, and addressed to the Underwriter, in form and substance reasonably satisfactory to the Underwriter.

(j) The Underwriter shall have received a letter of Grant Thornton LLP, on the date hereof and on the Closing Date and on each Option Closing Date, addressed to the Underwriter, confirming that they are independent public accountants within the meaning of the Securities Act and are in compliance with the applicable requirements relating to the qualifications of accountants under Rule 2-01 of Regulation S-X of the Commission, and confirming, as of the date of each such letter (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Registration Statement, the Time of Sale Disclosure Package and the Final Prospectus, as of a date not prior to the date

hereof or more than five days prior to the date of such letter), the conclusions and findings of said firm with respect to the financial information and other matters required by the Underwriter.

(k) On the Closing Date and on each Option Closing Date, there shall have been furnished to the Underwriter a certificate, dated the Closing Date and on each Option Closing Date and addressed to the Underwriter, signed by the chief executive officer and the chief financial officer of the Company, in their capacity as officers of the Company, to the effect that:

(i) The representations and warranties of the Company in this Agreement that are qualified by materiality or by reference to any Company Material Adverse Effect are true and correct in all respects, and all other representations and warranties of the Company in this Agreement are true and correct, in all material respects, as if made at and as of the Closing Date and on the Option Closing Date, and the Company has complied in all material respects with all the agreements and satisfied all the conditions on its part required to be performed or satisfied at or prior to the Closing Date or on the Option Closing Date, as applicable;

(ii) No stop order or other order (A) suspending the effectiveness of the Registration Statement or any part thereof or any amendment thereof, (B) suspending the qualification of the Securities for offering or sale, or (C) suspending or preventing the use of the Time of Sale Disclosure Package, any Prospectus, the Final Prospectus or any Issuer Free Writing Prospectus, has been issued, and no proceeding for that purpose has been instituted or, to their knowledge, is contemplated by the Commission or any state or regulatory body; and

(iii) There has been no occurrence of any event resulting or reasonably likely to result in a Company Material Adverse Effect during the period from and after the date of this Agreement and prior to the Closing Date or on the Option Closing Date, as applicable.

(l) On the Closing Date and each Option Closing Date, there shall have been furnished to the Underwriter certificates, dated the Closing Date or the Option Closing Date, as applicable, and addressed to the Underwriter, signed by the Selling Stockholder, to the effect that the representations and warranties of such Selling Stockholder in this Agreement are true and correct, in all material respects, as if made at and as of the Closing Date or the Option Closing Date, as applicable, and such Selling Stockholder has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date or the Option Closing Date.

(m) On or before the date hereof, the Underwriter shall have received duly executed lock-up agreements (each a "Lock-Up Agreement") in the form set forth on **Exhibit A** hereto, by and between the Underwriter and each of the parties specified in **Schedule IV**.

If the Underwriter, in its sole discretion, agrees to release or waive the restrictions set forth in the Lock-Up Agreement for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or

waiver by a press release substantially in the form of **Exhibit B** hereto through a major news service at least two business days before the effective date of the release or waiver.

(n) The Company and the Selling Stockholder shall have furnished to the Underwriter and its counsel such additional documents, certificates and evidence as the Underwriter or its counsel may have reasonably requested.

If any condition specified in this Section 6 shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by the Underwriter by notice to the Company and the Selling Stockholder at any time at or prior to the Closing Date or on the Option Closing Date, as applicable, and such termination shall be without liability of any party to any other party, except that Section 5(a)(viii), Section 5(b)(i), Section 7 and Section 8 shall survive any such termination and remain in full force and effect.

***7. Indemnification and Contribution***.

(a) The Montauk Parties agree to indemnify, defend and hold harmless the Underwriter, its affiliates, directors and officers and employees, and each person, if any, who controls the Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any losses, claims, damages or liabilities to which such party may become subject, under the Securities Act or otherwise (including in settlement of any litigation if such settlement is effected with the written consent of the Company), insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, including the information deemed to be a part of the Registration Statement at the time of effectiveness and at any subsequent time pursuant to Rules 430A and 430B of the Rules and Regulations, or arise out of or are based upon the omission from the Registration Statement, or alleged omission to state therein, a material fact required to be stated therein or necessary to make the statements therein not misleading (ii) an untrue statement or alleged untrue statement of a material fact contained in the Time of Sale Disclosure Package, any Written Testing-the-Waters Communications, any Prospectus, the Final Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, or the Marketing Materials or in any other materials used in connection with the offering of the Shares, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (iii) in whole or in part, any material inaccuracy in the representations and warranties of the Montauk Parties contained herein, or (iv) in whole or in part, any material failure of the Montauk Parties to perform their obligations hereunder or under law, and will reimburse such party for any legal or other expenses reasonably incurred by such party in connection with evaluating, investigating or defending against such loss, claim, damage, liability or action; *provided, however*, that such indemnity shall not inure to the benefit of the Underwriter (or any person controlling the Underwriter) in any such case to the extent that any such loss, claim, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Time of Sale Disclosure Package, any Written Testing-the-Waters Communications, any Prospectus, the Final Prospectus, or any amendment or supplement thereto or any Issuer Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Company by the related Underwriter

specifically for use in the preparation thereof, which written information is described in Section 7(g).

(b) The Underwriter will indemnify, defend and hold harmless the Montauk Parties, their respective directors and officers and each person, if any, who controls the Montauk Parties within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any losses, claims, damages or liabilities to which such party may become subject, under the Securities Act or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of the Underwriter), insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Time of Sale Disclosure Package, any Prospectus, the Final Prospectus, or any amendment or supplement thereto or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, the Time of Sale Disclosure Package, any Prospectus, the Final Prospectus, or any amendment or supplement thereto or any Issuer Free Writing Prospectus in reliance upon and in conformity with written information furnished to the Company by the Underwriter specifically for use in the preparation thereof, which written information is described in Section 7(g), and will reimburse such party for any legal or other expenses reasonably incurred by such party in connection with evaluating, investigating, and defending against any such loss, claim, damage, liability or action. The obligation of the Underwriter to indemnify the Montauk Parties (including any controlling person, director or officer thereof) shall be limited to the amount of the underwriting discount applicable to the Shares to be purchased by the Underwriter hereunder actually received by the Underwriter.

(c) Promptly after receipt by an indemnified party under subsection (a) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the failure to notify the indemnifying party shall not relieve the indemnifying party from any liability that it may have to any indemnified party except to the extent such indemnifying party has been materially prejudiced by such failure. In case any such action shall be brought against any indemnified party, and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in, and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of the indemnifying party's election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof; *provided*, *however*, that if (i) the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (ii) a conflict or potential conflict exists (based on advice of counsel to the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party), or (iii) the indemnifying party has not in

fact employed counsel reasonably satisfactory to the indemnified party to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, the indemnified party shall have the right to employ a single counsel to represent it in any claim in respect of which indemnity may be sought under subsection (a) of this Section 7, in which event the reasonable fees and expenses of such separate counsel shall be borne by the indemnifying party or parties and reimbursed to the indemnified party as incurred.

The indemnifying party under this Section 7 shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party against any loss, claim, damage, liability or expense by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement, compromise or consent to the entry of judgment in any pending or threatened action, suit or proceeding in respect of which any indemnified party is a party or could be named and indemnity was or would be sought hereunder by such indemnified party, unless such settlement, compromise or consent (a) includes an unconditional release of such indemnified party from all liability for claims that are the subject matter of such action, suit or proceeding and (b) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 7 is unavailable or insufficient to hold harmless an indemnified party under subsection (a) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) above, (i) in such proportion as is appropriate to reflect the relative benefits received by the Montauk Parties on the one hand and the Underwriter on the other from the offering and sale of the Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Montauk Parties on the one hand and the Underwriter on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Montauk Parties on the one hand and the Underwriter on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Montauk Parties bear to the total underwriting discount received by the Underwriter, in each case as set forth in the table on the cover page of the Final Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Montauk Parties or the Underwriter and the parties' relevant intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Montauk Parties and the Underwriter agree that it would not be just and equitable if contributions pursuant to this subsection (e) were to be determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the first sentence of this subsection (e). The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending against any action or claim that is the subject of this subsection (e). Notwithstanding the provisions of this subsection (e), the Underwriter shall not be

required to contribute any amount in excess of the amount of the underwriting discount applicable to the Shares to be purchased by such Underwriter hereunder actually received by such Underwriter. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The obligations of the Montauk Parties under this Section 7 shall be in addition to any liability that the Montauk Parties may otherwise have and the benefits of such obligations shall extend, upon the same terms and conditions, to each person, if any, who controls the Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act; and the obligations of the Underwriter under this Section 7 shall be in addition to any liability that the Underwriter may otherwise have and the benefits of such obligations shall extend, upon the same terms and conditions, to the Montauk Parties and their respective officers, directors and each person who controls the Montauk Parties within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act.

(f) For purposes of this Agreement, the Underwriter confirms, and the Montauk Parties acknowledge, that there is no information concerning the Underwriter furnished in writing to the Montauk Parties by such Underwriter specifically for preparation of or inclusion in the Registration Statement, the Time of Sale Disclosure Package, any Prospectus, the Final Prospectus or any Issuer Free Writing Prospectus, other than the statement set forth in the last paragraph on the cover page of the Prospectus, the marketing and legal names of each Underwriter, and the statements set forth in the "Underwriting" section of the Registration Statement, the Time of Sale Disclosure Package, and the Final Prospectus only insofar as such statements relate to the amount of selling concession and re-allowance, if any, or to over-allotment, stabilization and related activities that may be undertaken by the Underwriter.

***8. Representations and Agreements to Survive Delivery***. All representations, warranties, and agreements of the Montauk Parties contained herein or in certificates delivered pursuant hereto, including, but not limited to, the agreements of the Underwriter and the Montauk Parties contained in Section 5(a)(vii) and Section 7 hereof, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter or any controlling person thereof, or the Montauk Parties or any of their officers, directors, or controlling persons, and shall survive delivery of, and payment for, the Shares to and by the Underwriter hereunder.

***9. Termination of this Agreement***.

(a) The Underwriter shall have the right to terminate this Agreement by giving notice to the Montauk Parties as hereinafter specified at any time at or prior to the Closing Date or any Option Closing Date (as to the Option Shares to be purchased on such Option Closing Date only), if in the discretion of the Underwriter, (i) there has occurred any material adverse change in the securities markets or any event, act or occurrence that has materially disrupted, or in the opinion of the Underwriter, will in the future materially disrupt, the securities markets or there shall be such a material adverse change in general financial, political or economic conditions or the effect of international conditions on the financial markets in the United States is such as to make it, in the reasonable judgment of the Underwriter, inadvisable or impracticable to market the Shares

or enforce contracts for the sale of the Shares (ii) trading in the Company's Common Stock shall have been suspended by the Commission or the Nasdaq or trading in securities generally on the Nasdaq Stock Market, the NYSE or the NYSE MKT shall have been suspended, (iii) minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required, on the Nasdaq Stock Market, the NYSE or NYSE MKT, by such exchange or by order of the Commission or any other governmental authority having jurisdiction, (iv) a banking moratorium shall have been declared by federal or state authorities, (v) there shall have occurred any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, any declaration by the United States of a national emergency or war, any substantial change or development involving a prospective substantial change in the United States or South African political, financial or economic conditions or any other calamity or crisis, or (vi) the Montauk Parties suffer any material loss by strike, fire, flood, earthquake, accident or other calamity, whether or not covered by insurance, or (vii) in the reasonable judgment of the Underwriter, there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Registration Statement, the Time of Sale Disclosure Package or the Final Prospectus, any material adverse change in the assets, properties, condition, financial or otherwise, or in the results of operations, business affairs or business prospects of the Montauk Parties and their subsidiaries considered as a whole, whether or not arising in the ordinary course of business. Any such termination shall be without liability of any party to any other party except that the provisions of Section 5(a)(viii) and Section 7 hereof shall at all times be effective and shall survive such termination.

(b) If the Underwriter elects to terminate this Agreement as provided in this Section, the Montauk Parties shall be notified promptly by the Underwriter by telephone, confirmed by letter.

***10. Notices***. Except as otherwise provided herein, all communications hereunder shall be in writing and, if to the Underwriter, shall be mailed, delivered or telecopied to Roth Capital Partners, LLC, 800 San Clemente Drive, Suite 400, Newport Beach, CA 92660, telecopy number: (949) 720-7227, Attention: Managing Director; and if to either Montauk Party, shall be mailed, delivered or telecopied to it at 680 Anderson Drive, 5th Floor, Pittsburgh, PA 15220, telecopy number: 412-921-2867 , Attention: General Counsel; or in each case to such other address as the person to be notified may have requested in writing. Any party to this Agreement may change such address for notices by sending to the parties to this Agreement written notice of a new address for such purpose.

***11. Persons Entitled to Benefit of Agreement***. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns and the controlling persons, officers and directors referred to in Section 7. Nothing in this Agreement is intended or shall be construed to give to any other person, firm or corporation any legal or equitable remedy or claim under or in respect of this Agreement or any provision herein contained. The term "successors and assigns" as herein used shall not include any purchaser, as such purchaser, of any of the Shares from the Underwriter.

***12. Absence of Fiduciary Relationship***. The Montauk Parties acknowledge and agree that: (a) the Underwriter has been retained solely to act as underwriter in connection with the sale of the Shares and that no fiduciary, advisory or agency relationship between the Montauk Parties

and the Underwriter has been created in respect of any of the transactions contemplated by this Agreement, irrespective of whether the Underwriter has advised or is advising the Montauk Parties on other matters; (b) the price and other terms of the Shares set forth in this Agreement were established by the Montauk Parties following discussions and arms-length negotiations with the Underwriter and each Montauk Party is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement; (c) it has been advised that the Underwriter and its affiliates are engaged in a broad range of transactions that may involve interests that differ from those of the Montauk Parties and that the Underwriter has no obligation to disclose such interest and transactions to the Montauk Parties by virtue of any fiduciary, advisory or agency relationship; and (d) it has been advised that the Underwriter is acting, in respect of the transactions contemplated by this Agreement, solely for the benefit of such Underwriter, and not on behalf of the Montauk Parties.

***13. Amendments and Waivers***. No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. The failure of a party to exercise any right or remedy shall not be deemed or constitute a waiver of such right or remedy in the future. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (regardless of whether similar), nor shall any such waiver be deemed or constitute a continuing waiver unless otherwise expressly provided.

***14. Partial Unenforceability***. The invalidity or unenforceability of any section, paragraph, clause or provision of this Agreement shall not affect the validity or enforceability of any other section, paragraph, clause or provision.

***15. Governing Law***. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof.

***16. Submission to Jurisdiction***. Each Montauk Party irrevocably (a) submits to the jurisdiction of the Supreme Court of the State of New York, Borough of Manhattan or the United States District Court for the Southern District of New York for the purpose of any suit, action, or other proceeding arising out of this Agreement, or any of the agreements or transactions contemplated by this Agreement, the Registration Statement, the Time of Sale Disclosure Package, any Prospectus and the Final Prospectus (each a "Proceeding"), (b) agrees that all claims in respect of any Proceeding may be heard and determined in any such court, (c) waives, to the fullest extent permitted by law, any immunity from jurisdiction of any such court or from any legal process therein, (d) agrees not to commence any Proceeding other than in such courts, and (e) waives, to the fullest extent permitted by law, any claim that such Proceeding is brought in an inconvenient forum. EACH MONTAUK PARTY (ON BEHALF OF ITSELF AND, TO THE FULLEST EXTENT PERMITTED BY LAW, ON BEHALF OF ITS RESPECTIVE EQUITY HOLDERS AND CREDITORS) HEREBY WAIVE ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED UPON, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE REGISTRATION STATEMENT, THE TIME OF SALE DISCLOSURE PACKAGE, ANY PROSPECTUS AND THE FINAL PROSPECTUS.

***17. Counterparts.*** This Agreement may be executed and delivered (including by facsimile transmission or electronic mail) in one or more counterparts and, if executed in more than one counterpart, the executed counterparts shall each be deemed to be an original and all such counterparts shall together constitute one and the same instrument.

[*Signature Page Follows*]

Please sign and return to the Company the enclosed duplicates of this letter whereupon this letter will become a binding agreement between the Montauk Parties and the Underwriter in accordance with its terms.

Very truly yours,

**MONTAUK RENEWABLES, INC.**

By: _____
Name: _____
Title: _____

**MONTAUK HOLDINGS LIMITED**

By: _____
Name: _____
Title: _____

Confirmed as of the date first above-mentioned
by the Underwriter.

**ROTH CAPITAL PARTNERS, LLC**

By: _____
Name:
Title:

[Signature page to Underwriting Agreement]

**SCHEDULE I**

| | Number of Underwritten and Secondary Shares to be Sold | Number of Option Shares to be Sold |
|---|---|---|
| **Company:** | [ ] | [ ] |
| **Selling Stockholder:** | [ ] | — |
| **Total** | | |

**SCHEDULE I**

**Final Term Sheet**

| | |
|---|---|
| Issuer: | Montauk Renewables, Inc. (the "Company") |
| Symbol: | MNTK |
| Securities: | [●] shares of common stock, par value $0.01 per share (the "Common Stock"), of the Company. |
| Over-allotment option: | Up to an additional [●] shares of Common Stock at a price of $[●] per share |
| Public offering price: | $[●] per share of Common Stock |
| Underwriting discount: | $[●] per share of Common Stock |
| Expected net proceeds: | Approximately $[●] million ($[●] if the overallotment option is exercised in full) (after deducting the underwriting discount and estimated offering expenses payable by the Company). |
| Trade date: | _____, 2021 |
| Settlement date: | _____, 2021 |
| Underwriter: | Roth Capital Partners, LLC |

**SCHEDULE II**

**Free Writing Prospectus**

1. None.

**SCHEDULE III**

**Written Testing-the-Waters Communications**

1. [To be determined.]

**SCHEDULE IV**

**List of officers, directors and stockholders executing lock-up agreements**

1. Sean F. McClain
2. Kevin A. Van Asdalan
3. James Shaw
4. Scott Hill
5. John Ciroli
6. Mohamed H. Ahmed
7. John A. Copelyn
8. Theventheran G. Govender
9. Michael A. Jacobson
10. Naziema B. Jappie
11. Bruce S. Raynor
12. Rivetprops 47 Proprietary Limited
13. Circumference Investments (Pty) Ltd
14. Chearsley Investments (Pty) Ltd
15. Majorshelf 183 Proprietary Limited
16. Montauk Holdings Limited

**EXHIBIT A**

**Form of Lock-Up Agreement**

Roth Capital Partners, LLC
888 San Clemente Drive
Newport Beach, CA 92660

Ladies and Gentlemen:

The undersigned understands that you propose to enter into an Underwriting Agreement (the "Underwriting Agreement") with Issuer, a Delaware corporation (the "Company"), relating to a proposed offering of securities of the Company (the "Offering") including shares of the Common Stock, par value $0.01 per share (the "Common Stock"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Underwriting Agreement.

In consideration of the foregoing, and in order to induce you to participate in the Offering, and for other good and valuable consideration receipt of which is hereby acknowledged, the undersigned hereby agrees that, without the prior written consent of the Roth Capital Partners, LLC ("Roth") (which consent may be withheld in its sole discretion), the undersigned will not, during the period (the "Lock-Up Period") beginning on the date hereof and ending on the date 180 days after the date of the final prospectus relating to the Offering (the "Final Prospectus"), (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file (or participate in the filing of) a registration statement with the Securities and Exchange Commission in respect of, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock (including without limitation, shares of Common Stock which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or warrant), (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the shares of, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of shares of Common Stock or such other securities, in cash or otherwise, (3) make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for shares of Common Stock, or (4) publicly announce an intention to effect any transaction specific in clause (1), (2) or (3) above.

Notwithstanding the foregoing, the restrictions set forth in clause (1) and (2) above shall not apply to (a) transfers (i) as a bona fide gift or gifts, provided that the donee or donees thereof agree to be bound in writing by the restrictions set forth herein, (ii) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned or to any other entity for the purpose of establishing a new United States holding company for such shares, provided that the trustee of the trust or other entity agrees to be bound in writing by the restrictions

set forth herein, and provided further that any such transfer shall not involve a disposition for value, (b) the acquisition, exercise, vesting or settlement of any stock option, restricted stock or restricted stock units issued pursuant to the Company's equity incentive plans, including the delivery of shares of Common Stock of the Company held by the undersigned to effect any option exercise or satisfy any tax withholding obligations of the undersigned with respect to awards under the Company's equity incentive plans, or (c) the exchange of the undersigned's securities issued by Montauk Holdings Limited for securities of the Company solely in connection with, and as contemplated by, the Reorganization (as such term is defined in the Time of Sale Disclosure Package under "The Reorganization Transactions"). For purposes of this Lock-Up Agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin.

The foregoing restrictions are expressly agreed to preclude the undersigned from engaging in any hedging or other transaction which is designed to or reasonably expected to lead to or result in a sale or disposition of shares of Common Stock even if such securities would be disposed of by someone other than the undersigned. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put option or put equivalent position or call option or call equivalent position) with respect to any of the shares of Common Stock or with respect to any security that includes, relates to, or derives any significant part of its value from such shares.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Lock-Up Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar or depositary against the transfer of the undersigned's shares of Common Stock except in compliance with the foregoing restrictions.

If the undersigned is an officer or director of the Company, (i) Roth agrees that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of Common Stock, Roth will notify the Company of the impending release or waiver, and (ii) the Company will agree in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by Roth hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

The undersigned understands that, if the Underwriting Agreement does not become effective, or if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the securities to

be sold thereunder, the undersigned shall be released from all obligations under this Lock-Up Agreement.

This Lock-Up Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof. The undersigned irrevocably (i) submits to the jurisdiction of the Supreme Court of the State of New York, Borough of Manhattan and the United States District Court for the Southern District of New York, for the purpose of any suit, action, or other proceeding arising out of this Lock-Up Agreement (each a "Proceeding"), (ii) agrees that all claims in respect of any Proceeding may be heard and determined in any such court, (iii) waives, to the fullest extent permitted by law, any immunity from jurisdiction of any such court or from any legal process therein, (iv) agrees not to commence any Proceeding other than in such courts, and (v) waives, to the fullest extent permitted by law, any claim that such Proceeding is brought in an inconvenient forum.

Very truly yours,

_____

Name:

**EXHIBIT B**

**Form of Press Release**

Montauk Renewables, Inc.
[Date]

Montauk Renewables, Inc. (the "Company") announced today that Roth Capital Partners, LLC, the underwriter in the Company's recent public sale of shares of common stock, is [waiving][releasing] a lock-up restriction with respect to shares of the Company's common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver][release] will take effect on , 20 , and the shares may be sold on or after such date.

**This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.**

**Exhibit 2.2**

January 3, 2021

***Via Electronic Mail***

Montauk Holdings USA, LLC
680 Anderson Drive, 5th Floor
Pittsburgh, PA 15220
Attention: VP General Counsel
e-mail: jciroli@montaukenergy.com

Montauk Renewables, Inc.
680 Anderson Drive, 5th Floor
Pittsburgh, PA 15220
Attention: Chief Executive Officer and President
e-mail: sloughman@montaukenery.com

RE: Pre-Distribution Restructuring.

Reference is made to that certain Transaction Implementation Agreement, dated November 6, 2020 (the "TIA"), by and among Montauk Holdings Limited ("MNK"), Montauk Holdings USA, LLC ("Montauk USA") and Montauk Renewables, Inc. ("MRI"), and Share Exchange Agreement, dated November 6, 2020 (the "Share Exchange Agreement"), by and among MRI, Montauk USA and the sole stockholder of MRI. Any capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the TIA.

The parties hereto acknowledge and agree, notwithstanding anything to the contrary in the TIA and the Share Exchange Agreement, as follows:

1. The Share Exchange pursuant to the Share Exchange Agreement and Section 2.1(a) of the TIA and the subsequent Pre-Spin Distribution pursuant to Section 2.1(b) of the TIA shall take place on January 4, 2021 (the "Restructuring Date").

2. As of the date hereof, the Record Date (as defined in the TIA) has not been determined by MNK's board of directors and therefore the parties hereto will not know the exact amount of the Total Distribution Shares (as defined in the TIA) as of the Restructuring Date. The parties hereto anticipate that MNK's board of directors will set a Record Date that occurs within the next 30 days.

3. The total number of issued and outstanding MNK Shares as of the Restructuring Date is 138,312,713 ordinary shares of MNK with no par value (the "January 4th MNK Share Count").

4. Solely for purposes of the Share Exchange Agreement and Section 2.1 of the TIA, the "Total Distribution Shares" shall be calculated based on the January 4th MNK Share Count. For all other purposes, including all other provisions of the TIA and for purposes of the Distribution, the "Total Distribution Shares" shall continue to be calculated using the number of issued and outstanding MNK Shares as of date on which the finalization announcement regarding the Distribution is published on the JSE's Stock Exchange News Service pursuant to the JSE Listings Requirements, as is currently contemplated by the TIA.

5. To the extent that the Total Distribution Shares, as finally calculated following the Record Date, does not equal the January 4th MNK Share Count, MRI shall issue to, or redeem from, MNK (as applicable) such number of MRI Shares necessary to cause the total number of issued and outstanding common stock of MRI held by MNK immediately prior to the Distribution to equal the Total Distribution Shares.

6. To the extent not expressly modified hereby, the parties hereto acknowledge and agree that the TIA and the Share Exchange Agreement remain unchanged and in full force and effect in their entirety, which such terms are hereby ratified and confirmed.

This letter agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to its rules of conflict of laws. This letter will be deemed effective as of the date first written above.

This letter agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have caused this letter agreement to be executed by their duly authorized representatives as of the date first written above.

**MONTAUK HOLDINGS LIMITED**

By: /s/ John Ciroli
Name: John Ciroli
Title: VP General Counsel

**MONTAUK HOLDINGS USA, LLC**

By: /s/ John Ciroli
Name: John Ciroli
Title: VP General Counsel

**MONTAUK RENEWABLES, INC.**

By: /s/ Scott Loughman
Name: Scott Loughman
Title: Chief Executive Officer and President

**Exhibit 3.1**

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**
**OF**
**MONTAUK RENEWABLES, INC.**

Montauk Renewables, Inc., a corporation organized and existing under the laws of the State of Delaware (the "***Company***") hereby certifies as follows:

1. The name of the Company is Montauk Renewables, Inc., formerly incorporated as Montauk Energy, Inc. The Company's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on September 21, 2020 (the "***Certificate***");

2. This Amended and Restated Certificate of Incorporation of the Company, in the form attached hereto as **Exhibit A**, has been duly adopted in accordance with the provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware by the directors and stockholders of the Company;

3. This Amended and Restated Certificate of Incorporation amends and restates the Certificate in its entirety, reads in its entirety as set forth in **Exhibit A** attached hereto and is incorporated herein by reference; and

4. This Amended and Restated Certificate of Incorporation shall be effective on the date of filing with the Secretary of State of the State of Delaware.

[*Remainder of Page Intentionally Left Blank.*]

**IN WITNESS WHEREOF**, the Company has caused this Amended and Restated Certificate of Incorporation to be executed by the undersigned duly authorized officer on this 4th day of January, 2021.

**MONTAUK RENEWABLES, INC.**

By: /s/ Scott Loughman
Name: Scott Loughman
Title: Chief Executive Officer

[*Signature Page to Amended and Restated Certificate of Incorporation - Montauk Renewables, Inc.*]

**EXHIBIT A**

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**

**OF**

**MONTAUK RENEWABLES, INC.**

ARTICLE I

The name of the corporation is Montauk Renewables, Inc. (the "***Company***").

ARTICLE II

The address of the Company's registered office in the State of Delaware is Corporation Service Company, 251 Little Falls Drive, Wilmington, County of New Castle, DE, 19808. The name of the Company's registered agent at such address is Corporation Service Company. The Company may have such other offices, either within or without the State of Delaware, as the Board of Directors of the Company (the "***Board***") may designate or as the business of the Company may from time to time require.

ARTICLE III

The purpose of the Company is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as amended (the "***DGCL***").

ARTICLE IV

Section 1. Authorized Capital Stock. The Company is authorized to issue two classes of capital stock, designated Common Stock and Preferred Stock. The total number of shares of capital stock that the Company is authorized to issue is 700,000,000 shares, consisting of 690,000,000 shares of Common Stock, par value $0.01 per share, and 10,000,000 shares of Preferred Stock, par value $0.01 per share.

Section 2. Preferred Stock. The Preferred Stock may be issued in one or more series. The Board is hereby authorized to issue the shares of Preferred Stock in such series and to fix from time to time before issuance the number of shares to be included in any such series and the designation, powers, preferences and relative participating, optional or other rights, if any, and the qualifications, limitations or restrictions thereof. The authority of the Board with respect to each such series will include, without limiting the generality of the foregoing, the determination of any or all of the following:

(a) the number of shares of any series and the designation to distinguish the shares of such series from the shares of all other series;

(b) the voting powers, if any, and whether such voting powers are full or limited in such series;

(c) the redemption provisions, if any, applicable to such series, including the redemption price or prices to be paid;

(d) whether dividends, if any, will be cumulative or noncumulative, the dividend rate of such series, and the dates and preferences of dividends on such series;

(e) the rights of such series upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Company;

(f) the provisions, if any, pursuant to which the shares of such series are convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock, or any other security, of the Company or any other corporation or other entity, and the rates or other determinants of conversion or exchange applicable thereto;

(g) the right, if any, to subscribe for or to purchase any securities of the Company or any other corporation or other entity;

(h) the provisions, if any, of a sinking fund applicable to such series; and

(i) any other relative, participating, optional, or other special powers, preferences or rights and qualifications, limitations, or restrictions thereof;

all as may be determined from time to time by the Board and stated or expressed in the resolution or resolutions providing for the issuance of such Preferred Stock (collectively, a "***Preferred Stock Designation***").

Section 3. Common Stock. Subject to the rights of the holders of any series of Preferred Stock, the holders of Common Stock will be entitled to one vote on each matter submitted to a vote at a meeting of stockholders for each share of Common Stock held of record by such holder as of the record date for such meeting.

## ARTICLE V

The Board may make, amend, and repeal the Bylaws of the Company. Any Bylaw made by the Board under the powers conferred hereby may be amended or repealed by the Board (except as specified in any such Bylaw so made or amended) or by the stockholders in the manner provided in the Bylaws of the Company. Notwithstanding the foregoing and anything contained in this Certificate of Incorporation or the Bylaws to the contrary, prior to the conclusion of the Transition Time (as defined below), Bylaws 15(b), 17 and 38 may not be amended or repealed by the stockholders, and no provision inconsistent therewith may be adopted by the stockholders, without the affirmative vote of the holders of at least 66 2/3% of the voting power of the outstanding Voting Stock (as defined below), voting together as a single class. The Company may in its Bylaws confer powers upon the Board in addition to the foregoing and in addition to the powers and authorities expressly conferred upon the Board by applicable law. For the purposes of this Certificate of Incorporation, "***Voting Stock***" means stock of the Company of any class or series entitled to vote generally in the election of directors. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, prior to the Transition Time, the affirmative vote of the holders of at least 66 2/3% of the Voting Stock, voting together as a single class, is required to amend or repeal, or to adopt any provision inconsistent with, this Article V.

ARTICLE VI

Subject to the rights of the holders of any series of Preferred Stock:

(a) any action required or permitted to be taken by the stockholders may be taken only at a duly called annual or special meeting of stockholders or without a meeting, without prior notice and without a vote by means of a consent in writing, setting forth the action to be so taken, signed by all of the holders of outstanding stock of the Company and delivered to the Company's registered office, its principal place of business or an officer or agent of the Company having custody of the book in which proceedings of meetings of stockholders are recorded; and

(b) special meetings of stockholders may be called only (i) by the Chairman of the Board (the "***Chairman***"), (ii) by the Chief Executive Officer of the Company (the "***Chief Executive Officer***"), or (iii) by the Secretary of the Company (the "***Secretary***") acting at the request of the Chairman, the Chief Executive Officer or a majority of the total number of directors then authorized.

At any annual meeting or special meeting of stockholders, only such business will be conducted or considered as has been brought before such meeting in the manner provided in the Bylaws of the Company.

ARTICLE VII

Section 1. Number, Election, and Terms of Directors.

(a) Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional directors under circumstances specified in a Preferred Stock Designation, the Board shall consist of such number of the directors as shall be determined from time to time solely by resolution adopted by a majority of the directors then in office; *provided*, *however*, that the directors then in office are not less than 33 1/3 % of the total number of directors then authorized.

(b) The directors, other than those who may be elected by the holders of any series of Preferred Stock, will be classified until the conclusion of the 2030 annual meeting of stockholders (the "***Transition Time***") with respect to the time for which they severally hold office into three classes, as nearly equal in number as possible, designated Class I, Class II, and Class III. At any meeting of stockholders at which directors are to be elected, the number of directors elected may not exceed the greatest number of directors then in office in any class of directors. The directors first appointed to Class I will hold office for a term expiring at the annual meeting of stockholders to be held in 2021; the directors first appointed to Class II will hold office for a term expiring at the annual meeting of stockholders to be held in 2022; and the directors first appointed to Class III will hold office for a term expiring at the annual meeting of stockholders to be held in 2023, with the members of each class to hold office until their successors are elected and qualified. At each succeeding annual meeting until the 2028 annual meeting of stockholders, the successors to the class of directors whose term expires at that meeting shall be elected to hold office for a three-year term expiring at the annual meeting of stockholders held in the third year following the year of their election and until their successors are elected and qualified. In order to transition from classified

directors, at the 2028 annual meeting of stockholders, the directors elected at that meeting shall be elected to hold office for a one-year term expiring at the 2029 annual meeting of stockholders and until their successors are elected and qualified; at the 2029 annual meeting of stockholders, the directors elected at that meeting shall be elected to hold office for a one-year term expiring at the 2030 annual meeting of stockholders and until their successors are elected and qualified; at the 2030 annual meeting of stockholders, the directors elected at that meeting shall be elected to hold office for a one-year term expiring at the 2031 annual meeting of stockholders and until their successors are elected and qualified, at which point all of the directors will cease to be classified; and at each annual meeting of stockholders thereafter, all directors shall be elected to hold office for a one-year term expiring at the next annual meeting of stockholders and until such director's successor shall have been elected and qualified.

(c) Each person to be elected as a director will be elected as such by plurality vote of all votes properly cast by stockholders upon his or her election at a meeting for the election of directors at which a quorum is present. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional directors under circumstances specified in a Preferred Stock Designation, directors may be elected by the stockholders only at an annual meeting of stockholders. Election of directors of the Company need not be by written ballot unless requested by the presiding officer or by the holders of a majority of the Voting Stock present in person or represented by proxy at a meeting of the stockholders at which directors are to be elected. If authorized by the Board, such requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.

Section 2. Nomination of Director Candidates. Advance notice of stockholder nominations for the election of directors must be given in the manner provided in the Bylaws of the Company.

Section 3. Newly Created Directorships and Vacancies. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional directors under circumstances specified in a Preferred Stock Designation, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board resulting from death, resignation, disqualification, removal, or other cause will be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board, or by a sole remaining director. Any director elected in accordance with the preceding sentence will hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred, if applicable, and until such director's successor has been elected and qualified. No decrease in the number of directors constituting the Board may shorten the term of any incumbent director.

Section 4. Removal.

(a) Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional directors under circumstances specified in a Preferred Stock Designation and except as otherwise provided by law, prior to the Transition Time, any director may be removed from office by the stockholders only for cause and only in the manner provided in this Article VII, Section 4(a). At any annual meeting or special

meeting of the stockholders prior to the Transition Time, the notice of which states that the removal of a director or directors is among the purposes of the meeting and identifies the director or directors proposed to be removed, the affirmative vote of the holders of at least 66 2/3% of the voting power of the outstanding Voting Stock, voting together as a single class, may remove such director or directors for cause.

(b) Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional directors under circumstances specified in a Preferred Stock Designation, except as otherwise provided by law, after the Transition Time, any director may be removed from office by the stockholders with or without cause and only in the manner provided in this Article VII, Section 4(b). At any annual meeting or special meeting of the stockholders after the Transition Time, the notice of which states that the removal of a director or directors is among the purposes of the meeting and identifies the director or directors proposed to be removed, the affirmative vote of the holders of majority of the voting power of the outstanding Voting Stock, voting together as a single class, may remove such director or directors with or without cause.

Section 5. Amendment, Repeal, Etc. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, prior to the Transition Time, the affirmative vote of the holders of at least 66 2/3% of the voting power of the outstanding Voting Stock, voting together as a single class, is required to amend or repeal, or adopt any provision inconsistent with, this Article VII.

## ARTICLE VIII

To the full extent permitted by the Delaware General Corporation Law and any other applicable law currently or hereafter in effect, no director of the Company will be personally liable to the Company or its stockholders for or with respect to any breach of fiduciary duty or other act or omission as a director of the Company. No repeal or modification of this Article VIII will adversely affect the protection of any director of the Company provided hereby in relation to any breach of fiduciary duty or other act or omission as a director of the Company occurring prior to the effectiveness of such repeal or modification.

## ARTICLE IX

Section 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise subject to or involved in any claim, demand, action, suit or proceeding, whether civil, criminal, administrative or investigative (a "***Proceeding***"), by reason of the fact that he or she is or was a director or an officer of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another company or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an "***Indemnitee***"), whether the basis of such Proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified by the Company to the fullest extent permitted or required by the Delaware General Corporation Law and any other applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or

suffered by such Indemnitee in connection therewith ("***Indemnifiable Losses***"); provided, however, that, except as provided in Section 4 of this Article IX with respect to Proceedings to enforce rights to indemnification, the Company shall indemnify any such Indemnitee pursuant to this Section 1 in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board.

Section 2. Right to Advancement of Expenses. The right to indemnification conferred in Section 1 of this Article IX shall include the right to advancement by the Company of any and all expenses (including, without limitation, attorneys' fees and expenses) incurred in defending any such Proceeding in advance of its final disposition (an "***Advancement of Expenses***"); provided, however, that, if the Delaware General Corporation Law so requires, an Advancement of Expenses incurred by an Indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such Indemnitee, including without limitation service to an employee benefit plan) shall be made pursuant to this Section 2 only upon delivery to the Company of an undertaking (an "***Undertaking***"), by or on behalf of such Indemnitee, to repay, without interest, all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (a "***Final Adjudication***") that such Indemnitee is not entitled to be indemnified for such expenses under this Section 2. An Indemnitee's right to an Advancement of Expenses pursuant to this Section 2 is not subject to the satisfaction of any standard of conduct and is not conditioned upon any prior determination that Indemnitee is entitled to indemnification under Section 1 of this Article IX with respect to the related Proceeding or the absence of any prior determination to the contrary.

Section 3. Contract Rights. The rights to indemnification and to the Advancement of Expenses conferred in Sections 1 and 2 of this Article IX shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

Section 4. Right of Indemnitee to Bring Suit. If a claim under Section 1 or 2 of this Article IX is not paid in full by the Company within 60 calendar days after a written claim has been received by the Company, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be 20 calendar days, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to the fullest extent permitted or required by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader reimbursements of prosecution or defense expenses than such law permitted the Company to provide prior to such amendment), to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an Advancement of Expenses) it shall be a defense that, and (ii) any suit brought by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Company shall be entitled to recover such expenses, without interest, upon a Final Adjudication that, the Indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Company (including the Board or a committee thereof, its stockholders or independent legal counsel) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has

met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including the Board or a committee thereof, its stockholders or independent legal counsel) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by an Indemnitee to enforce a right to indemnification or to an Advancement of Expenses hereunder, or brought by the Company to recover an Advancement of Expenses hereunder pursuant to the terms of an Undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such Advancement of Expenses, shall be on the Company.

Section 5. Non-Exclusivity of Rights. The rights to indemnification and to the Advancement of Expenses conferred in this Article IX shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Company's Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise. Nothing contained in this Article IX shall limit or otherwise affect any such other right or the Company's power to confer any such other right.

Section 6. Insurance. The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Section 7. No Duplication of Payments. The Company shall not be liable under this Article IX to make any payment to an Indemnitee in respect of any Indemnifiable Losses to the extent that the Indemnitee has otherwise actually received payment (net of any expenses incurred in connection therewith and any repayment by the Indemnitee made with respect thereto) under any insurance policy or from any other source in respect of such Indemnifiable Losses.

Section 8. Amendment, Repeal, Etc. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, prior to the conclusion of the Transition Time, the affirmative vote of the holders of at least 66 2/3% of the Voting Stock, voting together as a single class, is required to amend or repeal, or to adopt any provision inconsistent with, this Article IX.

## ARTICLE X

Section 1. Forum.

(a) Unless the Company consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or the Company's Certificate of Incorporation or Bylaws (as either may be amended from time to time), or (iv) any action asserting a claim governed by the internal affairs doctrine, shall be the Court of Chancery in the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware). If any action the subject matter of which is within the scope of the

preceding sentence is filed in a court other than a court located within the State of Delaware (a "***Foreign Action***") in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce the preceding sentence and (ii) having service of process made upon such stockholder in any such action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder. This Article X, Section 1(a) will not apply to any claim arising under the Securities Act of 1933 or the Securities Exchange Act of 1934.

(b) Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be, to the fullest extent permitted by law, the sole and exclusive forum for any action asserting a claim arising under the Securities Act of 1933.

(c) Any person or entity purchasing or otherwise acquiring any interest in any security of the corporation shall be deemed to have notice of and consented to this Article X.

Section 2. Enforceability. If any provision of this Article X shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provision in any other circumstance and of the remaining provisions of this Article X (including, without limitation, each portion of any sentence of this Article X containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities or circumstances shall not in any way be affected or impaired thereby.

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**Exhibit 3.2**

# MONTAUK RENEWABLES, INC.
# BYLAWS

As Adopted and Effective
on January 4, 2021

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**(continued)**

## STOCKHOLDERS MEETINGS

1. Time and Place of Meetings. All meetings of stockholders will be held at such time and place, within or without the State of Delaware, as may be designated by the Board of Directors (the "***Board***") of Montauk Renewables, Inc., a Delaware corporation (the "***Company***"), from time to time or, in the absence of a designation by the Board, by the Chairman, the Chief Executive Officer or the Secretary, and stated in the notice of the meeting. Notwithstanding the foregoing, the Board may, in its sole discretion, determine that a meeting of stockholders will not be held at any place, but may instead be held by means of remote communications, subject to such guidelines and procedures as the Board may adopt from time to time and in accordance with General Corporation Law of the State of Delaware, as amended (the "***DGCL***"). The Board may cancel or reschedule to an earlier or later date any previously scheduled annual or special meeting of stockholders.

2. Annual Meetings. At each annual meeting of stockholders, the stockholders will elect the directors from the nominees for director, to succeed those directors whose terms expire at such meeting and will transact such other business, in such case as may properly be brought before the meeting in accordance with Bylaws 8, 9, 10 and 11.

3. Special Meetings.

(a) General. A special meeting of stockholders may be called only (i) by the Chairman, (ii) by the Chief Executive Officer, or (iii) by the Secretary acting at the request of the Chairman, the Chief Executive Officer or a majority of the total number of directors that the Company would have if there were no vacancies on the Board (the "***Whole Board***"), in each case to transact only such business as is specified in the notice of the meeting or authorized by a majority of the Whole Board to be brought before the meeting. For the avoidance of doubt, stockholders shall not be permitted to propose business to be brought before a special meeting of stockholders.

(b) Meetings of Preferred Stockholders. Notwithstanding the foregoing provisions of this Bylaw 3, special meetings of holders of any outstanding Preferred Stock may be called in the manner and for the purposes provided in the applicable Preferred Stock Designation.

4. Notice of Meetings. Written notice of every meeting of stockholders, stating the place, if any, date and time thereof, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, will be given, in a form permitted by Bylaw 27 or by the DGCL, not less than ten nor more than 60 calendar days before the date of the meeting to each stockholder of record entitled to vote at such meeting, except as otherwise provided by law. When a meeting is recessed or adjourned to another place, date, or time, notice need not be given of the recessed or adjourned meeting if the place, if any, date and time thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such recessed or adjourned meeting, are announced at the meeting at which the recess or adjournment is taken; *provided*, *however*, that if the recess or adjournment is for more than 30 calendar days, or if after the recess or adjournment a new record date is fixed for the recessed or adjourned meeting, written notice of the place, if any, date and time thereof, and the means of remote

communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such recessed or adjourned meeting, must be given in conformity herewith or as otherwise provided or permitted under the DGCL.

5. Inspectors. The Board will, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Board may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer of the meeting will appoint one or more inspectors to act at the meeting.

6. Quorum. Except as otherwise provided by law or in a Preferred Stock Designation, the holders of a majority in voting power of the shares of stock issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, will constitute a quorum at a meeting of stockholders for the transaction of business thereat. A quorum, once established, will not be broken by the subsequent withdrawal of enough votes to leave less than a quorum. If, however, such a quorum shall not be present or represented at any meeting of the stockholders, the presiding officer of the meeting shall have the power to adjourn the meeting from time to time, in the manner provided in Bylaw 13, until a quorum is present or represented.

7. Voting; Proxies.

(a) General. Except as otherwise provided by law, by the Company's Amended and Restated Certificate of Incorporation (the "***Certificate of Incorporation***"), or in a Preferred Stock Designation, each stockholder will be entitled at every meeting of the stockholders to one vote for each share of stock having voting power standing in the name of such stockholder on the books of the Company on the record date for the meeting and such votes may be cast either in person or by proxy. Every proxy must be authorized in a manner permitted by Section 212 of the DGCL (or any successor provision).

(b) Vote Required for Stockholder Action.

(i) When a quorum is present at any meeting of stockholders and except as otherwise provided by law, the Certificate of Incorporation, these Bylaws or in a Preferred Stock Designation, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders with respect to all matters other than the election of directors, who will be elected by a plurality of all votes properly cast.

8. Order of Business. The Chairman, or an officer of the Company designated from time to time by a majority of the Whole Board, will call meetings of stockholders to order and will act as presiding officer thereof. Unless otherwise determined by the Board prior to the meeting, the presiding officer of any meeting of stockholders will also determine the order of business and have the authority in his or her sole discretion to determine the rules of procedure and regulate the conduct of the meeting, including without limitation by: (a) imposing restrictions on the persons (other than stockholders or their duly appointed proxy holders) that may attend the meeting; (b) ascertaining whether any stockholder or his or her proxy holder may be excluded from the meeting based upon any determination by the presiding officer, in his or

her sole discretion, that any such person has disrupted or is likely to disrupt the proceedings thereat; (c) determining the circumstances in which any person may make a statement or ask questions at the meeting; (d) ruling on all procedural questions that may arise during or in connection with the meeting; (e) determining whether any nomination or business proposed to be brought before the meeting has been properly brought before the meeting; and (f) determining the time or times at which the polls for voting at the meeting will be opened and closed.

9. Notice of Stockholder Proposals.

(a) Business to Be Conducted at Annual Meeting. At an annual meeting of stockholders, only such business may be conducted as has been properly brought before the meeting. To be properly brought before an annual meeting, business (other than the nomination of a person for election as a director, which is governed by Bylaw 10, and, to the extent applicable, Bylaw 11), must be (i) brought before the meeting by or at the direction of the Board or (ii) otherwise properly brought before the meeting by a stockholder who (A) has complied with all applicable requirements of this Bylaw 9 and Bylaw 11 in relation to such business, (B) was a stockholder of record of the Company at the time of giving the notice required by Bylaw 11(a) and is a stockholder of record of the Company at the time of the annual meeting, and (C) is entitled to vote at the annual meeting. For the avoidance of doubt, the foregoing clause (ii) will be the exclusive means for a stockholder to submit business before an annual meeting of stockholders (other than proposals properly made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the "***Exchange Act***") and included in the notice of meeting given by or at the direction of the Board).

(b) Required Form for Stockholder Proposals. To be in proper form, a stockholder's notice to the Secretary must set forth in writing, on the form provided to the stockholder upon written request to the Secretary and verification that the requesting party is a stockholder or is acting on behalf of a stockholder, including the following information, which must be updated and supplemented, if necessary, so that the information provided or required to be provided will be true and correct on the record date of the annual meeting and as of such date that is ten business days prior to the annual meeting or any adjournment or postponement thereof; which update shall be delivered to the Secretary no later than five business days after the record date for the Annual Meeting and not later than eight business days prior to the date of the Annual Meeting.

(i) Information Regarding the Proposing Person. As to each Proposing Person (as such term is defined in Bylaw 11(d)(ii)):

(A) the name and address of such Proposing Person, as it appears on the Company's stock transfer book;

(B) the class, series and number of shares of the Company directly or indirectly beneficially owned or held of record by such Proposing Person (including any shares of any class or series of the Company as to which such Proposing Person has a right to acquire beneficial ownership, whether such right is exercisable immediately or only after the passage of time);

(C) a representation (1) that the stockholder giving the notice is a holder of record of stock of the Company entitled to vote at the annual meeting and intends to appear at the annual meeting to bring such business before the annual meeting and (2) as to whether any Proposing Person intends to deliver a proxy statement and form of proxy to holders of at least the percentage of shares of the Company entitled to vote and required to approve the proposal and, if so, identifying such Proposing Person;

(D) a description of any (1) option, warrant, convertible security, stock appreciation right or similar right or interest (including any derivative securities, as defined under Rule 16a-1 under the Exchange Act or other synthetic arrangement having characteristics of a long position), assuming for purposes of these Bylaws presently exercisable, with an exercise or conversion privilege or a settlement or payment mechanism at a price related to any class or series of securities of the Company or with a value derived in whole or in part from the value of any class or series of securities of the Company, whether or not such instrument or right is subject to settlement in whole or in part in the underlying class or series of securities of the Company or otherwise, directly or indirectly held of record or owned beneficially by such Proposing Person and whether or not such Proposing Person may have entered into transactions that hedge or mitigate the economic effects of such security or instrument and (2) each other direct or indirect right or interest that may enable such Proposing Person to profit or share in any profit derived from, or to manage the risk or benefit from, any increase or decrease in the value of the Company's securities, in each case regardless of whether (x) such right or interest conveys any voting rights in such security to such Proposing Person, (y) such right or interest is required to be, or is capable of being, settled through delivery of such security, or (z) such Proposing Person may have entered into other transactions that hedge the economic effect of any such right or interest (any such right or interest referred to in this clause (D) being a "***Derivative Interest***");

(E) any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which the Proposing Person has a right to vote any shares of the Company or which has the effect of increasing or decreasing the voting power of such Proposing Person;

(F) any contract, agreement, arrangement, understanding or relationship including any repurchase or similar so called "stock borrowing" agreement or arrangement, the purpose or effect of which is to mitigate loss, reduce economic risk or increase or decrease voting power with respect to any capital stock of the Company or which provides any party, directly or indirectly, the opportunity to profit from any decrease in the price or value of the capital stock of the Company;

(G) any material pending or threatened legal proceeding involving the Company, any affiliate of the Company or any of their respective directors or officers, to which such Proposing Person or its affiliates is a party;

(H) any rights directly or indirectly held of record or beneficially by the Proposing Person to dividends on the shares of the Company that are separated or separable from the underlying shares of the Company;

(I) any equity interests, including any convertible, derivative or short interests, in any principal competitor of the Company;

(J) any performance-related fees (other than an asset-based fee) to which the Proposing Person or any affiliate or immediate family member of the Proposing Person may be entitled as a result of any increase or decrease in the value of shares of the Company or Derivative Interests; and

(K) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required pursuant to Section 14(a) of the Exchange Act to be made in connection with a general solicitation of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting.

(ii) Information Regarding the Proposal: As to each item of business that the stockholder giving the notice proposes to bring before the annual meeting:

(A) a description in reasonable detail of the business desired to be brought before the annual meeting and the reasons why such stockholder or any other Proposing Person believes that the taking of the action or actions proposed to be taken would be in the best interests of the Company and its stockholders;

(B) a description in reasonable detail of any material interest of any Proposing Person in such business and a description in reasonable detail of all agreements, arrangements and understandings among the Proposing Persons or between any Proposing Person and any other person or entity (including their names) in connection with the proposal; and

(C) the text of the proposal or business (including the text of any resolutions proposed for consideration).

(c) No Right to Have Proposal Included. A stockholder is not entitled to have its proposal included in the Company's proxy statement and form of proxy solely as a result of such stockholder's compliance with the foregoing provisions of this Bylaw 9.

(d) Requirement to Attend Annual Meeting. If a stockholder does not appear at the annual meeting to present its proposal, such proposal will be disregarded (notwithstanding that proxies in respect of such proposal may have been solicited, obtained or delivered).

10. Notice of Director Nominations.

(a) Nomination of Directors. Subject to the rights, if any, of any series of Preferred Stock to nominate or elect directors under circumstances specified in a Preferred Stock Designation, only persons who are nominated in accordance with the procedures set forth in this Bylaw 10 will be eligible to serve as directors. Nominations of persons for election as directors of the Company may be made only at an annual meeting of stockholders and only (i) by or at the direction of the Board or (ii) by a stockholder who (A) has complied with all applicable requirements of this Bylaw 10 and Bylaw 11 in relation to such nomination, (B) was a stockholder of record of the Company at the time of giving the notice required by Bylaw 11(a) and is a stockholder of record of the Company at the time of the annual meeting, (C) is entitled to vote at the annual meeting and (D) subject to Bylaw 11, has nominated a number of nominees that does not exceed the number of directors that will be elected at such meeting.

(b) Required Form for Director Nominations. To be in proper form, a stockholder's notice to the Secretary must set forth in writing, substantially in the form provided to the stockholder upon written request to the Secretary, which form shall be provided only upon the receipt of evidence reasonably satisfactory to the Secretary verifying that the requesting party is a stockholder or is acting on behalf of a stockholder:

(i) Information Regarding the Nominating Person. As to each Nominating Person (as such term is defined in Bylaw 11(d)(iii)), the information set forth in Bylaw 9(b)(i) (except that for purposes of this Bylaw 10, the term "***Nominating Person***" will be substituted for the term "***Proposing Person***" in all places where it appears in Bylaw 9(b)(i) and any reference to "***business***" or "***proposal***" therein will be deemed to be a reference to the "***nomination***" contemplated by this Bylaw 10).

(ii) Information Regarding the Nominee: As to each person whom the stockholder giving notice proposes to nominate for election as a director:

(A) all information with respect to such proposed nominee that would be required to be set forth in a stockholder's notice pursuant to Bylaw 9(b)(i) if such proposed nominee were a Nominating Person;

(B) all information relating to such proposed nominee that would be required to be disclosed in a proxy statement or other filing required pursuant to Section 14(a) under the Exchange Act to be made in connection with a general solicitation of proxies for an election of directors in a contested election (including such proposed nominee's written consent to be named in the proxy statement as a nominee and to serve as a director if elected);

(C) a reasonably detailed description of all direct and indirect compensation and other material monetary agreements, arrangements or understandings during the past three years, any other material relationships, between or among such Nominating Person and its affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee and his or her affiliates, associates or others acting in concert therewith, on the other hand, including all information that would be required to be disclosed pursuant to Items 403 and 404 under Regulation S-K if the stockholder giving the notice or any other Nominating Person were the "registrant" for purposes of such rule and the proposed nominee were a director or executive officer of such registrant;

(D) a completed questionnaire (in the form provided by the Secretary upon written request) with respect to the identity, background and qualification of the proposed nominee and the background of any other person or entity on whose behalf the nomination is being made; and

(E) a written representation and agreement (in the form provided by the Secretary upon written request) that the proposed nominee (1) is qualified and if elected intends to serve as a director of the Company for the entire term for which such proposed nominee is standing for election, (2) is not and will not become a party to (x) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how the proposed nominee, if elected as a director of the Company, will act or vote on any issue or question (a "***Voting Commitment***") that has not been disclosed to the

Company or (y) any Voting Commitment that could limit or interfere with the proposed nominee's ability to comply, if elected as a director of the Company, with the proposed nominee's fiduciary duties under applicable law, (3) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (4) if elected as a director of the Company, the proposed nominee would be in compliance and will comply, with all applicable publicly disclosed corporate governance, ethics, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Company.

The Company may require any proposed nominee to furnish such other information as may be reasonably required by the Company to determine the qualifications and eligibility of such proposed nominee to serve as a director.

(c) No Right to Have Nominees Included. A stockholder is not entitled to have its nominees included in the Company's proxy statement solely as a result of such stockholder's compliance with the foregoing provisions of this Bylaw 10.

(d) Requirement to Attend Annual Meeting. If a stockholder does not appear at the annual meeting to present its nomination, such nomination will be disregarded (notwithstanding that proxies in respect of such nomination may have been solicited, obtained or delivered).

11. Additional Provisions Relating to the Notice of Stockholder Business and Director Nominations.

(a) Timely Notice. To be timely, a stockholder's notice required by Bylaw 9(a) or Bylaw 10(a) must be delivered to or mailed and received by the Secretary at the principal executive offices of the Company not less than 90 nor more than 120 calendar days prior to the first anniversary of the date on which the Company held the preceding year's annual meeting of stockholders; *provided, however*, that if the date of the annual meeting is scheduled for a date more than 30 calendar days prior to or more than 30 calendar days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the 90th calendar day prior to such annual meeting and the 10th calendar day following the day on which public disclosure of the date of such meeting is first made. In no event will a recess or adjournment of an annual meeting (or any announcement of any such recess or adjournment) commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(b) Updating Information in Notice. A stockholder providing notice of business proposed to be brought before an annual meeting pursuant to Bylaw 9 or notice of any nomination to be made at an annual meeting pursuant to Bylaw 10 must further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to Bylaw 9 or Bylaw 10, as applicable, is true and correct as of the record date for notice of the meeting and as of the date that is ten days prior to the meeting or any recess, adjournment or postponement thereof. Any such update and supplement must be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Company, as promptly as practicable.

(c) Determinations of Form, Effect of Noncompliance, Etc. The presiding officer of any annual meeting will, if the facts warrant, determine that a proposal was not made in accordance with the procedures prescribed by Bylaw 9 and this Bylaw 11 or that a nomination was not made in accordance with the procedures prescribed by Bylaw 10 and this Bylaw 11, and if he or she should so determine, he or she will so declare to the meeting and the defective proposal or nomination, as applicable, will be disregarded. Notwithstanding anything in these Bylaws to the contrary: (i) no nominations shall be made or business shall be conducted at any annual meeting or special meeting except in accordance with the procedures set forth in Bylaws 9, 10 and 11, and (ii) unless otherwise required by law, if a Proposing Person intending to propose business or a Nominating Person intending to make nominations at an annual meeting or special meeting pursuant to Bylaws 9, 10 and 11, as applicable, does not provide the information required under Bylaws 9, 10 and 11 to the Company in accordance with the applicable timing requirements set forth in these Bylaws, or the Proposing Person or Nominating Person (or a qualified representative thereof) does not appear at the meeting to present the proposed business or nominations, such business or nominations shall not be considered, notwithstanding that proxies in respect of such business or nominations may have been received by the Company.

(d) Certain Definitions.

(i) For purposes of Bylaw 9 and Bylaw 10 and this Bylaw 11, "***public disclosure***" means disclosure in a press release reported by the Dow Jones News Service, Bloomberg, Associated Press or comparable national news service or in a document filed by the Company with the Securities and Exchange Commission pursuant to Exchange Act or furnished by the Company to stockholders.

(ii) For purposes of Bylaw 9 and this Bylaw 11, "***Proposing Person***" means (A) the stockholder providing the notice of business proposed to be brought before an annual meeting, (B) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is given, and (C) any Affiliate or Associate (each within the meaning of Rule 12b-2 under the Exchange Act) of such stockholder or beneficial owner.

(iii) For purposes of Bylaw 10 and this Bylaw 11, "***Nominating Person***" means (A) the stockholder providing the notice of the nomination proposed to be made at an annual meeting, (B) the beneficial owner or beneficial owners, if different, on whose behalf the notice of nomination proposed to be made at the annual meeting is given, and (C) any Affiliate or Associate (each within the meaning of Rule 12b-2 under the Exchange Act) of such stockholder or beneficial owner.

12. Record Dates.

(a) Voting Record Dates. In order that the Company may determine the stockholders entitled to notice of any meeting of stockholders, the Board may fix a record date, which will not precede the date upon which the Board resolution fixing the same is adopted and will not be more than 60 nor less than 10 calendar days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record

date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders will be at the close of business on the calendar day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the calendar day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders will apply to any recess or adjournment of the meeting; *provided, however*, that the Board may fix a new record date for the determination of stockholders entitled to vote at the recessed or adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to such notice of such recessed or adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the foregoing provisions of this Bylaw 12(a) at the recessed or adjourned meeting.

(b) Payment Record Dates. In order that the Company may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date will not be more than 60 calendar days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose will be at the close of business on the calendar day on which the Board adopts the resolution relating thereto.

(c) Identity of Registered Holder. The Company will be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes, and will not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Company has notice thereof, except as expressly provided by applicable law.

13. Recesses and Adjournments. A meeting of stockholders may be recessed or adjourned from time to time by the presiding officer of the meeting. Upon any recessed or adjourned meeting being reconvened, any business may be transacted which properly could have been transacted in the absence of such recess or adjournment.

## DIRECTORS

14. Function. The business and affairs of the Company will be managed under the direction of the Board.

15. Number, Election and Terms.

(a) Subject to the rights, if any, of any series of Preferred Stock to elect additional directors under circumstances specified in a Preferred Stock Designation, the authorized number of directors may be fixed from time to time only by a resolution adopted by a majority of the directors then in office; *provided*, *however*, that the directors then in office are not less than 33 1/3% of the total number of directors then authorized.

(b) Until the conclusion of the 2030 annual meeting of the stockholders (the "***Transition Time***"), the directors, other than those who may be elected by the holders of any

series of the Preferred Stock, will be classified with respect to the time for which they severally hold office in accordance with the provisions of the Certificate of Incorporation. Beginning with the 2030 annual meeting of the stockholders and at each annual meeting of stockholders thereafter, directors will be elected at each annual meeting of stockholders in accordance with the provisions of the Certificate of Incorporation to serve as such until the next annual meeting of stockholders and until their successors are elected and qualified; provided that any directors that are to be elected by the holders of any series of the Preferred Stock will be so elected in the manner provided in the applicable Preferred Stock Designation. Accordingly, in order to transition from classified directors, at the 2028 annual meeting of stockholders, the directors elected at that meeting shall be elected to hold office for a one-year term expiring at the 2029 annual meeting of stockholders and until their successors are elected and qualified; at the 2029 annual meeting of stockholders, the directors elected at that meeting shall be elected to hold office for a one-year term expiring at the 2030 annual meeting of stockholders and until their successors are elected and qualified; at the 2030 annual meeting of stockholders, the directors elected at that meeting shall be elected to hold office for a one-year term expiring at the 2031 annual meeting of stockholders and until their successors are elected and qualified, at which point all of the directors will cease to be classified; and at each annual meeting of stockholders thereafter, all directors shall be elected to hold office for a one-year term expiring at the next annual meeting of stockholders and until such director's successor shall have been elected and qualified.

16. Vacancies and Newly Created Directorships. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional directors under circumstances specified in a Preferred Stock Designation, newly created directorships resulting from any increase in the authorized number of directors and any vacancies on the Board resulting from death, resignation, disqualification, removal or other cause may be filled only by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board, or by a sole remaining director. Any director elected in accordance with the preceding sentence will hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor is elected and qualified. No decrease in the authorized number of directors will shorten the term of any incumbent director.

17. Removal. Unless otherwise restricted by statute, any director or the entire Board may be removed only in accordance with Article VII, Section 4 of the Certificate of Incorporation.

18. Resignation. Any director may resign at any time upon notice given in writing or by electronic transmission to the Chairman or the Secretary. Any resignation is effective when the resignation is delivered to the Company unless the resignation specifies a later effective date or an effective date that is contingent upon the occurrence or non-occurrence of one or more specified events.

19. Regular Meetings. Regular meetings of the Board may be held immediately after the annual meeting of the stockholders and at such other time and place either within or without the State of Delaware as may from time to time be determined by the Board. Notice of regular meetings of the Board need not be given.

20. Special Meetings. Special meetings of the Board may be called by the Chairman on one day's notice to each director by whom such notice is not waived, given in a manner permitted by Bylaw 27 or by the DGCL, and will be called by the Chairman, in like manner and on like notice, upon the request of a majority of the Whole Board. The time and place of any such special meeting shall be as specified in the notice of such meeting.

21. Quorum. At all meetings of the Board, a majority of the Whole Board will constitute a quorum for the transaction of business. Except for action to be taken by committees of the Board as provided in Bylaw 23, and except for actions required by these Bylaws or the Certificate of Incorporation to be taken by a majority of the Whole Board, the act of a majority of the directors present at any meeting at which there is a quorum will be the act of the Board. If a quorum is not present at any meeting of the Board, the directors present thereat may adjourn the meeting from time to time to another place, time, or date, without notice other than announcement at the meeting, until a quorum is present.

22. Participation in Meetings by Remote Communications. Members of the Board or any committee designated by the Board may participate in a meeting of the Board or any such committee, as the case may be, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting will constitute presence in person at the meeting.

23. Committees. The Board may designate one or more committees, each committee to consist of one or more of the directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board, or in these Bylaws, will have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company, and may authorize the seal of the Company to be affixed to all papers which may require it; but no such committee will have the power or authority in reference to the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval or (b) making, adopting, amending or repealing any provision of these Bylaws. Unless the Board provides otherwise, each committee designated by the Board may make, alter and repeal rules and procedures for the conduct of its business. In the absence of such rules and procedures, each committee shall conduct its business in the same manner as the Board conducts its business. Any resolution of the Board establishing or directing any committee of the Board or establishing or amending the charter of any such committee may establish requirements or procedures relating to the governance and/or operation of such committee that are different from, or in addition to, those set forth in these Bylaws and, to the extent that there is any inconsistency between these Bylaws and any such resolution or charter, the terms of such resolution or charter shall be controlling.

24. Compensation. The Board may establish the compensation of directors, including without limitation compensation for membership on the Board and on committees of the Board,

attendance at meetings of the Board or committees of the Board, and for other services provided to the Company or at the request of the Board.

25. Rules. The Board may adopt rules and regulations for the conduct of meetings and the oversight of the management of the affairs of the Company.

26. Chairman of the Board. The Board, by a majority vote of the Whole Board, shall elect a Chairman from among the members of the Board. The Chairman shall not be considered an officer of the Company in his or her capacity as such. The Chairman may be removed from that capacity by a majority vote of the Whole Board. The Chairman shall preside at meetings of the Board and of the stockholders and exercise and perform such other powers and duties as may from time to time be assigned to him or her by the Board or as may be prescribed by these Bylaws. In the absence of the Chairman, such other director of the Company designated by the Chairman or by the Board shall act as chairman of any such meeting. The Chairman or the Board may appoint a Vice Chairman of the Board to exercise and perform such other powers and duties as may from time to time be assigned to him or her by the Chairman or by the Board.

## NOTICES

27. Generally.

(a) Form of Notices. Except as otherwise provided by law, these Bylaws, or the Certificate of Incorporation, whenever by law or under the provisions of the Certificate of Incorporation or these Bylaws notice is required to be given to any director or stockholder, it will not be construed to require personal notice, but such notice may be given in writing, by mail or courier service or, to the extent permitted by the DGCL, by electronic transmission, addressed to such director or stockholder. Any notice sent to stockholders by mail or courier service shall be sent to the address of such stockholder as it appears on the records of the Company, with postage thereon prepaid, and such notice will be deemed to be given at the time when the same is deposited in the United States mail or with the courier service. Notices sent by electronic transmission shall be deemed effective as set forth in Section 232 of the DGCL. For purposes of this Bylaw 27, "***electronic transmission***" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

(b) Notices to Directors. Notices to directors may be given by mail or courier service, telephone, electronic transmission or as otherwise may be permitted by these Bylaws.

28. Waivers. Whenever any notice is required to be given by law or under the provisions of the Certificate of Incorporation or these Bylaws, a waiver thereof in writing, signed by the person entitled to such notice, or a waiver by electronic transmission by the person entitled to such notice, whether before or after the time of the event for which notice is to be given, will be deemed equivalent to such notice. Attendance of a person at a meeting will constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

29. Generally.

(a) The officers of the Company will be elected annually by the Board and will consist of a Chief Executive Officer, a President, a Secretary and a Treasurer. The Board may also choose one or more Vice Presidents (who may be given particular designations with respect to authority, function, or seniority), one or more Assistant Secretaries, one or more Assistant Treasurers and such other officers as the Board may from time to time determine. Notwithstanding the foregoing, the Board may authorize the Chief Executive Officer to appoint any person to any office. Any number of offices may be held by the same person. Any of the offices may be left vacant from time to time as the Board may determine. In the case of the absence or disability of any officer of the Company or for any other reason deemed sufficient by a majority of the Board, the Board may delegate the absent or disabled officer's powers or duties to any other officer or to any director.

(b) Chief Executive Officer; President. Unless the Board has designated another person as the Company's Chief Executive Officer, the President shall be the Chief Executive Officer of the Company. The Chief Executive Officer shall have general charge and supervision of the business of the Company subject to the direction of the Board, and shall perform all duties and have all powers that are commonly incident to the office of chief executive or that are delegated to such officer by the Board. The President shall perform such other duties and shall have such other powers as the Board or the Chief Executive Officer (if the President is not the Chief Executive Officer) may from time to time prescribe.

(c) Vice Presidents. Each Vice President shall have such powers and perform such duties as may be assigned to him or her from time to time by the Board or the Chief Executive Officer (or the President if there is no Chief Executive Officer). The Board may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board.

(d) Secretary; Assistant Secretary. The Secretary, or an Assistant Secretary, shall attend all sessions of the Board and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for committees when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and meetings of the Board, and shall perform such other duties as may be assigned by the Board. The Secretary, or an Assistant Secretary, shall keep in safe custody the seal of the Company and have authority to affix the seal to all documents requiring it and attest to the same.

(e) Treasurer; Assistant Treasurer. The Treasurer, or an Assistant Treasurer, shall have the custody of the corporate funds and other property of the Company, except as otherwise provided by the Board, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board. The Treasurer, or an Assistant Treasurer, shall disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements, and whenever requested by the Board, shall render an account of all his or her transactions as treasurer and of

the financial condition of the Company, and shall perform such other duties as may be assigned by the Board.

(f) Delegation of Authority. The Board may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding the provisions herein.

(g) Voting Securities Owned by the Company. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Company may be executed in the name of and on behalf of the Company by the Chief Executive Officer, the President, any Vice President or any other officer authorized to do so by the Board and any such officer may, in the name of and on behalf of the Company, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any company in which the Company may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Company might have exercised and possessed if present. The Board may, by resolution, from time to time confer like powers upon any other person or persons.

(h) Chairman of the Board. The Board, in its discretion, may choose a Chairman (who shall be a director but need not be elected as an officer). The Chairman of the Board shall preside at all meetings of the stockholders and all meetings of the Board. The Chairman of the Board shall perform such other duties and may exercise such other powers as may from time to time be assigned by these Bylaws or by the Board.

30. Compensation. The compensation of all directors who are also officers and agents of the Company and the executive officers of the Company will be fixed by the Board or by a committee of the Board. The Board may fix or delegate the power to fix, the compensation of other officers and agents of the Company to an officer of the Company.

31. Succession. The officers of the Company will hold office until their successors are elected and qualified or until such officer's earlier death, resignation or removal. Any officer may be removed at any time by the affirmative vote of a majority of the Whole Board. Any vacancy occurring in any office of the Company may be filled by the Board or as otherwise provided in Bylaw 29. Any officer of the Company may resign at any time by giving written notice of his or her resignation to the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon receipt unless such notice provides that the resignation is effective at some later time or upon the occurrence of some later event.

32. Authority and Duties. Each of the officers of the Company will have such authority and will perform such duties as are customarily incident to their respective offices or as may be specified from time to time by the Board.

## STOCK

33. Certificates. The Board may provide by resolution or resolutions that some or all of any classes or series of stock of the Company shall be uncertificated shares. Certificates, if any, representing shares of stock of the Company will be in such form as is determined by the Board, subject to applicable legal requirements. Each such certificate shall be numbered and

shall be signed by, or in the name of the Company by, the Chairman, or Chief Executive Officer or Chief Financial Officer, and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary. Any or all of the signatures on a certificate may be a facsimile signature. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

34. Transfer. Transfers of shares shall be made upon the books of the Company (i) only by the holder of record thereof, or by a duly authorized agent, transferee or legal representative and (ii) in the case of certificated shares, upon the surrender to the Company of the certificate or certificates for such shares. No transfer shall be made that is inconsistent with the provisions of applicable law.

35. Lost, Stolen or Destroyed Certificates. The Secretary may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the Company alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact, satisfactory to the Secretary, by the person claiming the certificate of stock to be lost, stolen or destroyed. As a condition precedent to the issuance of a new certificate or certificates, the Secretary may require the owners of such lost, stolen or destroyed certificate or certificates to give the Company a bond in such sum and with such surety or sureties as the Secretary may direct as indemnity against any claims that may be made against the Company with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of the new certificate or uncertificated shares.

## GENERAL

36. Fiscal Year. The fiscal year of the Company will end on December 31 of each calendar year or such other date as may be fixed from time to time by the Board.

37. Reliance Upon Books, Reports and Records. Each director, each member of a committee designated by the Board, and each officer of the Company will, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports, or statements presented to the Company by any of the Company's officers or employees, or committees of the Board, or by any other person or entity as to matters the director, committee member, or officer believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

38. Amendments. Except as otherwise provided by law or by the Certificate of Incorporation or these Bylaws, these Bylaws or any of them may be amended in any respect or repealed at any time, either (a) at any meeting of stockholders, provided that any amendment or supplement proposed to be acted upon at any such meeting has been properly described or referred to in the notice of such meeting, or (b) by the Board, provided that no amendment adopted by the Board may vary or conflict with any amendment adopted by the stockholders in accordance with the Certificate of Incorporation and these Bylaws. Notwithstanding the foregoing and anything contained in these Bylaws to the contrary, prior to the Transition Time, Bylaws 15(b), 17 and 38 may not be amended or repealed by the stockholders, and no provision

inconsistent therewith may be adopted by the stockholders, without the affirmative vote of the holders of at least 66-2/3% of the Voting Stock, voting together as a single class.

39. Certain Defined Terms. Capitalized terms used herein and not otherwise defined have the meanings given to them in the Certificate of Incorporation.

**PURSUANT TO THE TERMS OF SECTION 1 OF THIS WARRANT, ALL OR A PORTION OF THIS WARRANT MAY HAVE BEEN EXERCISED, AND THEREFORE THE ACTUAL NUMBER OF WARRANT SHARES REPRESENTED BY THIS WARRANT MAY BE LESS THAN THE AMOUNT SET FORTH ON THE FACE HEREOF.**

**THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE SECURITIES ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE SECURITIES ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE LAW AND, IF THE COMPANY REQUESTS, AN OPINION REASONABLY SATISFACTORY TO THE COMPANY TO SUCH EFFECT HAS BEEN RENDERED BY COUNSEL REASONABLY ACCEPTABLE TO THE COMPANY.**

# MONTAUK RENEWABLES, INC.

## WARRANT TO PURCHASE COMMON STOCK

Warrant No.: 1
Number of Shares of Common Stock: [•]
Date of Issuance: [•], 2021 ("**Issuance Date**")

Montauk Renewables, Inc., a Delaware corporation (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Roth Capital Partners, LLC, the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, upon surrender of this Warrant to Purchase Common Stock (including any Warrants to Purchase Common Stock issued in exchange, transfer or replacement hereof, this "**Warrant**"), at any time or times on or after the Issuance Date (the "**Exercisability Date**"), but not after 11:59 p.m., New York time, on the Expiration Date (as defined below), [_____ (_____)] fully paid nonassessable shares of Common Stock (the **"Warrant Shares"**). Except as otherwise defined herein, capitalized terms in this Warrant shall have the meanings set forth in Section 16. This Warrant is the Underwriter Warrant to Purchase Common Stock issued pursuant to (i) Section 4(e) of the Underwriting Agreement, dated as of [•], 2021, by and between the Company and Roth Capital Partners, LLC (the "**Underwriting Agreement**") and (ii) the Company's Registration Statement on Form S-1 (File No.: 333-251312) (the "**Registration Statement**").

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder on any day on or after the Exercisability Date, in whole or in part (but not as to fractional shares), by delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**") of the Holder's election to exercise this Warrant. No ink-original Exercise Notice shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Exercise Notice form be required. Within two (2) Trading Days of the delivery of such Exercise Notice, if the Holder is not electing a Cashless Exercise (as defined below) pursuant to Section 1(d) of this Warrant, the Holder shall pay to the Company an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash or wire transfer of immediately available funds (a "**Cash Exercise**"). The Holder shall not be required to surrender this Warrant in order to effect an exercise hereunder; provided, however, that in the event that this Warrant is exercised in full or for the remaining unexercised portion hereof, the Holder shall deliver this Warrant to the Company for cancellation within a reasonable time after such exercise, but in any event within five (5) Trading Days of the delivery of the Exercise Notice. On or before the first (1st) Trading Day following the date on which the Company has received the Exercise Notice and the Aggregate Exercise Price, if any (the date upon which the Company has received the Exercise Notice and such Aggregate Exercise Price, the "**Exercise Date**"), the Company shall transmit by facsimile or e-mail transmission an acknowledgment of confirmation of receipt of the Exercise Notice to the Holder and the Company's transfer agent for the Common Stock (the "**Transfer Agent**"). The Company shall deliver any objection to the Exercise Notice on or before the second (2nd) Trading Day following the date on which the Company has received the Exercise Notice. On or before the second (2nd) Trading Day following the date on which the Company has received the Exercise Notice and any Aggregate Exercise Price prior to such Trading Day (the "**Share Delivery Date**"), the Company shall, (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program (the "**FAST Program**") and so long as the certificates therefor are not required to bear a legend regarding restriction on transferability, upon the request of the Holder, credit such aggregate number of shares of Common Stock to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system, or (Y), if the Transfer Agent is not participating in the FAST Program or if the certificates are required to bear a legend regarding restriction on transferability, issue and dispatch by overnight courier to the address specified in the Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise. Upon delivery of the Exercise Notice and payment of the Aggregate Exercise Price, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares, as the case may be. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than three (3) Trading Days after any such submission and at its own expense, issue a new Warrant (in accordance with Section 7(d) of this Warrant) representing the right to purchase the number of Warrant Shares

purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant has been and/or is exercised. The Company shall pay any and all taxes and other expenses of the Company (including overnight delivery charges) that may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any Transfer (as defined below) involved in the registration of any certificates for Warrant Shares or Warrants in a name other than that of the Holder or an affiliate thereof. The Holder shall be responsible for all other tax liability that may arise as a result of holding or Transferring this Warrant or receiving Warrant Shares upon exercise hereof.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $[•], subject to adjustment as provided herein.

(c) Company's Failure to Timely Deliver Securities. If the Company shall fail for any reason or for no reason to issue to the Holder within five (5) Business Days of the Exercise Date a certificate for the number of shares of Common Stock to which the Holder is entitled and register such shares of Common Stock on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise of this Warrant, and if on or after such Trading Day the Holder purchases, or another Person purchases on the Holder's behalf or for the Holder's account (in an open market transaction or otherwise), shares of Common Stock to deliver in satisfaction of a sale by the Holder of shares of Common Stock issuable upon such exercise that the Holder anticipated receiving from the Company (a "**Buy-In**"), then the Company shall, within three (3) Business Days after the Holder's written request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased (the "**Buy-In Price**"), at which point the Company's obligation to deliver such certificate (and to issue such Warrant Shares) shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such Warrant Shares and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock, times (B) the Weighted Average Price (as reported by Bloomberg) on the date of the event giving rise to the Company's obligation to deliver such shares of Common Stock.

(d) Cashless Exercise. The Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the **"Net Number"** of shares of Common Stock determined according to the following formula (a **"Cashless Exercise"**):

$$\text{Net Number} = \frac{(A - B)(X)}{(A)}$$

For purposes of the foregoing formula:

A= the Weighted Average Price for the three (3) consecutive Trading Days ending on the date immediately preceding the date of the Exercise Notice.

B= the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

X= the total number of shares with respect to which this Warrant is then being exercised.

(e) Rule 144. For purposes of Rule 144(d) promulgated under the Securities Act of 1933, as amended, as in effect on the date hereof, assuming the Holder is not an affiliate of the Company, it is intended that the Warrant Shares issued in a Cashless Exercise shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have commenced, on the Issuance Date.

(f) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed.

(g) Beneficial Ownership. The Company shall not effect the exercise of this Warrant, and the Holder shall not have the right to exercise this Warrant, to the extent that after giving effect to such exercise, such Person (together with such Person's affiliates) would beneficially own in excess of 4.99% (the "**Maximum Percentage**") of the shares of Common Stock outstanding immediately after giving effect to such exercise. For purposes of the foregoing sentence, the aggregate number of shares of Common Stock beneficially owned by such Person and its affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which the determination of such sentence is being made, but shall exclude shares of Common Stock which would be issuable upon (i) exercise of the remaining, unexercised portion of this Warrant beneficially owned by such Person and its affiliates and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company beneficially owned by such Person and its affiliates (including, without limitation, any convertible notes or convertible preferred stock or warrants) subject to a limitation on conversion or exercise analogous to the limitation contained herein. Except as set forth in the preceding sentence, for purposes of this paragraph, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), it being acknowledged that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act, and the Holder is solely responsible for any schedules required to be filed in accordance therewith. For purposes of this Warrant, in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as reflected in the most recent of (1) the Company's Form 10-K, Form 10-Q, Current Report on Form 8-K or other public filing with the Securities and Exchange Commission, as the case may be, (2) a more recent public announcement by the Company or (3) any other notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the reasonable request of the Holder, where such request indicates that it is being made pursuant to this Warrant, the Company shall within two (2) Business Days confirm to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder and its affiliates since the date as of which such number of outstanding shares of Common Stock was reported. By written notice to the Company, the Holder may from

time to time increase or decrease the Maximum Percentage to any other percentage not in excess of 9.99% specified in such notice; provided that (i) any such increase will not be effective until the sixty-first (61st) day after such notice is delivered to the Company, and (ii) any such increase or decrease will apply only to the Holder. The provisions of this paragraph shall not be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The Holder shall be responsible, at the Holder's cost, for any filings with the Securities and Exchange Commission required to be made by the Holder on account of its ownership of this Warrant or the underlying Warrant Shares.

(h) Legend. This Warrant, and all Warrant Shares issued upon exercise of this Warrant (unless registered under the Securities Act or delivered pursuant to a Cashless Exercise) shall be stamped or imprinted with a legend in substantially the following form:

"THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE SECURITIES ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE SECURITIES ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE LAW AND, IF THE COMPANY REQUESTS, AN OPINION REASONABLY SATISFACTORY TO THE COMPANY TO SUCH EFFECT HAS BEEN RENDERED BY COUNSEL REASONABLY ACCEPTABLE TO THE COMPANY."

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) Voluntary Adjustment by Company. The Company may, but shall have no obligation to, at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

(b) Adjustment upon Subdivision or Combination of Common Stock. If the Company at any time on or after the Issuance Date subdivides (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Issuance Date combines (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise) one or more classes of its outstanding shares of Common Stock into a

smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(b) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(c) Other Events. If any event occurs of the type contemplated by the provisions of this Section 2 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights or phantom stock rights, other than to directors, employees or consultants pursuant to the Company's equity incentive compensation plan), then the Company's Board of Directors will make an appropriate adjustment in the Exercise Price and the number of Warrant Shares so as to protect the rights of the Holder; provided that no such adjustment pursuant to this Section 2(c) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 2.

3. RIGHTS UPON DISTRIBUTION OF ASSETS.

(a) If the Company, at any time while this Warrant is outstanding, shall distribute to all holders of Common Stock (and not to the Holders) evidences of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction), then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the Weighted Average Price determined as of the record date mentioned above, and of which the numerator shall be such Weighted Average Price on such record date less the then per share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith. In either case, the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time prior to the Expiration Date the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Fundamental Transactions. The Company shall not enter into or be party to a Fundamental Transaction unless the Successor Entity assumes in writing (unless the Company is the Successor Entity) all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 4(b) pursuant to written agreements in form and substance reasonably satisfactory to the Required Holders and approved by the Required Holders prior to such Fundamental Transaction, including agreements to deliver to each Holder of the Warrants in exchange for such Warrants a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant, including, without limitation, an adjusted exercise price equal to the value for the shares of Common Stock reflected by the terms of such Fundamental Transaction, and exercisable for a corresponding number of shares of capital stock equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and reasonably satisfactory to the Required Holders. Upon the occurrence of any Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of the Fundamental Transaction, the Successor Entity shall deliver to the Holder confirmation that there shall be issued upon exercise of this Warrant at any time after the consummation of the Fundamental Transaction, in lieu of the shares of Common Stock (or other securities, cash, assets or other property) issuable upon the exercise of the Warrant prior to such Fundamental Transaction, such shares of the common stock or common shares (or its equivalent) of the Successor Entity (including its Parent Entity) which the Holder would have been entitled to receive upon the happening of such Fundamental Transaction had this Warrant been converted immediately prior to such Fundamental Transaction, as adjusted in accordance with the provisions of this Warrant. In addition to and not in substitution for any other rights hereunder, prior to the consummation of any Fundamental Transaction pursuant to which holders of shares of Common Stock are entitled to receive securities or other assets with respect to or in exchange for shares of Common Stock (a "**Corporate Event**"), the Company shall make appropriate provision to ensure that the Holder will thereafter have the right to receive upon an exercise of this Warrant at any time after the consummation of the Corporate Event but prior to the Expiration Date, in lieu of shares of Common Stock (or other securities, cash, assets or other property) purchasable upon the exercise of this Warrant prior to such Corporate Event, such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights) which the Holder would have been entitled to receive upon the happening of such Corporate Event had this Warrant been exercised immediately prior to such Corporate Event. Any provision made pursuant to the preceding sentence shall be in a form and substance reasonably satisfactory to the Required Holders. The provisions of this Section 4(b) shall apply similarly and equally to successive Fundamental Transactions and Corporate Events and shall be applied without regard to any limitations on the exercise of this Warrant.

(c) Applicability to Successive Transactions. The provisions of this Section shall apply similarly and equally to successive Fundamental Transactions and Corporate Events and shall be applied without regard to any limitations on the exercise of this Warrant.

5. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Certificate of Incorporation, Bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, take any action designed or intended to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith comply with all the provisions of this Warrant. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, and (iii) shall, so long as this Warrant is outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the exercise of this Warrant, 100% of the number of shares of Common Stock issuable upon exercise of this Warrant then outstanding (without regard to any limitations on exercise).

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. This Warrant and the Warrant Shares shall not be sold, transferred, assigned, pledged, hypothecated or otherwise transferred ("**Transferred**") except (1) in compliance with the Securities Act and applicable state securities laws and (2) in compliance with Section 14 hereof. If this Warrant is to be Transferred, the Holder shall surrender this Warrant to the Company and deliver the completed and executed Assignment Form, in the form attached hereto as Exhibit B, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being Transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being Transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being Transferred. This Warrant shall not be Transferred in part for less than [_] Warrant Shares or, if less, the total number of remaining Warrant Shares underlying this Warrant, and the Company shall not be obligated to recognize or issue a registered replacement Warrant for any such purported Transfer.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in reasonable and customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, that no Warrants for fractional shares of Common Stock shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Common Stock underlying the other new Warrants issued in connection with such issuance, do not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES. The Company shall provide Holder with prompt written notice of all actions taken pursuant to this Warrant. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in writing, will be mailed (a) if within the domestic United States, by first-class registered or certified airmail, or nationally recognized overnight express courier, postage prepaid, or by facsimile or e-mail or (b) if delivered from outside the United States, by International Federal Express, facsimile or e-mail, and (c) will be deemed given (i) if delivered by first-class registered or certified mail domestic, three (3) Business Days after so mailed, (ii) if delivered by nationally recognized overnight carrier, one (1) Business Day after so mailed, (iii) if delivered by International Federal Express, two (2) Business Days after so mailed and (iv) if delivered by facsimile or e-mail, upon electronic confirmation of receipt, and will be delivered and addressed as follows:

(i) if to the Company, to:
Montauk Renewables, Inc.
680 Andersen Drive, 5th Floor
Pittsburg, PA 15220
Attn: General Counsel
Facsimile: 412-921-2867
E-Mail: jciroli@montaukenergy.com

with a copy to:

Jones Day
500 Grant Street, Suite 4500
Pittsburgh, PA 15219-2514
Attn: Amy Pandit
Facsimile: 412-394-9547
E-Mail: apandit@jonesday.com

(ii) if to the Holder, at the address of the Holder appearing on the books of the Company.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Required Holders. Any such amendment shall apply to all Warrants and be binding upon all registered holders of such Warrants.

10. GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL. This Warrant shall be governed by, and construed in accordance with, the internal laws of the State of New York, without reference to the choice of law provisions thereof. The Company and, by accepting this Warrant, the Holder, each irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Warrant and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Warrant. The Company and, by accepting this Warrant, the Holder, each irrevocably consent to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company and, by accepting this Warrant, the Holder, each irrevocably waive any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waive any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. **EACH OF THE COMPANY AND, BY ITS ACCEPTANCE HEREOF, THE HOLDER, HEREBY WAIVE ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO THIS WARRANT AND REPRESENT THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.**

11. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

12. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile or e-mail within two (2) Business Days of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three (3) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two (2) Business Days submit via facsimile or e-mail (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder, which approval shall not be unreasonably withheld, or (b) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives the disputed determinations or calculations. The prevailing party (which, for purposes of this Warrant, is the party whose determinations or calculations is closest to those of the investment bank or the accountant, as the case may be) in any dispute resolved pursuant to this Section 12 shall be entitled to the full amount of all reasonable expenses, including all costs and fees paid or incurred in good faith, in relation to the resolution of such dispute. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

13. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant.

14. TRANSFER. Subject to applicable laws and the restrictions set forth in this Section 14, this Warrant may be Transferred without the consent of the Company.

(a) The Holder agrees that, pursuant to the Lock-Up Period (as defined below) contained in Rule 5110(g)(1) of the Financial Industry Regulatory Authority, Inc. ("**FINRA**"), it will not (a) Transfer this Warrant (including any Warrant Shares issued or issuable hereunder) other than to a bona fide officer or partner of the Holder or any selected dealer in connection with the offering contemplated by the Underwriting Agreement, in each case in accordance with FINRA Conduct Rule 5110(g)(1), or (b) cause this Warrant or any Warrant Shares issued or issuable hereunder to be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of this Warrant or any Warrant Shares issued or issuable hereunder, except as provided for in FINRA Rule 5110(g)(2). As used

herein, the term "**Lock-Up Period**" means the period beginning on the date that the Registration Statement is declared effective by the Securities and Exchange Commission (the "**Effective Date**") and ending on the one hundred eighty (180) day anniversary of the Effective Date. In addition, notwithstanding the other terms of this Warrant or any agreement between the Company and the Holder, the Holder agrees that, consistent with FINRA Rule 5110(g)(8): (i) this Warrant may not be exercised more than five (5) years from the commencement of sales of the public offering contemplated by the Underwriting Agreement; (ii) the Holder shall not have any registration rights (including demand or piggyback rights) with respect to the Warrant or the Warrant Shares; (iii) this Warrant may not have anti-dilution terms that allow the Holder and related persons to receive more shares or to exercise at a lower price than originally agreed upon at the time of the public offering, when the public shareholders have not been proportionally affected by a stock split, stock dividend, or other similar event; and (iv) this Warrant may not have anti-dilution terms that allow the Holder and related persons to receive or accrue cash dividends prior to the exercise or conversion of this Warrant.

(b) The Holder agrees that in connection with any Transfer of the Warrant or the Warrant Shares it will deliver customary representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company.

15. REPRESENTATIONS OF THE HOLDER. The Holder represents and warrants to the Company as follows:

(a) Purchase for Own Account. This Warrant and the Warrant Shares issuable upon exercise of this Warrant by the Holder are being acquired for investment for the Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Securities Act. The Holder has not been formed for the specific purpose of acquiring this Warrant or the Warrant Shares.

(b) Disclosure of Information. The Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and the Warrant Shares issuable upon exercise of this Warrant. The Holder has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and the Warrant Shares issuable upon exercise of this Warrant and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to the Holder or to which the Holder has access.

(c) Investment Experience. The Holder understands that the purchase of this Warrant and the Warrant Shares issuable upon exercise of this Warrant involves substantial risk. The Holder has experience as an investor in securities of companies in the development stage and acknowledges that the Holder can bear the economic risk of such Holder's investment in this Warrant and the Warrant Shares issuable upon exercise of this Warrant and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables the Holder to be aware of the character, business acumen and financial circumstances of such persons.

(d) Accredited Investor Status. The Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act.

(e) The Securities Act. The Holder understands that this Warrant and the Warrant Shares issuable upon the exercise of this Warrant have not been registered under the Securities Act in reliance on a specific exemption therefrom, which exemption may depend upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. The Holder understands that this Warrant and the Warrant Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Warrant Shares, if any) must be held indefinitely unless subsequently registered under the Securities Act and qualified under applicable state securities laws, or unless exemptions from such registration and qualification are otherwise available.

(f) Restricted Securities. The Holder understands and acknowledges that this Warrant and the Warrant Shares issuable upon exercise of this Warrant are "restricted securities" under the Securities Act inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that, under such laws and applicable regulations, such securities may be resold without registration under the Securities Act only in certain limited circumstances. In addition, the Holder represents that it is familiar with Rule 144, as presently in effect, and shall understand the resale limitations imposed thereby and by the Securities Act.

(g) No Voting Rights. The Holder, as a Holder of this Warrant, understands that it does not have any voting rights in respect of this Warrant or the Warrant Shares and shall not have such rights until the exercise of this Warrant.

16. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) **"Bloomberg"** means Bloomberg Financial Markets.

(b) **"Business Day"** means any day other than Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

(c) **"Closing Bid Price"** and **"Closing Sale Price"** means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price, as the case may be, then the last bid price or the last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported

in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price, as the case may be, of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

(d) **"Common Stock"** means (i) the Company's shares of Common Stock, par value $0.01 per share, and (ii) any share capital into which such Common Stock shall have been changed or any share capital resulting from a reclassification of such Common Stock.

(e) **"Convertible Securities"** means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for shares of Common Stock.

(f) **"Eligible Market"** means the Principal Market, The New York Stock Exchange, Inc., The NYSE MKT, The NASDAQ Global Market or The NASDAQ Global Select Market.

(g) **"Expiration Date"** means the fifth (5th) anniversary of the Exercisability Date or, if such date falls on a day other than a Trading Day or on which trading does not take place on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded (a "**Holiday**"), the next date that is not a Holiday.

(h) **"Fundamental Transaction"** means that the Company shall, directly or indirectly, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Person (but excluding a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Company), or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company to another Person, or (iii) allow another Person to make a purchase, tender or exchange offer that is accepted by the holders of more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), or (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock purchase agreement or other business combination), (v) reorganize, recapitalize or reclassify its Common Stock, or (vi) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% or more of the aggregate ordinary voting power represented by issued and outstanding Common Stock; provided, that no such group will be deemed formed as a result of the Consortium Agreement entered into by certain stockholders on [_____], 2021, whereby the parties thereto agreed to act in concert with respect to voting shares of Common Stock and/or may exercise their respective pre-emptive rights to acquire the other parties' shares of Common Stock.

(i) **"Options"** means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(j) **"Parent Entity"** of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(k) **"Person"** means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

(l) **"Principal Market"** means The NASDAQ Capital Market.

(m) **"Required Holders"** means, as of any date, the holders of at least a majority of the Warrants outstanding as of such date.

(n) **"Successor Entity"** means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(o) **"Trading Day"** means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded; *provided* that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time).

(p) **"Weighted Average Price"** means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market during the period beginning at 9:30:01 a.m., New York time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of

the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by OTC Markets Group, Inc. If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 12 with the term "Weighted Average Price" being substituted for the term "Exercise Price." All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

**[Signature Page Follows]**

**IN WITNESS WHEREOF,** the Company has caused this Warrant to Purchase Common Stock to be duly executed as of the Issuance Date set out above.

**MONTAUK RENEWABLES, INC.**

By: _____

Name:
Title:

[Signature Page to Underwriter Warrant]

**EXHIBIT A**

**EXERCISE NOTICE**

**TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE COMMON STOCK**

**MONTAUK RENEWABLES, INC.**

The undersigned holder hereby exercises the right to purchase _____ of the shares of Common Stock (**"Warrant Shares"**) of Montauk Renewables, Inc., a Delaware corporation (the **"Company"**), evidenced by the attached Warrant to Purchase Common Stock (the **"Warrant"**). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

_____a **"**Cash Exercise**"** with respect to _____ Warrant Shares; and/or

_____a **"**Cashless Exercise**"** with respect to _____ Warrant Shares.

2. Payment of Exercise Price. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant and, after delivery of such Warrant Shares, _____ Warrant Shares remain subject to the Warrant.

4. Representations and Warranties. By its delivery of this Exercise Notice, the undersigned represents and warrants to the Company that in giving effect to the exercise evidenced hereby the Holder will not beneficially own in excess of the number of shares of Common Stock (determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended) permitted to be owned under Section 1(e) of this Warrant to which this notice relates.

Date: _____ __, _____

_____
Name of Registered Holder

By: _____
Name:
Title:

**EXHIBIT B**

**ASSIGNMENT FORM**

**MONTAUK RENEWABLES, INC.**

*(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)*

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Dated: _____ __, _____

Holder's Signature: _____

Holder's Address: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

**Exhibit 10.1**

**MONTAUK RENEWABLES, INC.**
**EQUITY AND INCENTIVE COMPENSATION PLAN**

1. **Purpose.** The purpose of this Plan is to permit the grant of awards to non-employee Directors, officers and other employees of the Company and its Subsidiaries, and certain Consultants to the Company and its Subsidiaries, and to provide to such persons incentives and rewards for service and/or performance.

2. **Definitions.** Except as otherwise provided herein, the following are the definitions used in this Plan:

(a) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.

(b) "Appreciation Right" means a right granted pursuant to **Section 5** of this Plan.

(c) "Base Price" means the price to be used as the basis for determining the Spread upon the exercise of an Appreciation Right.

(d) "Board" means the Board of Directors of the Company.

(e) "Cash Incentive Award" means a cash award granted pursuant to **Section 8** of this Plan.

(f) "Change in Control" has the meaning set forth in **Section 12** of this Plan.

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations thereunder, as such law and regulations may be amended from time to time.

(h) "Committee" means the Compensation Committee of the Board (or its successor(s)), or any other committee of the Board designated by the Board to administer this Plan pursuant to **Section 10** of this Plan.

(i) "Common Stock" means the common stock, par value $.01 per share, of the Company or any security into which such common stock may be changed by reason of any transaction or event of the type referred to in **Section 11** of this Plan.

(j) "Company" means Montauk Renewables, Inc., a Delaware corporation, and its successors.

(k) "Consultant" means a natural person that provides bona fide services to the Company and/or its Affiliates; provided, however, that a Consultant shall not include a person whose services are in connection with the offer or sale of the Company's securities in a capital-raising transaction including, directly or indirectly, the promotion or maintenance of a market for the Company's securities."

(l) "Date of Grant" means the date provided for by the Committee on which a grant of Option Rights, Appreciation Rights, Performance Shares, Performance Units, Cash Incentive Awards, or other awards contemplated by **Section 9** of this Plan, or a grant or sale of Restricted Stock, Restricted Stock Units, or other awards contemplated by **Section 9** of this Plan, will become effective (which date will not be earlier than the date on which the Committee takes action with respect thereto).

(m) "Director" means a member of the Board.

(n) "Effective Date" means the date this Plan is approved by the Stockholders.

(o) "Evidence of Award" means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Committee that sets forth the terms and conditions of the awards granted under this Plan. An Evidence of Award may be in an electronic medium, may be limited to notation on the books and records of the Company and, unless otherwise determined by the Committee, need not be signed by a representative of the Company or a Participant.

(p) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.

(q) "Incentive Stock Option" means an Option Right that is intended to qualify as an "incentive stock option" under Section 422 of the Code or any successor provision.

(r) "Management Objectives" means performance objective or objectives established pursuant to this Plan for Participants who have received grants of Performance Shares, Performance Units or Cash Incentive Awards or, when so determined by the Committee, Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, dividend equivalents or other awards pursuant to this Plan and include, but is not limited to, objectives related to earnings before interest, taxes, depreciation and amortization, income or net income (loss) (either before or after interest, taxes, depreciation and/or amortization), earnings, changes in the market price of Common Stock, funds from operations or similar measures, sales, revenue (including recurring revenue), growth in revenue, enterprise value or economic value added, mergers, acquisitions or other strategic transactions, divestitures, financings, operating income (loss), cash flow (including, but not limited to, operating cash flow and free cash flow), return on capital, return on investments, assets, return on assets, net asset turnover, debt (including debt reduction), return on operating revenue, working capital, regulatory compliance, improvement of financial ratings, annual spend or license annual spend, equity investments, investing activities and financing activities (or any combination thereof) stockholder returns, dividend ratio, orders, return on sales, marketing, gross or net profit levels, productivity, volumes produced and/or transported, margins, leverage ratio, coverage ratio, strategic business objectives (including operating efficiency, geographic business expansion goals, partnerships, customer/client satisfaction, talent recruitment and retention, productivity ratios, product quality, sales of new products, employee turnover, supervision of information technology), operating efficiency, productivity, product innovation, number of customers, customer satisfaction and related metrics, individual performance, quality improvements, growth or growth rate, intellectual property, expenses or costs (including cost

reduction programs), budget comparisons, implementation of projects or processes, formation of joint ventures, research and development collaborations, marketing or customer service collaborations, employee engagement and satisfaction, diversity, environmental and social measures, information technology, technology development, human resources management, litigation, research and development, working capital, earnings (loss) per share of Common Stock, and market share, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Management Objectives unsuitable, the Committee may in its discretion modify such Management Objectives or the goals or actual levels of achievement regarding the Management Objectives, in whole or in part, as the Committee deems appropriate and equitable.

(s) "Market Value per Share" means, as of any particular date, the closing price of a share of Common Stock as reported for that date on the Nasdaq Stock Market or, if the Common Stock is not then listed on the Nasdaq Stock Market, on any other national securities exchange on which the Common Stock is listed, or if there are no sales on such date, on the next trading day after which a sale occurred. If there is no regular public trading market for the Common Stock, then the Market Value per Share shall be the fair market value as determined in good faith by the Committee. The Committee is authorized to adopt another fair market value pricing method provided such method is stated in the applicable Evidence of Award and is in compliance with the fair market value pricing rules set forth in Section 409A of the Code.

(t) "Optionee" means the optionee named in an Evidence of Award evidencing an outstanding Option Right.

(u) "Option Price" means the purchase price payable on exercise of an Option Right.

(v) "Option Right" means the right to purchase Common Stock upon exercise of an award granted pursuant to **Section 4** of this Plan.

(w) "Participant" means a person who is selected by the Committee to receive benefits under this Plan and who is at the time (i) a non-employee Director, (ii) an officer or other employee of the Company or any Subsidiary, including a person who has agreed to commence serving in such capacity within 90 days of the Date of Grant, or (iii) a Consultant.

(x) "Performance Period" means, in respect of a Cash Incentive Award, Performance Share or Performance Unit, a period of time established pursuant to **Section 8** of this Plan within which the Management Objectives relating to such Cash Incentive Award, Performance Share or Performance Unit are to be achieved.

(y) "Performance Share" means a bookkeeping entry that records the equivalent of one share of Common Stock awarded pursuant to **Section 8** of this Plan, and may be payable in cash, Common Stock or a combination thereof.

(z) "Performance Unit" means a bookkeeping entry award granted pursuant to **Section 8** of this Plan that records a unit equivalent to $1.00 or such other value as is determined by the Committee, and may be payable in cash, Common Stock or a combination thereof.

(aa) "Plan" means this Montauk Renewables, Inc. Equity and Incentive Compensation Plan, as may be amended or amended and restated from time to time.

(bb) "Restricted Stock" means Common Stock granted or sold pursuant to **Section 6** of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfer has expired.

(cc) "Restricted Stock Units" means an award made pursuant to **Section 7** of this Plan of the right to receive Common Stock, cash or a combination thereof at the end of the applicable Restriction Period.

(dd) "Restriction Period" means the period of time during which Restricted Stock Units are subject to restrictions, as provided in **Section 7** of this Plan.

(ee) "Stockholder" means an individual or entity that owns one or more shares of Common Stock.

(ff) "Spread" means the excess of the Market Value per Share on the date when an Appreciation Right is exercised over the Base Price provided for with respect to the Appreciation Right.

(gg) "Subsidiary" means a corporation, company or other entity (i) more than 50% of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture, limited liability company, unincorporated association or other similar entity), but more than 50% of whose ownership interest representing the right generally to make decisions for such other entity, is, now or hereafter, owned or controlled, directly or indirectly, by the Company; provided, however, that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, "Subsidiary" means any corporation in which the Company at the time owns or controls, directly or indirectly, more than 50% of the total combined Voting Power represented by all classes of stock issued by such corporation.

(hh) "Voting Power" means, at any time, the combined voting power of the then-outstanding securities entitled to vote generally in the election of Directors in the case of the Company or members of the board of directors or similar body in the case of another entity.

3. **Shares Available Under this Plan.**

(a) Maximum Shares Available Under this Plan.

(i) Subject to adjustment as provided in **Section 11** of this Plan and the share counting rules set forth in **Section 3(b)** of this Plan, the number of shares of Common Stock available under this Plan for

awards of (A) Option Rights or Appreciation Rights, (B) Restricted Stock, (C) Restricted Stock Units, (D) Performance Shares or Performance Units, (E) awards contemplated by **Section 9** of this Plan, or (F) dividend equivalents paid with respect to awards made under this Plan will not exceed, in the aggregate, 20,000,000 shares of Common Stock. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing.

(ii) Subject to the share counting rules set forth in **Section 3(b)** of this Plan, the aggregate number of shares of Common Stock available under **Section 3(a)(i)** of this Plan will be reduced by one share of Common Stock for every one share of Common Stock subject to an award granted under this Plan.

(b) Share Counting Rules.

(i) Except as provided in **Section 22** of this Plan or herein, if any award granted under this Plan (in whole or in part) is cancelled or forfeited, expires, is settled for cash, or is unearned, the Common Stock subject to such award will, to the extent of such cancellation, forfeiture, expiration, cash settlement, or unearned amount, again be available under **Section 3(a)(i)** above.

(ii) Notwithstanding anything to the contrary contained in this Plan: (A) shares of Common Stock withheld by the Company, tendered or otherwise used in payment of the Option Price of an Option Right will not be added (or added back, as applicable) to the aggregate number of shares of Common Stock available under **Section 3(a)(i)** of this Plan; (B) shares of Common Stock withheld by the Company, tendered or otherwise used to satisfy tax withholding will not be added (or added back, as applicable) to the aggregate number of shares of Common Stock available under **Section 3(a)(i)** of this Plan; (C) shares of Common Stock subject to a share-settled Appreciation Right that are not actually issued in connection with the settlement of such Appreciation Right on the exercise thereof will not be added back to the aggregate number of shares of Common Stock available under **Section 3(a)(i)** of this Plan; and (D) shares of Common Stock reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Option Rights will not be added (or added back, as applicable) to the aggregate number of shares of Common Stock available under **Section 3(a)(i)** of this Plan.

(iii) If, under this Plan, a Participant has elected to give up the right to receive cash compensation in exchange for Common Stock based on fair market value, such Common Stock will not count against the aggregate limit under **Section 3(a)(i)** of this Plan.

(c) Limit on Incentive Stock Options. Notwithstanding anything to the contrary contained in this Plan, and subject to adjustment as provided in **Section 11** of this Plan, the aggregate number of shares of Common Stock actually issued or transferred by the Company upon the exercise of Incentive Stock Options will not exceed 20,000,000 shares of Common Stock.

(d) Non-Employee Director Compensation Limit. Notwithstanding anything to the contrary contained in this Plan, in no event will any non-employee Director in any one calendar year be granted compensation for such service having an aggregate maximum value (measured at the Date of Grant as applicable, and calculating the value of any awards based on the grant date fair value for financial reporting purposes) in excess of $500,000.

(e) Minimum Vesting Requirement. Except in the case of cash based awards, awards granted under this Plan to Participants shall either be subject to a minimum vesting period or minimum performance period, as applicable, of one year. Notwithstanding the foregoing, (i) the Committee may authorize acceleration of vesting of such awards in the event of the Participant's death, disability, termination of employment or service or the occurrence of a Change in Control, (ii) the Committee may grant awards without the above-described minimum requirements with respect to awards covering up to 5% of the aggregate number of shares authorized for issuance under this Plan, and (iii) with respect to awards granted to non-employee Directors, the vesting of such awards will be deemed to satisfy the minimum vesting requirement to the extent that the awards vest based on the approximate one-year period beginning on each regular annual meeting of the Company's stockholders and ending on the date of the next regular annual meeting of the Company's stockholders.

4. **Option Rights.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of Option Rights. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will specify the number of shares of Common Stock to which it pertains subject to the limitations set forth in **Section 3** of this Plan.

(b) Each grant will specify an Option Price per share of Common Stock, which Option Price (except with respect to awards under **Section 22** of this Plan) may not be less than the Market Value per Share on the Date of Grant.

(c) Each grant will specify whether the Option Price will be payable (i) in cash, by check acceptable to the Company or by wire transfer of immediately available funds, (ii) by the actual or constructive transfer to the Company of Common Stock owned by the Optionee having a value at the time of exercise equal to the total Option Price, (iii) subject to any conditions or limitations established by the Committee, by the withholding of Common Stock otherwise issuable upon exercise of an Option Right pursuant to a "net exercise" arrangement, (iv) by a combination of such methods of payment, or (v) by such other methods as may be approved by the Committee.

(d) Each grant will specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary, if any, that is necessary before any Option Rights

or installments thereof will vest, and provide for any other terms that are consistent with the terms of this Plan.

(e) Any grant of Option Rights may specify Management Objectives regarding the vesting of such rights.

(f) Option Rights granted under this Plan may be (i) options, including Incentive Stock Options, that are intended to qualify under particular provisions of the Code, (ii) options that are not intended to so qualify, or (iii) combinations of the foregoing. Incentive Stock Options may only be granted to Participants who meet the definition of "employees" under Section 3401(c) of the Code.

(g) No Option Right will be exercisable more than 10 years from the Date of Grant. The Committee may provide in any Evidence of Award for the automatic exercise of an Option Right upon such terms and conditions as established by the Committee.

(h) Option Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.

(i) Each grant of Option Rights will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

5. **Appreciation Rights**.

(a) The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to any Participant of Appreciation Rights. An Appreciation Right will be the right of the Participant to receive from the Company an amount determined by the Committee, which will be expressed as a percentage of the Spread (not exceeding 100%) at the time of exercise.

(b) Each grant of Appreciation Rights may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(i) Each grant may specify that the amount payable on exercise of an Appreciation Right will be paid by the Company in cash, Common Stock or any combination thereof.

(ii) Each grant will specify the period or periods of continuous service by the Participant with the Company or any Subsidiary, if any, that is necessary before the Appreciation Rights or installments thereof will vest, and provide for any other terms that are consistent with the terms of this Plan.

(iii) Any grant of Appreciation Rights may specify Management Objectives regarding the vesting of such Appreciation Rights.

(iv) Appreciation Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.

(v) Each grant of Appreciation Rights will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

(c) Also, regarding Appreciation Rights:

(i) Each grant will specify in respect of each Appreciation Right a Base Price, which (except with respect to awards under **Section 22** of this Plan) may not be less than the Market Value per Share on the Date of Grant; and

(ii) No Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant. The Committee may provide in any Evidence of Award for the automatic exercise of an Appreciation Right upon such terms and conditions as established by the Committee.

6. **Restricted Stock.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the grant or sale of Restricted Stock to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale will constitute an immediate transfer of the ownership of shares of Common Stock to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights, but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter described.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share on the Date of Grant.

(c) Each such grant or sale will provide that the Restricted Stock covered by such grant or sale will be subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code for a period to be determined by the Committee on the Date of Grant or until achievement of Management Objectives referred to in **Section 6(e)** of this Plan.

(d) Each such grant or sale will provide that during or after the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Stock will be prohibited or restricted in the manner and to the extent prescribed by the Committee on the Date of Grant (which restrictions may include rights of repurchase or first refusal of the Company or provisions subjecting the Restricted Stock to a continuing substantial risk of forfeiture while held by any transferee).

(e) Any grant of Restricted Stock may specify Management Objectives regarding the vesting of such Restricted Stock.

(f) Restricted Stock may provide for continued vesting or the earlier vesting of such Restricted Stock, and any other terms consistent with the terms of this Plan.

(g) Any such grant or sale of Restricted Stock may require that any and all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and/or reinvested in additional Restricted Stock, which will be subject to the same restrictions as the underlying award. For the avoidance of doubt, any such dividends or other distributions on Restricted Stock shall be deferred until, and paid contingent upon, the vesting of such Restricted Stock.

(h) Each grant or sale of Restricted Stock will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve. Unless otherwise directed by the Committee, (i) all certificates representing Restricted Stock will be held in custody by the Company until all restrictions thereon will have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such shares or (ii) all Restricted Stock will be held at the Company's transfer agent in book entry form with appropriate restrictions relating to the transfer of such Restricted Stock.

7. **Restricted Stock Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting or sale of Restricted Stock Units to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale will constitute the agreement by the Company to deliver Common Stock or cash, or a combination thereof, to the Participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions (which may include achievement regarding Management Objectives) during the Restriction Period as the Committee may specify.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share on the Date of Grant.

(c) Notwithstanding anything to the contrary contained in this Plan, Restricted Stock Units may provide for continued vesting or the earlier lapse or other modification of the Restriction Period, and any other terms consistent with the terms of this Plan.

(d) During the Restriction Period, the Participant will have no right to transfer any rights under his or her award and will have no rights of ownership in the Common Stock deliverable upon payment of the Restricted Stock Units and will have no right to vote them, but the Committee may, at or after the Date of Grant, authorize the payment of dividend equivalents on such Restricted Stock Units on a deferred and contingent basis, either in cash or in additional shares of Common Stock; provided, however, that dividend equivalents or other distributions on

Common Stock underlying Restricted Stock Units shall be deferred until and paid contingent upon the vesting of such Restricted Stock Units.

(e) Each grant or sale of Restricted Stock Units will specify the time and manner of payment of the Restricted Stock Units that have been earned. Each grant or sale will specify that the amount payable with respect thereto will be paid by the Company in Common Stock or cash, or a combination thereof.

(f) Each grant or sale of Restricted Stock Units will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

8. **Cash Incentive Awards, Performance Shares and Performance Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting of Cash Incentive Awards, Performance Shares and Performance Units. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will specify the number or amount of Performance Shares or Performance Units, or cash amount payable with respect to a Cash Incentive Award, to which it pertains, which number or amount may be subject to adjustment to reflect changes in compensation or other factors.

(b) The Performance Period with respect to each Cash Incentive Award or grant of Performance Shares or Performance Units will be such period of time as will be determined by the Committee, which may be subject to continued vesting or earlier lapse or other modification, and provide for any other terms consistent with the terms of this Plan.

(c) Each grant of a Cash Incentive Award, Performance Shares or Performance Units will specify Management Objectives regarding the earning of the award.

(d) Each grant will specify the time and manner of payment of a Cash Incentive Award, Performance Shares or Performance Units that have been earned.

(e) The Committee may, on the Date of Grant of Performance Shares or Performance Units, provide for the payment of dividend equivalents to the holder thereof either in cash or in additional shares of Common Stock, which dividend equivalents shall be subject to deferral and payment on a contingent basis based on the Participant's earning and vesting of the Performance Shares or Performance Units, as applicable, with respect to which such dividend equivalents are paid.

(f) Each grant of a Cash Incentive Award, Performance Shares or Performance Units will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

9. **Other Awards.**

(a) Subject to applicable law and the applicable limits set forth in **Section 3** of this Plan, the Committee may authorize the grant to any Participant of Common Stock or such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of Common Stock or factors that may influence the value of such shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into shares of Common Stock, purchase rights for shares of Common Stock, awards with value and payment contingent upon performance of the Company or specified Subsidiaries, Affiliates or other business units thereof or any other factors designated by the Committee, and awards valued by reference to the book value of the shares of Common Stock or the value of securities of, or the performance of specified Subsidiaries or Affiliates or other business units of the Company. The Committee will determine the terms and conditions of such awards. Common Stock delivered pursuant to an award in the nature of a purchase right granted under this **Section 9** will be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, Common Stock, other awards, cash, notes or other property, as the Committee determines.

(b) Cash awards, as an element of or supplement to any other award granted under this Plan, may also be granted pursuant to this **Section 9**.

(c) The Committee may authorize the grant of shares of Common Stock as a bonus, or may authorize the grant of other awards in lieu of obligations of the Company or a Subsidiary to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, subject to such terms as will be determined by the Committee in a manner that complies with Section 409A of the Code.

(d) The Committee may, at or after the Date of Grant, authorize the payment of dividends or dividend equivalents on awards granted under this **Section 9** on a deferred and contingent basis, either in cash or in additional shares of Common Stock; provided, however, that dividend equivalents or other distributions on Common Stock underlying awards granted under this **Section 9** shall be deferred until and paid contingent upon the earning and vesting of such awards.

(e) Each grant of an award under this **Section 9** will be evidenced by an Evidence of Award. Each such Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve, and will specify the time and terms of delivery of the applicable award.

(f) Notwithstanding anything to the contrary contained in this Plan, awards under this **Section 9** may provide for the earning or vesting of, or earlier elimination of restrictions applicable to, such award, and any other terms consistent with the terms of this Plan.

10. **Administration of this Plan.**

(a) This Plan will be administered by the Committee; provided, that, at the discretion of the Board, the Plan may be administered by the Board, including with respect to the administration of any responsibilities and duties held by the Committee hereunder. The Committee may from time to time delegate all or any part of its authority under this Plan to a

subcommittee thereof. To the extent of any such delegation, references in this Plan to the Committee will be deemed to be references to such subcommittee.

(b) The interpretation and construction by the Committee of any provision of this Plan or of any Evidence of Award (or related documents) and any determination by the Committee pursuant to any provision of this Plan or of any such agreement, notification or document will be final and conclusive. No member of the Committee shall be liable for any such action or determination made in good faith. In addition, the Committee is authorized to take any action it determines in its sole discretion to be appropriate subject only to the express limitations contained in this Plan, and no authorization in any Plan section or other provision of this Plan is intended or may be deemed to constitute a limitation on the authority of the Committee.

(c) To the extent permitted by law, the Committee may delegate to one or more of its members, to one or more officers of the Company, or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Committee, the subcommittee, or any person to whom duties or powers have been delegated as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Committee, the subcommittee or such person may have under this Plan. The Committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as the Committee: (i) designate employees to be recipients of awards under this Plan and (ii) determine the size of any such awards; provided, however, that the Committee will not delegate such responsibilities to any such officer for awards granted to an employee who is an officer (for purposes of Section 16 of the Exchange Act), a Director, or more than 10% "beneficial owner" (as such term is defined in Rule 13d-3 promulgated under the Exchange Act) of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Committee in accordance with Section 16 of the Exchange Act; (B) the resolution providing for such authorization shall set forth the total number of shares of Common Stock such officer(s) may grant; and (C) the officer(s) will report periodically to the Committee regarding the nature and scope of the awards granted pursuant to the authority delegated.

11. **Adjustments.** The Committee shall make or provide for such adjustments in the number of and kind of shares of Common Stock covered by outstanding Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units granted hereunder and, if applicable, in the number of and kind of shares of Common Stock covered by other awards granted pursuant to **Section 9** of this Plan, in the Option Price and Base Price provided in outstanding Option Rights and Appreciation Rights, respectively, in Cash Incentive Awards, and in other award terms, as the Committee, in its sole discretion, determines, in good faith, is equitably required to prevent dilution or enlargement of the rights of Participants that otherwise would result from (a) any extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event or in the event of a Change in Control, the Committee may provide in substitution for any or all outstanding awards under this Plan such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and shall require in connection therewith the

surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each Option Right or Appreciation Right with an Option Price or Base Price, respectively, greater than the consideration offered in connection with any such transaction or event or Change in Control, the Committee may in its discretion elect to cancel such Option Right or Appreciation Right without any payment to the person holding such Option Right or Appreciation Right. The Committee shall also make or provide for such adjustments in the number of shares of Common Stock specified in **Section 3** of this Plan as the Committee in its sole discretion, determines, in good faith, is appropriate to reflect any transaction or event described in this **Section 11**.

12. **Change in Control**. For purposes of this Plan, except as may be otherwise prescribed by the Committee in an Evidence of Award made under this Plan or as otherwise provided in another plan or agreement applicable to the Participant, a "Change in Control" will be deemed to have occurred upon the occurrence (after the Effective Date) of any of the following events:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of voting securities of the Company where such acquisition causes such Person to own 50% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of Directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this **subsection (a)**, the following acquisitions shall not be deemed to result in a Change in Control:

(i) any acquisition directly from the Company that is approved by the Incumbent Board (as defined in **subsection (b)** below),

(ii) any acquisition by the Company,

(iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation or other entity controlled by the Company, or

(iv) any acquisition by any corporation or other entity pursuant to a transaction that complies with **clauses (i), (ii) and (iii)** of **subsection (c)** below; provided, further, that if any Person's beneficial ownership of the Outstanding Company Voting Securities reaches or exceeds 50% as a result of a transaction described in **clause (i) or (ii)** above, and such Person subsequently acquires beneficial ownership of additional voting securities of the Company, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 50% or more of the Outstanding Company Voting Securities; and provided, further, that if at least a majority of the members of the Incumbent Board determines in good faith that a Person has acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more

of the Outstanding Company Voting Securities inadvertently, and such Person divests as promptly as practicable a sufficient number of shares so that such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) less than 50% of the Outstanding Company Voting Securities, then no Change in Control shall have occurred as a result of such Person's acquisition;

(b) individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board" as modified by this **subsection (b)**) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a Director subsequent to the Effective Date whose election, or nomination for election by the Stockholders, was approved by a vote of at least a majority of the Directors then comprising the Incumbent Board (either by specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for Director, without objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest or the use of any proxy access procedures in the Company's organizational documents with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation or other transaction ("Business Combination") excluding, however, such a Business Combination pursuant to which

(i) the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries),

(ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of the combined voting power of the then outstanding securities entitled to vote generally in the election of directors of the entity resulting from such Business Combination, and

(iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the

initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) consummation of a complete liquidation or dissolution of the Company except pursuant to a Business Combination that complies with **clauses (i), (ii) and (iii)** of **subsection (c)** above.

Notwithstanding the foregoing, with respect to any award under the Plan that is characterized as "non-qualified deferred compensation" within the meaning of Section 409A of the Code, an event shall not be considered to be a Change in Control under the Plan for purposes of any payment in respect of such award unless such event would also constitute a "change in ownership," a "change in effective control" or a "change in the ownership of a substantial portion of the assets of" the Company under Section 409A of the Code.

13. **Detrimental Activity and Recapture Provisions**. Any Evidence of Award may reference a clawback policy of the Company or provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be determined by the Committee from time to time, if a Participant, either (a) during employment or other service with the Company or a Subsidiary, or (b) within a specified period after termination of such employment or service, engages in any detrimental activity, as described in the applicable Evidence of Award or such clawback policy. In addition, notwithstanding anything in this Plan to the contrary, any Evidence of Award or such clawback policy may also provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any Common Stock issued under and/or any other benefit related to an award, or other provisions intended to have a similar effect, including upon such terms and conditions as may be required by the Committee or under Section 10D of the Exchange Act and any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Stock may be traded.

14. **Non-U.S. Participants.** In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America or who provide services to the Company or any Subsidiary under an agreement with a foreign nation or agency, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to or amendments, restatements or alternative versions of this Plan (including sub-plans) as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, will include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the Stockholders.

15. **Transferability.**

(a) Except as otherwise determined by the Committee, and subject to compliance with **Section 17(b)** of this Plan and Section 409A of the Code, no Option Right, Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Cash Incentive Award, award contemplated by **Section 9** of this Plan or dividend equivalents paid with respect to awards made under this Plan will be transferable by the Participant except by will or the laws of descent and distribution. In no event will any such award granted under this Plan be transferred for value. Where transfer is permitted, references to "Participant" shall be construed, as the Committee deems appropriate, to include any permitted transferee to whom such award is transferred. Except as otherwise determined by the Committee, Option Rights and Appreciation Rights will be exercisable during the Participant's lifetime only by him or her or, in the event of the Participant's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law or court supervision.

(b) The Committee may specify on the Date of Grant that part or all of the shares of Common Stock that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights, upon the termination of the Restriction Period applicable to Restricted Stock Units or upon payment under any grant of Performance Shares or Performance Units or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in **Section 6** of this Plan, will be subject to further restrictions on transfer, including minimum holding periods.

16. **Withholding Taxes.** To the extent that the Company is required to withhold federal, state, local or foreign taxes or other amounts in connection with any payment made or benefit realized by a Participant or other person under this Plan, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such benefit. If a Participant's benefit is to be received in the form of Common Stock, and such Participant fails to make arrangements for the payment of taxes or other amounts, then, unless otherwise determined by the Company, the Company will withhold shares of Common Stock having a value equal to the amount required to be withheld. Notwithstanding the foregoing, when the Participant is required to pay the Company an amount required to be withheld under applicable income, employment, tax or other laws, the Participant may elect, unless otherwise determined by the Committee, to satisfy the obligation, in whole or in part, by having withheld, from the shares of Common Stock delivered or required to be delivered to the Participant, shares of Common Stock having a value equal to the amount required to be withheld or by delivering to the Company other shares of Common Stock held by such Participant. The Committee may also provide for automatic and mandatory withholding of shares of Common Stock from an award by the Company in connection with the Participant's satisfaction of such obligation. The Common Stock used for tax or other withholding will be valued at an amount equal to the fair market value of such Common Stock on the date the benefit is to be included in Participant's income. In no event will the fair market value of the Common Stock to be withheld and delivered pursuant to this **Section 16** exceed the minimum amount required to be withheld, unless (i) an additional amount can be withheld and not result in adverse accounting consequences and (ii) such additional withholding amount is authorized by the Committee. Participants will also make such arrangements as the Company may require for the payment of any withholding tax or other

obligation that may arise in connection with the disposition of Common Stock acquired upon the exercise of Option Rights.

17. **Compliance with Section 409A of the Code.**

(a) To the extent applicable, it is intended that this Plan and any grants made hereunder comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participants. This Plan and any grants made hereunder will be administered in a manner consistent with this intent. Any reference in this Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service.

(b) Neither a Participant nor any of a Participant's creditors or beneficiaries will have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant's benefit under this Plan and grants hereunder may not be reduced by, or offset against, any amount owed by a Participant to the Company or any of its Subsidiaries.

(c) If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (i) the Participant will be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the tenth business day of the seventh month after such separation from service.

(d) Solely with respect to any award that constitutes nonqualified deferred compensation subject to Section 409A of the Code and that is payable on account of a Change in Control (including any installments or stream of payments that are accelerated on account of a Change in Control), a Change in Control shall occur only if such event also constitutes a "change in the ownership," "change in effective control," and/or a "change in the ownership of a substantial portion of assets" of the Company as those terms are defined under Treasury Regulation §1.409A-3(i)(5), but only to the extent necessary to establish a time and form of payment that complies with Section 409A of the Code, without altering the definition of Change in Control for any purpose in respect of such award.

(e) Notwithstanding any provision of this Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Plan and grants hereunder as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under

Section 409A of the Code. In any case, a Participant will be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with this Plan and grants hereunder (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

18. **Amendments.**

(a) The Board may at any time and from time to time amend this Plan in whole or in part; provided, however, that if an amendment to this Plan, for purposes of applicable stock exchange rules and except as permitted under **Section 11** of this Plan, (i) would materially increase the benefits accruing to Participants under this Plan, (ii) would materially increase the number of securities which may be issued under this Plan, (iii) would materially modify the requirements for participation in this Plan, or (iv) must otherwise be approved by the Stockholders in order to comply with applicable law or the rules of the Nasdaq Stock Market or, if the Common Stock is not traded on the Nasdaq Stock Market, the principal national securities exchange upon which the Common Stock is traded or quoted, all as determined by the Board, then, such amendment will be subject to approval by the Stockholders and will not be effective unless and until such approval has been obtained.

(b) Except in connection with a corporate transaction or event described in **Section 11** or **Section 22** of this Plan or in connection with a Change in Control, the terms of outstanding awards may not be amended to reduce the Option Price of outstanding Option Rights or the Base Price of outstanding Appreciation Rights, or cancel outstanding "underwater" Option Rights or Appreciation Rights (including following a Participant's voluntary surrender of "underwater" Option Rights or Appreciation Rights) in exchange for cash, other awards or Option Rights or Appreciation Rights with an Option Price or Base Price, as applicable, that is less than the Option Price of the original Option Rights or Base Price of the original Appreciation Rights, as applicable, without approval by the Stockholders. This **Section 18(b)** is intended to prohibit the repricing of "underwater" Option Rights and Appreciation Rights and will not be construed to prohibit the adjustments provided for in **Section 11** and **Section 22** of this Plan. Notwithstanding any provision of this Plan to the contrary, this **Section 18(b)** may not be amended without approval by the Stockholders.

(c) If permitted by Section 409A of the Code, but subject to the paragraph that follows, including in the case of termination of employment or service, or in the case of unforeseeable emergency or other circumstances or in the event of a Change in Control, to the extent a Participant holds an Option Right or Appreciation Right not immediately exercisable in full, or any Restricted Stock as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Restricted Stock Units as to which the Restriction Period has not been completed, or any Cash Incentive Awards, Performance Shares or Performance Units which have not been fully earned, or any dividend equivalents or other awards made pursuant to **Section 9** of this Plan subject to any vesting schedule or transfer restriction, or who holds Common Stock subject to any transfer restriction imposed pursuant to **Section 15(b)** of this Plan, the Committee may, in its sole discretion, provide for continued vesting or accelerate the time at which such Option Right, Appreciation Right or other award may vest or be exercised or

the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Restriction Period will end or the time at which such Cash Incentive Awards, Performance Shares or Performance Units will be deemed to have been earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such award.

(d) Subject to **Section 18(b)** of this Plan, the Committee may amend the terms of any award theretofore granted under this Plan prospectively or retroactively. Except for adjustments made pursuant to **Section 11** of this Plan, no such amendment will materially impair the rights of any Participant without his or her consent. The Board may, in its discretion, terminate this Plan at any time. Termination of this Plan will not affect the rights of Participants or their successors under any awards outstanding hereunder and not exercised in full on the date of termination.

19. **Governing Law.** This Plan and all grants and awards and actions taken hereunder will be governed by and construed in accordance with the internal substantive laws of the State of Delaware.

20. **Effective Date/Termination.** This Plan will be effective as of the Effective Date. No grant will be made under this Plan on or after the tenth anniversary of the Effective Date, but all grants made prior to such date will continue in effect thereafter subject to the terms thereof and of this Plan.

21. **Miscellaneous Provisions.**

(a) The Company will not be required to issue any fractional shares of Common Stock pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.

(b) This Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate such Participant's employment or other service at any time.

(c) Except with respect to **Section 21(e)** of this Plan, to the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision will be null and void with respect to such Option Right. Such provision, however, will remain in effect for other Option Rights and there will be no further effect on any provision of this Plan.

(d) No award under this Plan may be exercised by the holder thereof if such exercise, and the receipt of cash or shares thereunder, would be, in the opinion of counsel selected by the Company, contrary to law or the regulations of any duly constituted authority having jurisdiction over this Plan.

(e) Absence on leave approved by a duly constituted officer of the Company or any of its Subsidiaries will not be considered interruption or termination of service of any employee for any purposes of this Plan or awards granted hereunder.

(f) No Participant will have any rights as a Stockholder with respect to any Common Stock subject to awards granted to him or her under this Plan prior to the date as of which he or she is actually recorded as the holder of such Common Stock upon the share records of the Company.

(g) The Committee may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.

(h) Except with respect to Option Rights and Appreciation Rights, the Committee may permit Participants to elect to defer the issuance of Common Stock under this Plan pursuant to such rules, procedures or programs as it may establish for purposes of this Plan and which are intended to comply with the requirements of Section 409A of the Code. The Committee also may provide that deferred issuances and settlements include the crediting of dividend equivalents or interest on the deferral amounts.

(i) If any provision of this Plan is or becomes invalid or unenforceable in any jurisdiction, or would disqualify this Plan or any award under any law deemed applicable by the Committee, such provision will be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of the Committee, it will be stricken and the remainder of this Plan will remain in full force and effect. Notwithstanding anything in this Plan or an Evidence of Award to the contrary, nothing in this Plan or in an Evidence of Award prevents a Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity a Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

22. **Share-Based Awards in Substitution for Awards Granted by Another Company.** Notwithstanding anything in this Plan to the contrary:

(a) Awards may be granted under this Plan in substitution for or in conversion of, or in connection with an assumption of, stock options, stock appreciation rights, restricted stock, restricted stock units or other share or share-based awards held by awardees of an entity engaging in a corporate transaction, including acquisition or merger transactions, with the Company or any Subsidiary. Any conversion, substitution or assumption will be effective as of the close of the transaction, and, to the extent applicable, will be conducted in a manner that complies with Section 409A of the Code. The awards so granted may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of this Plan, and may account for Common Stock substituted for the securities covered by the original awards and the number of shares subject to the original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in stock prices in connection with the transaction.

(b) In the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary merges has shares available under a pre-existing plan

previously approved by shareholders and not adopted in contemplation of such acquisition or merger, the shares available for grant pursuant to the terms of such plan (as adjusted, to the extent appropriate, to reflect such acquisition or merger) may be used for awards made after such acquisition or merger under this Plan; provided, however, that awards using such available shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan absent the acquisition or merger, and may only be made to individuals who were not employees or directors of the Company or any Subsidiary prior to such acquisition or merger.

(c) Any Common Stock that is issued or transferred by, or that are subject to any awards that are granted by, or become obligations of, the Company under **Sections 22(a) or 22(b)** of this Plan will not reduce the shares of Common Stock available for issuance or transfer under this Plan or otherwise count against the limits contained in **Section 3** of this Plan, except as otherwise provided in this Plan. In addition, no shares of Common Stock subject to an award that is granted by, or becomes an obligation of, the Company under **Sections 22(a) or 22(b)** of this Plan, will be added to the aggregate limit contained in **Section 3(a)(i)** of this Plan.

**THIRD AMENDMENT TO SECOND AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT AND CONSENT**

This **Third Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement and Consent** ("Third Amendment") is made as of January 4, 2021, by and among Montauk Energy Holdings, LLC ("Borrower"), the Lenders (as defined below) signatory hereto and Agent (as defined below).

RECITALS

A. Borrower entered into that certain Second Amended and Restated Revolving Credit and Term Loan Agreement dated as of December 12, 2018 (as amended, restated or otherwise modified from time to time, the "Credit Agreement"), with the financial institutions from time to time signatory thereto (collectively, the "Lenders") and Comerica Bank, as administrative agent for the Lenders (in such capacity, the "Agent").

B. Borrower has requested that Agent and the Lenders make certain amendments to the Credit Agreement, and Borrower has requested that Agent and Lenders consent to certain transactions with respect to Parent as more particularly described below, and Agent and the Lenders are willing to do so, subject to the terms and conditions set forth in this Third Amendment.

**NOW, THEREFORE**, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, Borrower, Agent and the Lenders agree as follows:

1. Section 1.1 of the Credit Agreement is amended by adding the following definitions as new definitions or as amendment and restatements of existing definitions, as applicable:

"Applicable Floor" shall mean as such term is used in the definitions of "LIBOR Rate" and "Benchmark Replacement" (as defined in Section 11.13), zero percent (0.0%) per annum.

"Applicable Reference Date" shall mean (i) for all purposes other than clause (c) of the definition of "Base Rate," the date that is two (2) Business Days prior to the first day of the applicable Eurodollar-Interest Period, and (ii) solely for purposes of clause (c) of the definition of "Base Rate," any date of determination (or, if such date is not a Business Day, the preceding Business Day).

"Base Rate" shall mean for any day, that per annum rate of interest which is equal to the sum of the Applicable Margin plus the greatest of (a) the Prime Rate for such day, (b) the Federal Funds Effective Rate in effect on such day, plus one percent (1.0%), and (c) the Daily Adjusting LIBOR Rate (using the applicable 30-day or one-month rate) for such day, plus one percent (1.0%); provided, however, for purposes of determining the Base Rate during any period that the LIBOR Rate is unavailable as determined under Sections 11.3 or 11.4 hereof or during a Benchmark Unavailability Period under Section

11.13 hereof, the Base Rate shall be determined without reference to clause (c) above. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate, or such LIBOR Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate, or the LIBOR Rate, respectively.

"Change of Control" shall mean (a) an event or series of events whereby (i) any Person or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) shall either (x) acquire beneficial ownership of more than 30% of any outstanding class of common stock of the Parent having ordinary voting power in the election of directors of the Parent or (y) obtain the power (whether or not exercised) to elect a majority of the Parent's directors, (ii) the Parent shall cease to control, directly or indirectly, 100%, on a fully diluted basis, of the aggregate issued and outstanding voting stock (or comparable voting interests) of the Borrower, or (iii) the Parent shall fail to be able, either jointly or severally, to elect a controlling majority of the Board of Directors of the Borrower, or (b) the occurrence of event or series of events that would trigger a violation of any change of control or change in control provision in any of the Subordinated Debt Documents, except in connection with a public listing of Parent, Borrower, or any Subsidiaries; provided, however, notwithstanding the foregoing, it shall not be a "Change of Control" if, (a) as a result of the contemplated reorganization of the Parent, as evidenced by documentation and filings, in form and substance reasonably satisfactory to the Agent, provided by the Borrower or the Parent to the Agent, the Parent's Equity Interests in the Borrower are transferred (subject to Agent's Lien on such Equity Interest) to Montauk Renewables, Inc. (f/k/a Montauk Energy, Inc.), and Montauk Renewables, Inc., thereafter shall control, directly or indirectly, 100%, on a fully diluted basis, of the aggregate issued and outstanding voting stock (or comparable voting interests) of the Borrower and, effective on and after the date of the consummation of such reorganization, for purposes of this defined term, each reference to "the Parent" contained herein shall be deemed to be a reference to Montauk Renewables, Inc. (f/k/a Montauk Energy, Inc.) and (b) the Change of Control Conditions have been satisfied.

"Change of Control Conditions" shall mean with respect to any Change in Control resulting from the transfer of Parent's Equity Interests in Borrower to Montauk Renewables, Inc. (f/k/a Montauk Energy, Inc.), (a) the Agent shall have received Montauk Renewables, Inc.'s Bylaws, certified articles of incorporation, employee identification number and all of its other corporate governance and formation documentation reasonably required by Agent and all in form and substance reasonably satisfactory to Agent and (b) Montauk Renewables, Inc. shall have executed and delivered to Agent a Guaranty of the Indebtedness and a Pledge Agreement providing a first priority Lien on one hundred percent (100%) of the Equity Interests of Borrower owned by Montauk Renewables, Inc., together with such opinions and authorizing resolutions as are reasonably required by Agent.

"Internal Control Event" shall mean a material weakness in, or fraud that involves management or other employees who have a significant role in, the Parent's and/or its Subsidiaries' internal controls over financial reporting, in each case as described in the Securities Laws.

"IPO" shall mean the initial public offering of the common stock of Parent to the public as described in the Registration Statement.

"LIBOR Rate" shall mean the per annum rate of interest determined on the basis of the rate for deposits in United States Dollars for a period equal to the relevant Eurodollar-Interest Period, commencing on the first day of such Eurodollar-Interest Period, appearing on Page BBAM of the Bloomberg Financial Markets Information Service at or about 11:00 a.m. (London, England time) (or soon thereafter as practical) on the Applicable Reference Date. In the event that such rate does not appear on Page BBAM of the Bloomberg Financial Markets Information Service (or otherwise on such Service), the "LIBOR Rate" shall be determined by reference to such other publicly available service for displaying LIBOR rates as may be agreed upon by the Agent and the Borrower, or, in the absence of such agreement, the "LIBOR Rate" shall, instead, be the per annum rate equal to the average (rounded upward, if necessary, to the nearest one-sixteenth of one percent (1/16%)) of the rate at which the Agent is offered dollar deposits at or about 11:00 a.m. (Detroit, Michigan time) (or soon thereafter as practical) on the Applicable Reference Date in the interbank LIBOR market in an amount comparable to the principal amount of the relevant Eurodollar-based Advance which is to bear interest at such Eurodollar-based Rate and for a period equal to the relevant Eurodollar-Interest Period. Notwithstanding the foregoing, in no event shall the LIBOR Rate be less than the Applicable Floor.

"PCAOB" means the Public Company Accounting Oversight Board.

"Registration Statement" shall mean the Form S-1 Registration Statement to be filed by the Parent with the SEC in connection with the initial registered public offering of the common stock of Parent.

"Sarbanes-Oxley" means the Sarbanes-Oxley Act of 2002.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Securities Laws" means the Securities Act of 1933, the Securities Exchange Act of 1934, Sarbanes-Oxley, and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the PCAOB.

2. The following is added as new Section 1.2 to the Credit Agreement:

"1.2 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document or unless the context requires otherwise, (a) the definitions of terms herein shall apply equally to the singular and plural forms of the terms defined, (b) any pronoun shall include the corresponding masculine, feminine and neuter forms, (c) the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (d) the word "will" shall be construed to have the same meaning and effect as the word "shall", (e) any definition of or reference to any agreement, instrument or other

document (including Loan Documents) shall be construed as referring to such agreement, instrument or other document as amended, supplemented or otherwise modified from time to time (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (f) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignment set forth herein or in any other Loan Document), (g) the words "herein", "hereof", "hereto", "hereunder" and similar terms shall refer to this Agreement or any other Loan Document and not to any particular section or provision of this Agreement or such other Loan Document, (h) all references to "articles", "sections," "clauses," "exhibits" and "schedules" in this Agreement or any other Loan Document shall be to articles, sections, clauses, exhibits and schedules, respectively, of this Agreement or such other Loan Agreement, (i) any reference to any law or applicable law shall include any Requirement of Law, and any reference to any law or regulation shall refer to such law or regulation as amended, modified or supplemented from time to time, (j) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, and (k) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including"."

3. The following is added as new Section 1.3 to the Credit Agreement:

"1.3 Eurodollar-based Advances; LIBOR Notification. The interest rate on Eurodollar-based Advances is determined by reference to the LIBOR Rate, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In July 2017, the U.K. Financial Conduct Authority announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions to the ICE Benchmark Administration (together with any successor to the ICE Benchmark Administrator, the "IBA") for purposes of the IBA setting the London interbank offered rate. As a result, it is possible that commencing in 2022, the London interbank offered rate may no longer be available or may no longer be deemed an appropriate reference rate upon which to determine the interest rate on Eurodollar-based Advances. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of the London interbank offered rate. Upon the occurrence of a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Election, Sections 11.11(a) and 11.11(b) provide the mechanism for determining an alternative rate of interest. The Agent will promptly notify the Borrower, pursuant to Section 11.13(d), of any change to the reference rate upon which the interest rate on Eurodollar-based Advances is based. However, the Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "LIBOR Rate" or with respect to any alternative or successor rate thereto, or replacement rate thereof (including, without limitation, (i) any such alternative, successor or replacement rate implemented pursuant to Sections

11.13(a) or 11.13(b), whether upon the occurrence of a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Election, and (ii) the implementation of any Benchmark Replacement Conforming Changes pursuant to Section 11.13(c)), including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the LIBOR Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability,"

4. Subsidiaries 7.2(f-1), 7.2(f-2) and 7.2(f-3) are added to the Credit Agreement to read in their entirety as follows:

"(f-1) promptly upon receipt, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of Parent by its certified public accounting firm in connection with the accounts or books of Parent or any Subsidiary, or any audit of any of them, including, without limitation, specifying any Internal Control Event;

(f-2) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of Parent and copies of all annual, regular, periodic and special reports and registration statements which Parent may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934 or with any national securities exchange;

(f-3) promptly, and in any event within five (5) Business Days after receipt thereof by any Credit Party or any Subsidiary thereof, copies of each notice or other correspondence received from any Governmental Authority (including, without limitation, the SEC (or comparable agency in any applicable non-U.S. jurisdiction)) concerning any proceeding with, or investigation or possible investigation or other inquiry by such Governmental Authority regarding financial or other operational results of any Credit Party or any Subsidiary thereof or any other matter which, if adversely determined, could reasonably expected to have a Material Adverse Effect;"

5. Section 11.13 is added to the Credit Agreement to read in its entirety as follows:

"**11.13** Effect of Benchmark Transition Event.

(a) Notwithstanding anything to the contrary herein or in any other Loan Document (and any Hedging Agreement shall be deemed not to be a "Loan Document" for purposes of this Section 11.13) if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark (and each reference thereto) for all

purposes hereunder and under any Loan Document and in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark (and each reference thereto) for all purposes hereunder and under any Loan Document and in respect of any Benchmark setting at or after 5:00 p.m. (Detroit, Michigan time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Majority Lenders.

(b) Notwithstanding anything to the contrary herein or in any other Loan Document and subject to the proviso below in this clause (b), if a Term SOFR Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then the applicable Benchmark Replacement will replace such Benchmark (and each reference thereto) for all purposes hereunder or under any Loan Document and in respect of such Benchmark setting and subsequent Benchmark settings, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document; provided that this clause (b) shall not be effective unless the Agent has delivered to the Lenders and the Borrower a Term SOFR Notice.

(c) In connection with the implementation of a Benchmark Replacement, the Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(d) The Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (e) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 11.13, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 11.13.

(e) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or the LIBOR Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(g) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, any Borrower may revoke any request for a conversion to or continuation of any Eurodollar-based Advance to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for, or conversion to, a Base Rate Advance. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Base Rate.

(h) As used in this Section 11.13:

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (e) of this Section 11.13.

"Benchmark" means, initially, the LIBOR Rate; provided that if a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to the LIBOR Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (a) or (b) of this Section 11.13.

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Agent for the applicable Benchmark Replacement Date:

(1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;

(2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;

(3) the sum of: (a) the alternate benchmark rate that has been selected by the Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion; provided further that, notwithstanding anything to the contrary in this Agreement or in any other Loan Document, upon the occurrence of a Term SOFR Transition Event, and the delivery of a Term SOFR Notice, on the applicable Benchmark Replacement Date, the "Benchmark Replacement" shall revert to and shall be deemed to be the sum of (x) Term SOFR and (y) the related Benchmark Replacement Adjustment, as set forth in clause (1) of this definition (subject to the immediately preceding proviso). Notwithstanding the foregoing, if the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Applicable Floor, the Benchmark Replacement will be deemed to be the Applicable Floor for the purposes of this Agreement and the other Loan Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then- current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(1) for purposes of clauses (1) and (2) of the definition of "Benchmark Replacement," the first alternative set forth in the order below that can be determined by the Agent:

(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may not be less than zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor; provided, that if such Benchmark Replacement is set on a daily/overnight basis, then such spread adjustment or method for calculating or determining such spread adjustment shall be based upon a period that is approximately the same length (disregarding any business day adjustments) as the payment period for interest calculated with reference to such Benchmark Replacement, but in no event in excess of three months;

(b) the spread adjustment (which may not be less than zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; provided, that if such Benchmark Replacement is set on a daily/overnight basis, then such spread adjustment or method for calculating or determining such spread adjustment shall be based upon a period that is approximately the same length (disregarding any business day adjustments) as the payment period for interest calculated with reference to such Benchmark Replacement, but in no event in excess of three months; and

(2) for purposes of clause (3) of the definition of "Benchmark Replacement," the spread adjustment, or method for calculating or determining such spread adjustment, (which may not be less than zero) that has been selected by the Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar- denominated syndicated credit facilities;

provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Agent in its reasonable discretion.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including, but not limited to, changes to the definition of "Applicable Reference Date", the definition of "Base Rate", the definition of "Business Day," the definition of "Eurodollar-based Advance", the definition of "Eurodollar-based Rate", the definition of "Eurodollar-based Interest Period," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein;

(3) in the case of a Term SOFR Transition Event, the date that is thirty (30) days after the date a Term SOFR Notice is provided to the Lenders and the Borrower; or

(4) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Agent has not received, by 5:00 p.m. (Detroit, Michigan time) on the fifth (5th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Majority Lenders.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with this Section 11.13 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with this Section 11.13.

"Corresponding Tenor" means, with respect to any Available Tenor, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for syndicated business loans; provided, that if the Agent decides that any such convention is not administratively feasible for the Agent, then the Agent may establish another convention in its reasonable discretion.

"Early Opt-in Election" means, if the then-current Benchmark is the LIBOR Rate, the occurrence of:

(1) a notification by the Agent to (or the request by the Borrower to the Agent to notify) each of the other parties hereto that at least five currently outstanding U.S. dollar-denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review, and

(2) the joint election by the Agent and the Borrower to trigger a fallback from the LIBOR Rate and the provision by the Agent of written notice of such election to the Lenders.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

"Reference Time" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is the LIBOR Rate, at or about 11:00 a.m. (London, England time) (or soon thereafter as practical) on the Applicable Reference Date, and (2) if such Benchmark is not the LIBOR Rate, the time determined by the Agent in its reasonable discretion.

"Relevant Governmental Body" means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or, in each case, any successor thereto.

"SOFR" means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website at approximately 8:00 a.m. (New York City time) on the immediately succeeding Business Day.

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"Term SOFR" means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Term SOFR Notice" means a notification by the Agent to the Lenders and the Borrower of the occurrence of a Term SOFR Transition Event.

"Term SOFR Transition Event" means the determination by the Agent that (a) either (i) Term SOFR has been selected or recommended for use by the Relevant Governmental Body or (ii) at least five currently outstanding U.S. dollar-denominated syndicated credit facilities utilize a term SOFR-based rate as an available benchmark rate, (b) the administration of Term SOFR is feasible for the Agent, and (c) a Benchmark Transition Event or an Early Opt-in Election, as applicable, has previously occurred resulting in a Benchmark Replacement in accordance with Section 11.11 that is not Term SOFR.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

6. Section 13.10(e) of the Credit Agreement is amended and restated in its entirety as follows:

"(e) Notwithstanding anything to the contrary herein (i) the Agent may, with the consent of the Borrower only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency, and (ii) the Agent may make Benchmark Replacement Conforming Changes in accordance with Section 11.13."

7. Under Section 8.13 of the Credit Agreement, Borrower cannot make, permit or consent to any amendment to its constitutional documents without the consent of the Majority Lenders. Borrower has requested that the Agent and the Lenders consent to the IPO and waive any Event of Default which would arise under the Credit Agreement as a result of the IPO. Based on the Agent's receipt of the approval of the Majority Lenders and subject to the terms of this letter, the Lender's consent to the IPO and waive any Event of Default under the Credit Agreement resulting from the IPO, including without limitation any Event of Default which would arise under the provisions of Section 8.13) provided that this consent is conditioned upon the IPO being consummated on or before February 15, 2021 in accordance with the terms described by the Parent and Borrower to the Agent and Lenders.

8. This Third Amendment shall become effective (according to the terms hereof) on the date (the "Third Amendment Effective Date") that the following conditions have been fully satisfied by Borrower:

(a) Agent shall have received counterpart originals of this Third Amendment, in each case duly executed and delivered by Borrower, Agent and the Lenders;

(b) Agent shall have received a Joinder to Guaranty and a Joinder to Security Agreement, duly executed and delivered by Borrower;

(c) Agent shall have received all corporate organization documents and resolutions authorizing all in form satisfactory to Agent, authorizing Montauk Renewables, Inc. to execute and deliver the Joinder to Guaranty and Joinder to Security Agreement; and

(d) Borrower shall have paid to Agent all fees, costs and expenses, if any, owed to Agent and the Lenders, in each case, as and to the extent required to be paid in accordance with the Loan Documents.

9. Borrower hereby certifies to Agent and the Lenders as of the Third Amendment Effective Date that, after giving effect to the amendments and consent herein, (a) execution and delivery by Borrower of this Third Amendment and the other Loan Documents required to be delivered hereunder, and the performance by Borrower of its obligations under the Credit Agreement as amended hereby (herein, as so amended, the "Amended Credit Agreement") are within Borrower's powers, have been duly authorized, are not in contravention of law or the terms of its articles of organization or operating agreement or other organizational documents, as applicable, and except as have been previously obtained do not require the consent or approval, material to the amendments contemplated in this Third Amendment, of any governmental body, agency or authority, and the Amended Credit Agreement and the other Loan Documents required to be delivered by Borrower hereunder will constitute the valid and binding obligations of Borrower enforceable in accordance with their terms, except as enforcement thereof may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, ERISA or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether enforcement is sought in a proceeding in equity or at law), (b) the representations and warranties set forth in Section 6 of the Amended Credit Agreement are true and correct in all material respects (except representations and warranties already qualified as to materiality as to which this qualifier shall not apply) on and as of the Third Amendment Effective Date (except to the extent such representations specifically relate to an earlier date), and (c) on and as of the Third Amendment Effective Date, immediately after giving effect to this Third Amendment, no Default or Event of Default shall have occurred and be continuing.

10. On and after the Third Amendment Effective Date, each reference to the Credit Agreement in the Credit Agreement or any other document shall mean the Credit Agreement as amended by this Third Amendment. Except as specifically set forth above, this Third Amendment shall not be deemed to amend or alter in any respect the terms and conditions of the Credit Agreement (including without limitation all conditions and requirements for Advances and any financial covenants), any of the Notes issued thereunder or any of the other Loan Documents. Nor shall this Third Amendment constitute a waiver or release by Agent or the Lenders of any right, remedy, Default or Event of Default under or a consent to any transaction not meeting the terms and conditions of the Credit Agreement, any of the Notes issued thereunder or any of the other Loan Documents, except those consents set forth herein. Furthermore, this Third Amendment shall not affect in any manner whatsoever any rights or remedies of the Lenders with respect to any other non-compliance by Borrower or any Guarantor with the Credit Agreement or the other Loan Documents, whether in the nature of a Default or Event of Default, and whether now in existence or subsequently arising, and shall not apply to any other transaction. Borrower hereby confirms that each of the Collateral Documents continues in full force and effect and secure, among other things, all of its Indebtedness owing to Agent and the Lenders under the Credit Agreement and the other Loan Documents (where applicable, as amended herein).

11. Borrower hereby acknowledges and agrees that this Third Amendment and the amendments contained herein do not constitute any course of dealing or other basis for altering any obligation of Borrower, any Guarantor or any other Credit Party or any right, privilege or remedy of the Lenders under the Credit Agreement or any other Loan Document.

12. Except as specifically defined to the contrary herein, capitalized terms used in this Third Amendment shall have the meanings set forth in the Credit Agreement.

13. This Third Amendment may be executed in counterpart in accordance with Section 13.9 of the Credit Agreement.

14. This Third Amendment shall be construed in accordance with and governed by the laws of the State of Michigan.

**(Remainder of page intentionally left blank.)**

**IN WITNESS WHEREOF,** Borrower, the Lenders and Agent have each caused this Third Amendment to be executed by their respective duly authorized officers or agents, as applicable, all as of the date first set forth above.

**COMERICA BANK**,
as Administrative Agent

By: /s/ Tony G. Rice
Tony G. Rice
Its: Vice President

**COMERICA BANK**,
as a Lender, as Issuing Lender
and as Swing Line Lender

By: /s/ Tony G. Rice
Tony G. Rice
Its: Vice President

**MONTAUK ENERGY HOLDINGS, LLC**

By: /s/ Sean McClain
Sean McClain
Its: Chief Financial Officer

**M&T BANK**, as a Lender

By: /s/ Mike Prendergast
Its: Vice President

**KEYBANK NATIONAL ASSOCIATION**, as a Lender

By: /s/ Les Scales
Its: Vice President

**TCF NATIONAL BANK,** as a Lender

By: /s/ Robert Rosati
Its: Senior Vice President

**WEBSTER BANK, NATIONAL ASSOCIATION**, as a Lender

By: /s/ David J. Riordan
Its: Managing Director

**MUFG UNION BANK, N.A.**, as a Lender

By: /s/ Ben Gallagher
Its: Vice President

**ACKNOWLEDGMENT OF GUARANTORS**

Each of the undersigned (collectively, the "Guarantors") hereby acknowledges that (a) such Guarantor executed that certain Amended and Restated Guaranty dated as of December 12, 2018 (as amended or otherwise modified from time to time, the "Guaranty"), pursuant to which such Guarantor guaranteed the obligations of the Borrower under the Credit Agreement and (b) Borrower, the Lenders and the Agent have executed the Third Amendment to the Credit Agreement dated as of date hereof (the "Amendment"). Each of the undersigned hereby ratifies and confirms its obligations under the Guaranty and the other Loan Documents to which it is a party and agrees that the Guaranty and such other Loan Documents remain in full force and effect after giving effect to the effectiveness of the Amendment. Capitalized terms not otherwise defined herein will have the meanings given in the Credit Agreement. This acknowledgment shall be governed by and construed in accordance with the laws of, and be enforceable in, the State of Michigan.

Dated as of January 4, 2021

[Remainder of Page Intentionally Left Blank]

**MONTAUK HOLDINGS USA, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**MONTAUK ENERGY CAPITAL, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**MEDC, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**MH ENERGY, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**MH ENERGY (GP), LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**TX LFG ENERGY, LP**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**MONROEVILLE LFG, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**VALLEY LFG, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**GSF ENERGY, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**MONMOUTH ENERGY, INC.**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**TULSA LFG, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**JOHNSTOWN LFG HOLDINGS INC.**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**JOHNSTOWN REGIONAL ENERGY, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**APEX LFG ENERGY, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**BOWERMAN POWER LFG, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**GALVESTON LFG, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**MONTAUK RENEWABLE AG, LLC**

By: /s/ Sean McClain
Sean McClain
Its: President and Chief Executive Officer

**CERTAIN INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. THE OMITTED PORTIONS OF THIS DOCUMENT ARE INDICATED BY [***].**

**CONFIDENTIAL**

# AMENDED AND RESTATED
# GAS SALE AND PURCHASE AGREEMENT

**between**

**MCCARTY ROAD LANDFILL TX, LP ("Republic")**

**and**

**GSF ENERGY, L.L.C. ("Developer")**

**AMENDED AND RESTATED**
**GAS SALE AND PURCHASE AGREEMENT**
**(*McCarty Road Landfill, Houston, Texas*)**

**THIS AMENDED AND RESTATED GAS SALE AND PURCHASE AGREEMENT** (this "Agreement"), is entered into between McCarty Road Landfill TX, LP, a Delaware limited partnership ("Republic"), and GSF Energy, L.L.C., a Delaware limited liability company ("Developer"), effective as of January 1, 2016 ("Effective Date").

**RECITALS**

A. Republic owns and operates landfill gas collection and management systems at the Landfill (as defined herein) from which Republic collects and manages Landfill Gas (as defined herein).

B. Republic and Developer previously entered into a Landfill Gas Rights Agreement dated February 1, 1999 (the "Existing LFG Agreement") relating to Landfill Gas collected from what has been known as "Area A" of the Landfill, as depicted on Exhibit A ("Area A"), and Developer owns and operates one or more collection systems at the Landfill from which Landfill Gas is collected for its use ("Area A Gas Collection System"). Republic desires to acquire title to the Area A Gas Collection System to consolidate with its own Landfill Gas collection system(s).

C. [***].

D. Republic has expanded its landfill operations into what has been known as Area D (as defined herein) of the Landfill.

E. [***].

F. Developer desires to purchase from Republic all Landfill Gas collected from the Landfill [***] (subject to certain rights and limitations relating to measurable amounts of "Excess Landfill Gas") for the purpose of securing a long-term supply of fuel for processing and production of Biomethane (as defined herein), utilizing the Developer Facility (as defined herein).

G. Upon execution of this Agreement, the Existing LFG Agreement will be terminated and replaced by this Agreement.

H. Concurrent with the execution of this Agreement, (i) Developer and Republic will enter into the Site Lease (as defined herein), which will replace any existing site lease agreement or easement agreement entered into with Developer at the Landfill prior to the date hereof, (ii) Developer and Republic will enter into the [***], which will replace and supersede that certain Agreement for Operation and Maintenance of Environmental Systems between Republic and Developer at the Landfill in effect since January 1, 2012, and (iii) Guarantor will enter into the Guaranty (as defined herein).

**TERMS AND CONDITIONS**

NOW, THEREFORE, for valuable consideration, the parties hereto agree as follows:

**ARTICLE 1.**
**Definitions**

The following words and terms shall have the meanings specified in this Article 1 when used in this Agreement, unless a different meaning is apparent from the context. The meanings specified are applicable to both the singular and the plural and to the masculine and feminine forms.

1.1 "Affiliate" means any Person that controls or is controlled by, or is under common control with, a party hereto, with the word "control" (and correspondingly, "controlled by" and "under control with"), as used with respect to any Person, meaning (1) ownership of fifty percent (50%) or more of all of the voting stock of any corporation, or fifty percent (50%) or more of all of the legal and equitable interest in any other business entity, or (2) the power to direct or cause the direction of the day-to-day management and policies of such Person.

1.2 "Annual Scheduled Shutdown" means that period of time that either party hereto shall be entitled to shut down their respective facilities completely during each calendar year of this Agreement for maintenance purposes for a one-time period not to exceed fourteen (14) consecutive days per contract year. If an Annual Scheduled Shutdown takes fewer days than the maximum number allowed, the unused days may not be used for any other shutdown periods.

1.3 "Applicable Laws" means any and all applicable federal, state, county and local laws, statutes, rules, regulations, licenses, ordinances, judgments, orders, decrees, directives, guidelines or policies (to the extent mandatory), permits and other governmental and regulatory approvals, including without limitation, any and all Environmental Laws and securities laws, or any similar form of decision or determination by, or any interpretation or administration of, any of the foregoing by any Government Entity with jurisdiction over Republic, the Collection System, Developer, the Developer Facility, the Site, the Landfill, or the performance of the work hereunder and the transactions contemplated hereunder.

1.4 "Area A" shall have the meaning set forth in Recital B of this Agreement.

1.5 "Area A Gas Collection System" shall have the meaning set forth in Recital B of this Agreement.

1.6 "Areas B and C" shall have the meaning set forth in Recital C of this Agreement.

1.7 "Area D" means the vertical expansion of that portion of the Landfill covering Areas A, B, and C as detailed in permit [***], issued September 3, 2008.

1.8 "Biomethane" means renewable natural gas meeting specifications of interstate pipelines which has been processed by Developer at the Developer Facility.

1.9 "Claims" means any and all costs, losses, expenses, suits, actions, proceedings, damages, penalties, fines, and liabilities, including, without limitation, reasonable attorneys' fees, expert witness fees, litigation expenses, and court and other costs, whether taxable or not.

1.10 "Collateral Assignee" means one or more lenders or the security agent of such lender(s) to whom either party may have assigned this Agreement as collateral or security for financing.

1.11 "Collection System" means the fixtures, equipment and assets of Republic, whether owned or leased by Republic, that are used as of the Effective Date or in the future by Republic to extract and collect Landfill Gas from the Landfill and including, without limitation, the wells, pipes, headers and gathering systems, flares, vacuum pipelines, blowers, condensate knockout vessels or systems, and all other fixtures, equipment and assets that are used for the purpose of collecting, producing, treating, or delivering or facilitating the collection, production, treatment, or delivery of Landfill Gas, as such exists as of the Effective Date (including the Area A Gas Collection System acquired from Developer pursuant to this Agreement) or as the same is modified, expanded and replaced; but excluding in all cases the Developer Facility or the Developer Facility Equipment.

1.12 "Commercial Operations Date" means the date on which Developer first accepts Landfill Gas into its Replacement Facility in accordance with the terms hereof, which shall occur on the day specified by Developer by at least ten (10) days advance written notice.

1.13 "Condensate" means any liquids that condense or otherwise separate from the Landfill Gas during collection, transporting or processing by the Collection System or the Developer Facility.

1.14 "Confidential Information" means all data, information, reports or documents developed or collected by one party and provided or made available to the other party or its agents (i) in connection with the Landfill, the Collection System, and/or Republic's operations, or the Developer Facility and/or Developer's operations, or (ii) as a result of any of the rights granted to, or obligations undertaken by, either party pursuant to this Agreement, whether or not designated as confidential, but shall not include information to the extent such information (a) is in the public domain at the time of disclosure through no improper act or omission on the part of the receiving party, or (b) following disclosure, becomes generally known or available through no improper act or omission on the part of the receiving party, or (c) is known, or becomes known, to the receiving party from a source other than the disclosing party or its representatives, provided that disclosure by such source is not known (or should not have been known) by the receiving party to be in breach of a confidentiality agreement with the disclosing party, or (d) is independently developed by the receiving party or its directors, officers, employees, agents, legal counsel or consultants without reference to the originating party's Confidential Information.

1.15 "Constituent Products" means any and all components or products, other than Landfill Gas, Biomethane and Environmental Attributes, recovered or generated in association with Landfill Gas or the processing of Landfill Gas.

1.16 "Cost Index" means the annual adjustment in proportion to changes in the Consumer Price Index for Houston-Galveston-Brazoria (All Urban Consumers—All Items) promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor. The adjustment shall be effective on January 1st of each calendar year following 1st anniversary of the Effective Date. In the event that the Consumer Price Index is not issued or published, or in the event that the Bureau of Labor Statistics of the U.S. Department of Labor should cease to publish said index figures, then any similar index published by any other branch or department of the U.S. Government shall be used and if none is so published, then another index generally recognized and authoritative shall be substituted by mutual agreement between Republic and Developer.

1.17 "Delivery Point" means the designated interconnection point (i.e., flange) currently in place (or a new interconnection point installed by Developer, at its sole cost and expense, at a mutually agreeable location, to replace the current interconnection point), with respect to the Developer Facility where Republic makes available Landfill Gas to Developer. If for any reason a second interconnection point is approved by Republic, the term "Delivery Point" shall mean each Delivery Point individually or collectively, unless the context of the reference specifically relates to a single Delivery Point.

1.18 "Design Capacity" means the design or nameplate Landfill Gas intake processing capacity of the Developer Facility as it may be increased from time to time as contemplated in this Agreement. As of the date hereof, the Design Capacity of the Existing Facility is approximately 5,555 standard cubic feet per minute (scfm) (the "Existing Design Capacity").

1.19 "Developer Condensate" has the meaning set forth in Section 5.6.

1.20 "Developer Facility" means the Existing Facility if only the Existing Facility is in operation, or the Replacement Facility, if only the Replacement Facility is in operation, or both the Existing Facility and the Replacement Facility if both are in operation at the same time.

1.21 "Developer Facility Equipment" means all equipment including, but not limited to, all furniture, fixtures, equipment used in connection with the Developer Facility, computer hardware and software and databases related to the operations of the Developer Facility, vehicles used primarily in connection with the Developer Facility, operating instructions and manuals, books and records related to the operation of the Developer Facility, and all governmental permits, approvals and authorizations related to the Site, the Developer Facility Equipment and/or the Developer Facility.

1.22 "Dispute" means any legal action arising under or in connection with this Agreement or any other instrument, document or agreement executed or delivered in connection with this Agreement, or in any way connected with or related or incidental to the dealings of the parties with respect to this Agreement or such other instrument, document or agreement or the transactions contemplated herein.

1.23 "Effective Date" means the date designated in the preamble of this Agreement.

1.24 "Environmental Attributes" means all monetized, tradable benefits related to either direct reduction or avoidance of proscribed air, soil, or water emissions, chemicals or other substances that can be sold in mandatory or voluntary markets including any and all fuel, emissions, air quality, renewable or other environmental characteristics, credits, benefits, reductions, offsets, and allowances, including those resulting from the processing or use of Biomethane and/or the generation, sale or use of natural gas generated from Biomethane.

1.25 "Environmental Laws" means any and all applicable federal, state, county, municipal and local laws, statutes, rules, regulations, ordinances, codes, restrictions, permitting requirements, licensing requirements, consent decrees, decrees, judgments, permits, licenses, covenants, deed restrictions, and any other governmental requirements or obligations of any kind or nature relating to (i) environmental pollution, contamination or other impairment of any kind or nature, (ii) regulation or protection of health, safety, natural resources, or the environment, or (iii) any hazardous waste or other toxic substances of any nature, whether liquid, solid and/or gaseous, including, without limitation, smoke, vapor, fumes, soot, radiation, acids, alkalis, chemicals, wastes, by-products and recycled materials, as now existing or hereafter in effect. These Environmental Laws shall including, without limitation, the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substances Control Act, the Federal Resource Conservation and Recovery Act of 1976, the Federal Comprehensive Environmental Responsibility Cleanup and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, as amended by the Solid and Hazardous Waste Amendments of 1984, the Occupational Safety and Health Act, the Hazardous Materials Transportation Act, the Oil Pollution Act of 1990, all as amended from time to time, regulations of the Environmental Protection Agency, regulations of the Nuclear Regulatory Commission, regulations of any state department of natural resources or state environmental protection agency, now or at any time hereafter in effect and all applicable local ordinances, rules, regulations and permitting or licensing requirements.

1.26 "Event of Default" means an occurrence of any of the events as set forth in Section 7.1 of this Agreement.

1.27 "Excess Increment" shall have the meaning set forth in Section 2.7 of this Agreement.

1.28 "Excess Landfill Gas" means the quantity of Processable Landfill Gas made available by Republic to Developer at the Delivery Point that exceeds the Design Capacity of Developer Facility as of that date.

1.29 "Excess Option Period" shall have the meaning set forth in Section 2.7 of this Agreement.

1.30 "Existing Facility" means the equipment, facilities and associated structures currently installed as of the Effective Date by Developer at the Site and the pipeline and related equipment currently installed at the Site and any easements granted to Developer by Republic (but not including the Collection System) for the purpose of processing Landfill Gas into Biomethane and delivery of such Biomethane to an Off-Take Purchaser.

1.31 "Existing LFG Agreement" shall have the meaning set forth in Recital B of this Agreement.

1.32 "Flare Turndown Requirements" means the minimum continuous volume of Landfill Gas necessary to operate Republic's flare(s) at the Landfill in compliance with Applicable Laws and good engineering practices.

1.33 "Force Majeure" means any cause not reasonably within the control of and without the fault or negligence of the party claiming suspension of the performance of its duties hereunder and that by the exercise of reasonable diligence such party is unable to prevent or overcome, including, without limitation, acts of God, acts of war or conditions attributable to war, labor disputes, sudden actions of the elements, sabotage by third parties, civil commotion, weather events, explosions, enactment of statutes, laws, or regulations, action by federal, state, municipal or regulatory courts, mechanical failure, unavailability or delays in delivery of product, labor, fuel, electricity, services or materials, delay of federal, state, municipal or other regulatory bodies in the issuance of necessary permits, and actions of legislative bodies, but not including, under any circumstances, financial inability to perform. For the purposes of this Agreement, the requirement that "Force Majeure" be a cause not within the control of the affected party that by the exercise of reasonable diligence such party is unable to prevent or overcome shall apply to all of the above examples, but shall not require the settlement of strikes and lockouts by acceding to the demands of third parties directly or indirectly involved in such strikes or lockouts when such course is deemed inadvisable in the sole discretion of the party subject to such strikes or lockouts.

1.34 "Government Entity" means any court or tribunal in any jurisdiction or any federal, state, municipal, or other governmental body, agency, authority, department, commission, board, bureau or instrumentality.

1.35 "Guarantor" means Montauk Energy Capital, LLC, a Delaware limited liability company, an Affiliate of Developer.

1.36 "Guaranty" means the form of guaranty pursuant to which the Guarantor shall guaranty the payment and performance obligations of Developer under this Agreement and the Site Lease, substantially identical in form and content to the Guaranty of Gas Sale and Purchase Agreement attached hereto as Exhibit C.

1.37 "Landfill" means the real property commonly known as the McCarty Road Landfill located at 5757A Oates Road, Houston, Texas, which is more particularly described on Exhibit A attached hereto, as now constituted and including any contiguous expansions of the Landfill that receive all final and non-appealable licenses, permits and approvals from all Governmental Entities following the Effective Date during the Term (an "Approved Expansion"). Notwithstanding anything to the contrary set forth in this Agreement, the landfill gas generated from any non- contiguous (e.g., divided by a public roadway, railway, water body) expansion of the Landfill is not an Approved Expansion and is not subject to the terms of this Agreement.

1.38 "Landfill Gas" means methane gas generated from the decomposition of refuse and other solid wastes deposited in, or located on, the Landfill.

1.39 "Minimum Payment" shall have the meaning set forth in Section 2.2(b) of this Agreement.

1.40 "MMbtu" means one million British Thermal Units.

1.41 "Monthly Statement" means a written statement provided by Developer to Republic prior to the thirtieth (30th) day of each calendar month setting forth the following with respect to the previous month: (i) the number of scfm of Processable Landfill Gas delivered to the Delivery Point; (ii) average number of scfm of Excess Gas delivered to the Delivery Point (iii) the calculation of the Royalty Payment, including any true-ups per Section 2.2(e); (iv) any credits and/or benefits realized under Section 2.4(a) and (c) of this Agreement; (v) the balance of all Environmental Attributes expressed in a number of units; and (vi) any other information reasonably requested by Republic.

1.42 "Nonmonetary Default" means a curable failure beyond the reasonable control of the defaulting party, of a nature that cannot reasonably be cured within a sixty (60) day period, but is curable, and cannot be cured by the payment of money.

1.43 "Notice of Default" means written notice to the defaulting party specifying an Event of Default pursuant to Section 7.1(c) of this Agreement.

1.44 "Off-Take Price" means an amount expressed as dollars per MMbtu determined as follows: (a) Off-Take Revenue, divided by (b) the number of MMbtus of Biomethane sold and/or delivered from the Developer Facility to an Off-Take Purchaser in such calendar month.

1.45 "Off-Take Purchaser" means one or more purchasers of Biomethane, Environmental Attributes and/or Constituent Products generated from the Developer Facility.

1.46 "Off-Take Revenue" means an amount expressed as dollars determined as follows: the amount paid or owed, or other consideration received or owed, to Developer during a calendar month with respect to sales of Biomethane, Environmental Attributes and/or Constituent Products generated from the Developer Facility to an Off-Take Purchaser in such calendar month [***]. In no way limiting the foregoing, their [***] incurred by Developer in excess of costs associated with actual volumes of Biomethane transported [***].

1.47 [***].

1.48 "Over-Haul Shutdown" means that period of time that either party hereto shall be entitled to shut down their respective facilities completely for maintenance purposes one time every two (2) calendar years for a period not to exceed ten (10) days. If an Over-Haul Shutdown takes fewer days than the maximum number allowed, the unused days may not be used for any other shutdown periods. An Over-Haul Shutdown period may immediately precede or follow an Annual Scheduled Shutdown; provided, however that such Over-Haul Shutdowns do not include major modifications or major refurbishments of the Developer Facility.

1.49 "Person" means any natural person or any association, firm, partnership, joint venture, corporation, limited liability company, or other legally recognized entity, whether for profit or not for profit.

1.50 "Processable Landfill Gas" means Landfill Gas with a [***].

1.51 "Recipients" means consultants, agents, representatives, actual or potential financiers, or employees of the receiving party who (i) shall be obligated to keep Confidential Information confidential, and (ii) need access to such Confidential Information to assist the receiving party in the exercise of its rights and the performance of its obligations under this Agreement.

1.52 "Renewable Energy Credits/Certificates" means credits or certificates issued for the economic value of any benefit resulting from the production of Biomethane from a renewable fuel source under state or federal law, as the same may be amended from time to time.

1.53 "Replacement Facility" means the equipment, facilities and associated structures that may be constructed and installed after the date of this Agreement by Developer at the Site and the pipeline and related equipment installed at the Site and any easements granted to Developer by Republic (but not including the Collection System) for the purpose of processing Landfill Gas into Biomethane and delivery of such Biomethane to an Off-Take Purchaser. The Replacement Facility may replace or supplement the Existing Facility. In any event, the Design Capacity of the individual Replacement Facility or the combined Facilities may not be less than the Design Capacity of the Existing Facility as of the date hereof.

1.54 "Royalty Payment" shall have the meaning set forth in Section 2.2(a).

1.55 "Sales Point" means the designated interconnection point where Biomethane produced by Developer enters into the natural gas pipeline, or any other point where Developer is required to make available for sale Biomethane, Environmental Attributes and/or any Constituent Product.

1.56 "Site" has the meaning given that term in the Site Lease.

1.57 "Site Lease" means the Site Lease Agreement dated as of the Effective Date, substantially identical in form and content to the Site Lease Agreement attached hereto as Exhibit D, pursuant to which Developer, as Lessee, leases from Republic, as Lessor, the Site located at the Landfill and obtains easement rights to the portion of the surface acreage on which the Developer Facility is located.

1.58 "Tax or Taxes" means all taxes, fees or other assessments, including, but not limited to, income, excise, property, sales, franchise, intangible, withholding, social security and unemployment taxes imposed by any federal, state, local or foreign governmental agency, and any interest or penalties related thereto.

1.59 "Term" shall have the meaning set forth in Section 3.1.

**ARTICLE 2.**
**Purchase and Sale**

2.1 Termination of Existing LFG Agreement; Purchase, Sale and Use of Landfill Gas. Upon execution of this Agreement, the Existing LFG Agreement shall terminate; provided that such termination shall not affect the parties rights, duties or obligations relating to the performance of the terms and conditions of that Agreement through the date of termination, or any rights, duties, or obligations intended to survive the termination of that Agreement (except to the extent modified by this Agreement). Subject to the terms, conditions and limitations contained in this Agreement, and for the consideration described in this Agreement, Republic hereby grants to Developer the right to purchase Landfill Gas for the purposes of processing, producing, and selling Biomethane, Environmental Attributes and/or Constituent Products derived from Landfill Gas from and after the Effective Date. Developer hereby agrees to receive from Republic, and Republic agrees to provide to Developer, Landfill Gas collected by the Collection System from and after the Effective Date, which will be made available to Developer at the Delivery Point; provided that during the Annual Scheduled Shutdown per calendar year and the Over-Haul Shutdown, Developer shall have no obligation to receive, and Republic shall have no obligation to deliver, any Landfill Gas to Developer.

2.2 Royalties/Minimum Payments/Capital Cost Recovery.

(a) Royalty Payment. In consideration for Developer's rights relating to Landfill Gas hereunder, Developer shall pay to Republic an amount equal to the greater of (i) the Royalty Payment or (ii) the Minimum Payment each month. The Royalty Payment shall be calculated as follows:

[***]

(b) Minimum Payment.

(i) [***], Developer shall pay Republic on a monthly basis an amount equal to the greater of $[***] (the "Minimum Payment") or the calculated Royalty Payment for the applicable month. The Minimum Payment shall be adjusted [***]. The Minimum Payment will be subject to a pro-rata adjustment for any partial month. In addition, no Minimum Payment will be due to Republic for the portion of a month during which an event of Force Majeure exists.

(ii) [***], if Seller is delivering Processable Landfill Gas in an amount equal to [***] of the Existing Design Capacity during a particular month, the Minimum Payment amount shall be the greater of $[***] or the calculated Royalty Payment for the applicable month. The Minimum Payment shall be adjusted [***]. The Minimum Payment will be subject to a pro-rata adjustment for any partial month. In addition, no Minimum Payment will be due to Republic for the portion of a month during which an event of Force Majeure exists.

(c) Capital Cost Recovery. At any time during the term of this Agreement [***], to the extent Developer incurs any costs to install any additional processing equipment reasonably required to ensure that the Landfill Gas delivered by Republic can be processed by the Developer Facility, such costs shall be offset against [***] of any Royalty Payments otherwise due Republic until [***] of any such costs are recovered by Developer as evidenced by proper documentation submitted to Republic; provided that any additional processing equipment shall be located inside of the boundaries of the Site and after the Delivery Point. Developer shall give Republic at least six (6) months advance written notice of its intent to install the additional processing equipment before doing so; provided that if Republic is able to cure any deficiencies and make available to Developer Processable Landfill Gas sufficient to meet [***] of Existing Design Capacity, Developer's right to recover its capital cost for the additional processing equipment pursuant to this paragraph shall be suspended. Nothing in this paragraph (c) shall be deemed to be a guaranty of the quality of Landfill Gas made available to Developer hereunder, and other than the termination provisions in Section 7.4, the ability to install the additional processing equipment and partially offset the cost of such processing equipment against future Royalty Payments as provided above shall be Developer's sole recourse for the unavailability of Processable Landfill Gas, and if for any reason there are not sufficient subsequent Royalty Payments to reimburse Developer for the cost of such equipment as provided above, Developer shall not be entitled to any other recourse from Republic.

(d) Monthly Statement. In the event of any dispute regarding the content of a Monthly Statement, the parties agree to provide any additional information reasonably requested and work in good faith to resolve such dispute. If, for any reason, all information required for payment and statement purposes for any calendar month is not available, Developer shall nevertheless pay Republic for Landfill Gas on the basis of estimated Off-Take Revenues. Developer shall, as soon thereafter as possible, submit a completed and final statement to Republic. Any overpayment by Developer pursuant to such estimated statement shall be credited (without interest) against Developer's payment obligations to Republic for subsequent periods, and any underpayment shall be paid by Developer within fifteen (15) days after Developer's delivery of the final statement, with interest per Section 2.3 below from the date that payment should have been calculated and made. Developer shall submit all necessary information and documentation to substantiate each Monthly Royalty payment when such payment is made to Republic.

(e) Royalty True-Up. [***]. The Royalty Payment for the associated month(s) will be recalculated by Developer and any net amounts due either party as a result of the recalculation will be shown as an adjustment to the current month's Royalty Payment on the applicable Monthly Statement until such time as all of the Deferred Items associated with that month have been sold. [***].

(f) Audit. Republic shall have the right, upon reasonable written notice to Developer, to inspect the records used in determining the Royalty Payment, including any Off- Take Revenues, for the purpose of verifying the accuracy of the Royalty Payments to Republic. Any such records shall be kept confidential to the extent permitted by law. Such inspections shall be conducted during normal business hours at Developer's place of business or Developer's Facility.

(g) Additional Information. To the extent reasonably practicable, Developer will provide Republic real-time Internet or dial-in access to data regarding the quantity and quality of the Landfill Gas received from Republic and processed at the Developer Facility.

2.3 Amounts Payable. Any amounts payable by Developer to Republic shall be paid in cash in full with the delivery of the Monthly Statement. Any amounts payable under this Agreement that are not timely paid as set forth in this Agreement shall bear interest calculated from the date when due until such amounts are paid at [***]. In no event shall the rate of interest charged hereunder exceed the maximum rate allowed by Applicable Law. In the event of any termination or expiration of this Agreement, any amounts owing and to be paid, or credits owing and to be provided, by Developer to Republic pursuant to this Agreement prior to such termination or expiration shall be paid and/or provided (prorated where appropriate) within thirty (30) days after such termination or expiration.

2.4 Credits/Benefits.

(a) Retained by Republic. Republic shall retain all rights to any tax, emission or other credits, certificates, or similar benefits, including, without limitation, any Environmental Attributes and/or Constituent Products, with respect to any and all activities relating [***].

(b) Retained by Developer. Developer shall retain all rights to any tax, emission, or other credits, certificates, or similar benefits, including, without limitation, any Environmental Attributes and/or Constituent Products, related to [***].

(c) Jointly Retained. To the extent any credits, certificates or similar benefits [***], and the allocation of the benefit therefrom cannot be readily determined pursuant to the provisions of Sections 2.4(a) and (b) above, the benefit of such credits, certificates or similar benefits shall be shared equally by Republic and Developer, unless otherwise mutually agreed by Republic and Developer. Notwithstanding the forgoing, neither party shall claim credits or certificates under this Section 2.4(c) if obtaining such credits would require the other party to lose or reduce any of the credits or certificates referenced in Sections 2.4(a) or (b) above or require the party not receiving such credits or certificates to purchase, trade, or otherwise acquire credits or certificates related to the operation of the Landfill or of the Developer Facility to comply with any mandatory scheme or system under which such credits or certificates could be obtained.

2.5 Landfill Gas Only. This Agreement and all rights granted to Developer hereunder apply exclusively to the purchase by Developer of Landfill Gas, the processing of Landfill Gas by Developer, and the production and/or sale of Biomethane, Environmental Attributes and/or Constituent Products by Developer. Except to the extent contemplated by the [***], if one is in place, Developer shall not be entitled to engage in any other activity on or with respect to the Landfill, and Developer shall have no right or interest in or relating to any other activities at the Landfill in which Republic may be involved, including, without limitation, any mineral, oil, or natural gas rights of Republic.

2.6 Priority of Landfill Operations. Notwithstanding anything herein to the contrary, Developer understands and agrees that Republic's primary interest and obligation is the safe and efficient operation of the Landfill, the Collection System, and other landfill gas collection systems at the Landfill, [***], and that any interest of Developer in Landfill Gas shall remain secondary to the operation, management, permits, and/or compliance of or relating to the Landfill and its landfill gas collection systems, including, without limitation, the Collection System. For purposes of this Section 2.6 relating to the priority of Landfill operations, the operation of the Landfill shall be deemed to include, without limitation, the operations of any Affiliate of Republic or third party (or any affiliated or successor entity engaged in similar or related activities) at the Landfill. In addition, [***]. Notwithstanding anything herein to the contrary, Developer, and Developer's rights and interests under this Agreement, shall not interfere with Republic's compliance with any permits, authorizations, licenses, ordinances or regulations related to the Landfill, the Collection System, and other landfill gas collection systems at the Landfill, or with the lawful and safe operation of the Landfill, the Collection System, and/or other landfill gas collection systems at the Landfill, [***]. Republic shall be free at all times during the term hereof to take any action Republic deems necessary or desirable, in Republic's sole judgment, in connection with the Landfill, including, without limitation, any action required to comply with any Applicable Law, or to respond to community concerns, without regard to the effect of such action on the quantity or quality of Landfill Gas extracted from the Landfill. Republic may operate its blowers and flares independent of Developer, if Republic deems it necessary. Subject (i) to the priority of Republic's operations as set forth in this Agreement, including, without limitation, compliance with permit provisions, environmental regulations and requirements, and other Applicable Laws, and (ii) [***]. Notwithstanding anything to the contrary set forth in this Agreement, (i) in the event of any action or event that (a) in the reasonable judgment of Republic [***], or (b) in the reasonable judgment of Republic [***], or (ii) if the delivery of Landfill Gas to Developer pursuant to the terms of this Agreement may, in the reasonable judgment of Republic, [***], then Republic may, in addition to any other remedy it may have hereunder, cease delivery of Landfill Gas to Developer, as applicable, during the existence of any of the foregoing conditions, and the suspension of the delivery of Landfill Gas pursuant to the terms of this sentence shall not be a breach of this Agreement and shall not give rise to any liabilities or obligations to Republic hereunder or otherwise, including, but not limited to, consequential or special damages.

2.7 Excess Landfill Gas. If at any time during the Term, Republic makes available to Developer at the Delivery Point a minimum, monthly average of [***] of Excess Landfill Gas for [***] months (the "Excess Increment"), Republic will provide written notice to Developer as to the existence of such Excess Increment. The quantity of such Excess Increment will be confirmed by mutual agreement of the parties. Developer will then have eighteen (18) months from the date of such notice from Republic (the "Excess Option Period") in which to modify the Design Capacity of the Developer Facility to allow for utilization of each Excess Increment. At the conclusion of the Excess Option Period, providing that the Excess Increment has been maintained, if Developer has not increased its Design Capacity to utilize the Excess Increment, Republic may utilize the Excess Increment for any and all purposes, including, without limitation, making long-term commitments with respect to such Excess Increment, and Developer shall not have any priority with respect to such Excess Increment specified in such notice. However, for the avoidance of doubt, Developer will maintain priority rights to any future Excess Increment up to the Design Capacity of the Developer Facility. Notwithstanding the foregoing, Republic shall have the right to use for its own purposes [***] of Landfill Gas provided Developer continues to receive Processable Landfill Gas in an amount sufficient to operate Developer Facility at Design Capacity. For the avoidance of doubt, any Excess Increment shall be net [***] of Landfill Gas reserved for use by Republic.

2.8 Transition Fee. On January 15, 2016, Developer will pay Republic a one-time, lump sum, transition fee in the amount of [***], in cash or other readily available funds, to fund the transition [***].

**ARTICLE 3.**
**Term, Termination and Representations and Warranties**

3.1 Term of Agreement. The term of this Agreement shall commence on the Effective Date and, unless terminated in whole or part earlier as provided in this Agreement, shall continue and remain in full force for [***] from and after the Effective Date (the "Term"). If this Agreement has not been earlier terminated, Developer shall have the right to a [***] extension of the Term; provided that (i) notice of such extension is given no later than ninety (90) days prior to the end of the Term of the Agreement, and (ii) Developer is not at the time of the notice and any time through the beginning of the applicable extension period in default that has not otherwise been cured under the terms and conditions of this Agreement, the Site Lease, and any other contract or agreement between Republic and Developer.

3.2 Termination Rights; Removal of the Developer Facility. Republic shall have the right, upon sixty (60) days prior written notice, to terminate this Agreement in the event that Developer provides only the Minimum Payment for any [***] period or for [***] months (whether consecutive or not) during any consecutive [***] month period hereunder; provided, however, that Republic shall not have such termination right unless Republic has provided Developer with sufficient Processable Landfill Gas on a monthly basis to operate the Developer Facility at [***] of its Existing Design Capacity during such period. In the event of any termination or expiration of this Agreement for whatever reason, Developer shall remove the Developer Facility and the Developer Facility Equipment and restore the portion of the Landfill occupied by the Developer Facility to its condition prior to the construction of the Developer Facility and the Developer Facility Equipment within one hundred eighty (180) days after such termination or expiration. Following the removal of the Developer Facility and the Developer Facility Equipment, neither party shall have any further obligation hereunder; except for any liabilities or obligations accruing to a party prior to the termination or expiration of this Agreement and those obligations that expressly survive the termination or expiration of this Agreement.

3.3 Developer Representations. Developer hereby represents and warrants to Republic as of the Effective Date as follows:

(a) Existence. Developer is a limited liability company, duly organized, validly existing, and in good standing under the laws of the State of Delaware and is qualified to do business in the State of Texas. Developer has the power and lawful authority to enter into and perform its obligations under this Agreement and any other documents required by this Agreement to be delivered by Developer.

(b) Authorization. The execution, delivery, and performance by Developer of and under this Agreement and any related agreements have been duly authorized by all necessary corporate action on its behalf, and do not and will not violate any provision of its organizational documents or result in a material breach of or constitute a material default under any agreement, indenture, or instrument of which it is a party or by which it or its properties may be bound or affected.

(c) Litigation. Except as set forth on Schedule 3.3, there are no actions, suits, or proceedings pending or, to the best of Developer's knowledge, threatened against Developer or any of its properties before any court or governmental department, commission, board, bureau, agency, or instrumentality that, if determined adversely to it, would have a material adverse effect on the transactions contemplated by this Agreement.

(d) Execution. Developer has duly executed and delivered this Agreement, and (assuming due authorization, execution and delivery by Republic) this Agreement constitutes a legal, valid and binding obligation of Developer enforceable against Developer in accordance with its terms.

3.4 Republic Representations. Republic hereby represents and warrants to Developer as of the Effective Date as follows:

(a) Existence. Republic is a limited partnership, duly organized, validly existing, and in good standing under the laws of the State of Delaware and is qualified to do business in the State of Texas. Republic has the power and lawful authority to enter into and perform its obligations under this Agreement and any other documents required by this Agreement to be delivered by Republic.

(b) Authorization. The execution, delivery, and performance by Republic of and under this Agreement and any related agreements have been duly authorized by all necessary entity action on its behalf, and do not and will not violate any provision of its organizational documents or result in a material breach of or constitute a material default under any agreement, indenture, or instrument of which it is a party or by which it or its properties may be bound or affected.

(c) Litigation. There are no actions, suits, or proceedings pending or, to the best of Republic's knowledge, threatened against Republic or any of its properties before any court or governmental department, commission, board, bureau, agency, or instrumentality that, if determined adversely to Republic, would have a material adverse effect on the transactions contemplated by this Agreement.

(d) Execution. Republic has duly executed and delivered this Agreement, and (assuming due authorization, execution and delivery by Developer) this Agreement constitutes a legal, valid and binding obligation of Republic enforceable against Republic in accordance with its terms.

3.5 Representations and Warranties—General. Each party acknowledges that its representations and warranties as set forth above will be relied upon by the other in entering into and performing under this Agreement. The representations and warranties contained in this Article shall survive the termination of this Agreement. The person executing this Agreement on behalf of Republic or Developer represents and warrants that he or she is authorized to execute this Agreement on behalf of Republic or Developer in the capacity stated.

## ARTICLE 4.
## Delivery

4.1 Delivery Point. Landfill Gas extracted from the Landfill and made available to Developer pursuant to this Agreement shall be made available at the Delivery Point.

4.2 Title/Risk of Loss. Title to Landfill Gas extracted from the Landfill and made available to Developer pursuant to this Agreement shall pass to and be absolutely vested in Developer after passing through the Delivery Point and liability for and the risk of loss of such Landfill Gas shall follow title. Notwithstanding anything to the contrary set forth in this Agreement, any Landfill Gas not accepted or utilized by Developer or in excess of the Design Capacity may be utilized by Republic, including, without limitation, for commercial purposes. Failure of Developer to utilize any Processable Landfill Gas shall not excuse Developer's obligation to pay the Minimum Payment.

4.3 Deleterious Substances. The parties recognize that Landfill Gas may contain or be delivered with corrosive, deleterious, or otherwise harmful substances of all types. Republic shall have no obligation to pay costs for repair or replacement of the Developer Facility caused by such substances and Developer shall accept the risk of such substances.

4.4 NO GUARANTY OF QUALITY OR QUANTITY OF LANDFILL GAS. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT OR OTHERWISE TO THE CONTRARY, INCLUDING, WITHOUT LIMITATION, THE INCLUSION OF ANY REFERENCE TO PROCESSABLE LANDFILL GAS, NOTHING IN THIS AGREEMENT SHALL BE DEEMED TO BE A GUARANTY BY REPUBLIC OF THE QUALITY OR QUANTITY OF LANDFILL GAS TO BE MADE AVAILABLE TO DEVELOPER. DEVELOPER REPRESENTS AND WARRANTS THAT IT HAS PERFORMED ITS OWN DUE DILIGENCE RELATING TO THE LANDFILL AND THE RELATED PRODUCTION OF LANDFILL GAS NEEDED TO DETERMINE THE FEASIBILITY AND ECONOMIC VIABILITY OF DEVELOPER'S PROJECT, AND THAT IT IS SATISFIED WITH SUCH DUE DILIGENCE AND THE RESULTS THEREOF.

4.5 DISCLAIMER OF WARRANTIES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTY OR REPRESENTATION OF ANY KIND WHATSOEVER, EXPRESS, OR IMPLIED. ALL IMPLIED WARRANTIES INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY DISCLAIMED. DEVELOPER HEREBY WAIVES AND RELEASES ANY CLAIM IT MAY HAVE AGAINST REPUBLIC UNDER ANY THEORY OF LAW OR EQUITY BASED ON THE QUALITY, QUANTITY, CONTENT OR CHARACTERISTICS OF THE LANDFILL GAS SOLD AND PURCHASED HEREUNDER, INCLUDING WITHOUT LIMITATION, ANY CLAIMS BASED ON ANY VIOLATION OF ENVIRONMENTAL LAWS.

## ARTICLE 5.
## General Obligations, Warranties, and Covenants

5.1 Collection System.

(a) Transfer of Title to Area A Gas Collection System. Upon the execution of this Agreement, Developer shall transfer to Republic, free and clear of any liens, claims or encumbrances, title to all components of the Area A Gas Collection System for a sale price of [***], and represents and warrants (i) that, to Developer's knowledge, the Area A Gas Collection System is in good operating condition and working order, ordinary wear and tear excepted including any impact of Area D being placed above the Area A Gas Collection System, and (ii) that the Area A Gas Collection System represents all components of the landfill gas collection system(s) installed by Developer at the Landfill. Developer acknowledges that, subject to the obligations of Republic as set forth in this Agreement, and subject to the rights of Developer under the [***], if it is in effect, Republic shall, from and after the Effective Date, have the sole right and authority to operate and maintain the Collection System.

(b) Improvements to Collection System. Developer shall reimburse Republic up to an aggregate of [***] in documented capital improvements to the Collection System made by Republic during the first twelve (12) months of the Term consistent with the capital plan attached hereto as Exhibit B, which capital plan depicts Republic's separation of the Collection System into subdivided collection systems as depicted on Exhibit B-1. Developer shall reimburse Republic for eligible expenditures within forty-five (45) days after Republic submits to Developer adequate documentation to confirm completion of the applicable improvements and the expenditures made by Republic. Payments under this paragraph are separate and distinct from the payments referenced in paragraph (f) of this Section 5.1, and in Section 2.8.

(c) Installation of Delivery Point Metering. Upon execution of this Agreement, Developer will install thermal mass flow meter(s) as necessary to measure total flow available at the Delivery Point. The exact location of the meter(s) will be subject to the mutual agreement of Republic and Developer.

(d) Installation of Additional Flare Capacity. Developer agrees to design, permit and construct an additional candlestick flare on the Developer's side of the Delivery Point as soon as reasonably practical following the Effective Date, but in no event later than twenty- four (24) months after the execution of this Agreement. Installation of this additional flare is contingent only on Developer acquiring all applicable permits, which it will use reasonable best efforts to obtain. The exact design, location and size of this additional flare will be determined by the Developer, subject to the reasonable approval of Republic, based on expected flows and permitted limits; provided that Developer intends to install this additional flare immediately downstream of the blowers at the inlet of Developer's Facility.

(e) Maintenance of Collection System. Republic shall, [***]. In no way limiting Developer's obligations in this Agreement, if for any reason primarily related to Developer's activities on the Landfill, and not primarily related to Republic's activities, Republic is required to purchase any offsets, or additional equipment to comply with Applicable Laws, Developer shall be responsible for any such documented additional costs and expenses.

(f) Reimbursement for Capital Improvements. In addition to the payments referenced in Section 5.1(b), during the Term of this Agreement, Developer will reimburse Republic up to an aggregate of [***] in documented capital improvements to the Collection System incurred by Republic during each calendar year (prorated for any partial year). Developer shall reimburse Republic for eligible expenditures within forty-five (45) days after Republic submits to Developer adequate documentation to confirm completion of the applicable improvements and the expenditures made by Republic. To the extent that Republic desires to expand or modify the Collection System (beyond any regular or typical repair or maintenance activities), [***].

(g) Voluntary Improvements to the Collection System. [***]. In no way limiting the foregoing, Developer must obtain Republic's approval of the type, design, location, timing, and costs of any modifications or additions to the Collection System prior to installation or modification. In addition, Developer will utilize landfill engineering and installation firms acceptable to Republic to design and install the additional wells and modifications to the Collection System. All costs and expenses associated with the design, installation and testing of additional wells, as well as modifications to the Collection System installed by Developer are the sole responsibility of Developer. All modifications and additions shall be the property of Republic and, after their installation, Republic shall be responsible for the operation, maintenance and repair of such modifications and additions in accordance with the terms of this Agreement applicable to the Collection System.

(h) Permits and Approvals. As and when required hereunder, Developer shall promptly obtain, at its sole cost and expense, all necessary environmental impact studies, statements or reports, zoning and land use approvals, permits, licenses and utilities for the installation and construction of any Replacement Facility, the improvements set forth in Section 5.1, and any authorized improvements to the Collection System made by Developer, and shall comply with all Applicable Laws. At all times during the term hereof, Developer shall, at its sole cost and expense, obtain and maintain in effect all permits, authorizations, easements, and rights of way required in connection with the installation, construction, expansion, modification or addition to, or the operation, repair or maintenance of the Developer Facility, and Developer shall comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for Developer's use of the Developer Facility. In all cases, Developer shall provide to Republic copies of all applications, filings or communications related to any permitting efforts to be made by or on behalf of Developer with third parties in connection with any of the foregoing at least fourteen (14) business days prior to their submittal and Republic agrees to provide any comments within seven (7) business days after receipt. At Developer's request and expense, Republic shall reasonably cooperate with Developer in connection with any hearings, proceedings or other procedures, and with the preparation of any environmental impact reports or studies required in connection with any permits, authorizations or easements related to the

installation, construction or expansion of, modification or addition to, or the operation, repair or maintenance of the Developer Facility. Notwithstanding the foregoing, Republic may elect, at its sole cost and expense, to participate in any hearings, proceedings or other procedures, in which Developer is a participant and is permitted to participate, and with the preparation of any environmental impact reports or studies required in connection with any permits, authorizations or easements related to the installation, construction or expansion of, modification or addition to, or operation, repair or maintenance of the Developer Facility. Republic shall be responsible for obtaining and for paying all costs associated with initial and recurring permits required by any Government Entity with respect to the operation of the Landfill and the Collection System, and all permits, authorizations, easements, and rights of way required in connection with the installation, construction, expansion, modification or addition to, or the operation, repair or maintenance of the Landfill and Collection System (but not including the Developer Facility, or any operations associated therewith). Developer shall not submit any applications, filings or communications relating to the installation, construction, expansion, modification or addition to, or the operation, repair or maintenance of the Landfill and/or Collection System without Republic's consent, which consent may be withheld in Republic's sole and absolute discretion. If at any time during the term of this Agreement, Republic is required to obtain or modify any of its permits, licenses or approvals that it would not have been required to obtain and/or modify but for Developer's activities or operations, Developer shall be responsible for all costs and expenses of Republic with respect to its obtaining and/or modifying such permits, licenses or approvals. Each party agrees to make available to the other copies of all environmental information reports, environmental impact reports, air impact assessment studies, environmental applications filed and other necessary available data in such party's possession relating to the Landfill, the Developer Facility, which materials are reasonably necessary for the other party hereto in connection with this Agreement and shall be treated as Confidential Information as provided in this Agreement.

5.2 Design and Construction of the Replacement Facility. Developer shall be responsible for the design, construction, and operation of any Replacement Facility on the Site. Prior to the commencement of any construction, Developer shall, at its sole cost and expense, engage a qualified engineer to prepare plans and specifications in sufficient detail to show the design, character and appearance of the Replacement Facility, which shall be submitted to Republic for review. Such plans and specifications shall consider and comply with all Applicable Laws and requirements, including, without limitation, noise, aesthetics, appearance, odor, vibration and security. Within twenty (20) business days after Developer's submission of the plans and specifications to Republic, Republic shall inform Developer in writing of any objections to the plans and specifications and in such event Developer shall have twenty (20) business days thereafter to revise the plans to address Republic's objections. If Republic does not respond within such time period, Developer shall provide a second notice to Republic, referring to this Section and to the prior submittal, and if Republic has not provided any comments within ten (10) business days after the second notice, the plans and specifications shall be deemed approved by Republic. After the final plans and specifications have been approved, Developer may authorize reasonable changes thereto, provided that they do not alter the design, character, capacity, aesthetics and/or appearance of the Replacement Facility. No later than the beginning of construction of the Replacement Facility, Developer shall be responsible to obtain and maintain in effect for the benefit of Republic a completion and performance bond relating to the construction and operation of the Replacement Facility in the amount of the expected construction costs of the Replacement Facility up to [***], and all appropriate insurance coverages for the intended construction. Upon

the commencement of any construction and until such construction is completed, Developer shall report to Republic monthly on the status of the construction of the Replacement Facility. Republic's review and approval of Developer's plans and specifications shall not alter any obligations or responsibilities of Developer hereunder, nor shall such review and approval create any warranties as to the design, suitability, capability, or expected performance of the Replacement Facility or operations. Notwithstanding Republic's right to review and comment on the plans for the Replacement Facility, all proprietary data, drawings, plans, specifications and reports developed by Developer and related to the Replacement Facility will remain the intellectual property of Developer. Developer shall provide Republic with copies of all permits, licenses and approvals granted to Developer relating to the Replacement Facility and planned business operations as of the Commercial Operations Date and thereafter upon the request of Republic. Republic shall release the completion and performance bond within thirty (30) days after the Commercial Operations Date of any Replacement Facility. For the avoidance of doubt, modifications and improvements to the Existing Facility are not intended to be governed by this Section 5.3.

5.3 Right of Inspection. Republic and its agents, and the representatives of any applicable regulatory authority, shall have the right to enter upon the Site from time to time during the term hereof to examine the condition and use of the Developer Facility, and to inspect work in progress. However, no such inspection shall be construed as an approval of Developer's design, construction and/or operation of the Developer Facility, or that any such design, construction or operation of the Developer Facility complies with the approved plans and specifications or the terms and conditions of this Agreement.

5.4 Developer's Maintenance of the Developer Facility. Developer shall maintain, operate, improve and preserve the Developer Facility and the Site at all times in good working order and a neat and clean condition, ordinary wear and tear excepted, in conformity with Applicable Laws and the terms and conditions of this Agreement; provided further that Developer's operation of the Developer Facility will not have an adverse impact on the Landfill and adjoining properties and/or communities with respect to noise, odor, vibration, site aesthetics and security ("Neighborhood Impacts"). [***], Developer agrees to continue to reasonably cooperate with Republic in Republic's attempts to resolve any ongoing Neighborhood Impacts. Developer agrees to provide Republic with no less than two (2) business days advance notice of any planned shutdown of the Developer Facility for maintenance purposes.

5.5 Condensate. Subject to the provisions of Section 2.6 and the provisions set forth herein, [***]. In no way limiting the foregoing, (a) Developer shall be solely responsible for obtaining any and all permits, consents, and approvals required by Applicable Laws solely for Developer's disposal of Developer's Condensate into Republic's system; and (b) Developer shall, at its sole cost and expense, install, operate, and maintain in accurate working order metering equipment, at a location acceptable to Republic, for the measurement of the volume of Developer's Condensate delivered to Republic's system, and whenever Developer is adding Condensate to Republic's disposal system shall make daily meter readings for such metering equipment and shall, within five (5) business days after the end of each calendar month of the Term, or sooner if required for compliance with Applicable Laws, deliver to Republic the data from such reading. Republic shall have the right, at Republic's sole cost and expense, to sample Developer's Condensate at any time. Developer shall not introduce to the Condensate any constituents or otherwise increase the

quantity of any existing constituents that would result in Republic's non-compliance with any permits, licenses, authorizations, Applicable Laws or Republic's guidelines with respect to the disposal of the Condensate. If, for any reason, Developer's Condensate would limit Republic's ability, or prohibit Republic from being able, to dispose of all of Republic's Condensate and leachate in accordance with Republic's permits licenses or authorizations, Applicable Laws or Republic's guidelines, or if in any way Republic's acceptance of any of Developer's Condensate would affect or otherwise limit Republic's ability to obtain any permits, licenses or other authorizations relating to Republic's operations, Republic may refuse to accept all or any portion of Developer's Condensate, and Developer shall be solely responsible for the proper disposal of such Condensate not accepted by Republic, and any cost and expense related thereto. Under all circumstances, Developer shall take appropriate action to ensure that there is no spillage or unintended discharge of Developer's Condensate into the environment from the Developer Facility or any pipeline or other mechanism carrying Developer's Condensate from the Developer Facility to Republic's system or any other disposal system, and that all pipelines and other equipment used by Developer for the storage, transportation, or disposal of Developer's Condensate are operated and maintained in compliance with all Applicable Laws. For the avoidance of doubt, Developer shall only be responsible for the disposal of Developer's Condensate produced at the Developer Facility (generated past the Delivery Point).

5.6 [***].

5.7 Taxes. All Taxes now or hereafter imposed upon the production, severance, gathering, sale or delivery of Landfill Gas delivered or made available by Republic to Developer prior to the Delivery Point shall be paid by Republic. All Taxes now or hereafter imposed upon the production, severance, gathering, sale or delivery of Landfill Gas, Biomethane, Environmental Attributes and/or any Constituent Products at and following the Delivery Point shall be paid by Developer. In addition, Developer shall be solely responsible for all Taxes or other fees, costs, or expenses attributable to the Developer Facility, the Site and related easements, and Republic shall be solely responsible for all Taxes or other fees, costs, or expenses attributable to the Landfill (other than the Site) and the Collection System. Taxes payable hereunder shall not include the following:

(a) [***],

(b) [***], and

(c) [***].

5.8 Indemnification. To the fullest extent permitted by law, Developer and Republic, each as indemnitor, shall indemnify and defend (as to third party claims only) the other against and hold harmless the other and any Affiliate thereof and their directors, members, managers, officers, partners, shareholders, employees, agents, representatives, co-venturers, contractors or servants, for, from, and against, any and all Claims, whether taxable or not, attributable to, arising out of and/or to the extent resulting from (i) the negligence (applying a comparative negligence standard with respect to any concurrent negligence between the parties hereto) of the applicable indemnitor, its Affiliates, contractors, subcontractors, employees, representatives or agents, (ii) willful misconduct of the applicable indemnitor, its Affiliates, contractors, subcontractors, employees, representatives or agents, (iii) the breach by the applicable indemnitor of any

representations or warranties in this Agreement, and/or (iv) performance or nonperformance of any obligations under and pursuant to this Agreement, by the applicable indemnitor, its Affiliates, contractors, subcontractors, employees, representatives or agents. The rights to indemnification set forth herein are not intended to be exclusive of any other right or remedy otherwise available. All rights hereunder shall be cumulative and in addition to all other rights and remedies. The obligations set forth in this Section shall survive the termination or expiration of this Agreement. Notwithstanding anything herein to the contrary, Developer acknowledges and agrees (a) that other third party contractors have or may have separate operations on or around the Landfill that may include, without limitation, excavation and blasting, (b) that such operations include inherent risks affecting the parties hereto, against which the respective parties shall be responsible for protecting themselves, and (c) that Republic's obligations to Developer hereunder, including without limitation, its obligations to indemnify Developer, are limited to Republic's specific obligations to Developer as set forth in this Agreement, and shall not include any Claims relating to any third party contractors with separate operations on or relating to the Landfill.

5.9 Inspection of Books and Records; Accounting. Each party hereto shall have the right to inspect, audit, copy and verify the books, charts and records of the other party pertaining to the operations and the transactions that are the subject matter of this Agreement, at the office of the other party where such records are maintained, during normal business hours upon five (5) business days' advance written notice. Each party agrees to keep its books and records of account so pertaining to this Agreement in accordance with generally accepted accounting principles and practices in the industry. If either party finds at any time within two (2) years after the date of any payment made hereunder that there has been an overpayment or underpayment to Republic or Developer, the party finding the error shall promptly notify the other party in writing detailing the amount and explanation of the error. In the event of an underpayment to Republic, Developer shall pay the amount due within fifteen (15) days after the receipt of the bill correcting such error, with interest in the manner provided in Section 2.3 of this Agreement applied from the date any such payment should have been made. In the event of an overpayment to Republic, Developer may only offset such overpayment against future payments due to Republic hereunder, without any interest component, unless the Agreement has terminated, or there will not be sufficient future payments against which such overpayments may be offset, in which case, Republic shall pay the amount due to Developer within fifteen (15) days after receipt of the bill correcting the error.

5.10 Quarterly Communications. The parties agree to hold direct communications on at least quarterly basis to discuss Developer's current and projected operations, and Developer Facility capacity, Republic's current and projected landfill operations at the Landfill, and the general quality and quantity of Landfill Gas.

5.11 Non-Dedication of Facilities. Unless otherwise required by Applicable Law, neither party shall dedicate any part of any facility owned or operated by it at or relating to the Landfill for the production of gas or Biomethane to the public generally and indiscriminately, for the exercise of a public franchise, or in the exercise of a public utility function.

5.12 Flare Operations at the Landfill. Any Landfill Gas not accepted by Developer for processing in the Developer Facility from time to time may be utilized or flared by Republic as it, in its discretion, determines. The parties hereto agree and acknowledge that the Republic may, in its discretion, divert Landfill Gas prior to the Delivery Point sufficient to satisfy Flare Turndown Requirements. Any Landfill Gas accepted by Developer and not processed in the Developer Facility shall be flared by Developer in accordance with applicable law.

5.13 Right of First Refusal. Notwithstanding anything herein to the contrary, and in no way (x) expanding any rights that Developer may have to assign its rights hereunder, if any, or (y) limiting Republic's ability to refuse assignment of Developer's rights hereunder, as provided in Section 10.11 of this Agreement, if at any time prior to the termination of this Agreement, Developer desires to sell the Developer Facility to an unrelated third party, Developer shall first notify Republic in writing of such desire, with the notice setting forth (i) a statement that Developer has received a *bona fide* offer from an unrelated third party to purchase the Developer Facility for a purchase price denominated and payable only in United States dollars at closing or according to specified terms, and to assume all of Developer's obligations and rights hereunder and under the related Site Lease, and that Developer is willing to accept the offer, (ii) the name and address of the offeror and the terms of the offer, and (iii) an offer to sell the Developer Facility to Republic at the same price and pursuant to the same terms offered to Developer. In addition to the foregoing, to the extent available, Developer shall provide to Republic such financial information or other evidence as may be requested evidencing the ability and intent of the *bona fide* offeror to complete the proposed purchase transaction. Republic shall have a period of forty-five (45) days from receipt of the sales notice within which to exercise its right of first refusal, and closing of any purchase of the Developer Facility shall occur within the later of forty-five (45) days after notice of such exercise is given or the proposed closing date in the third-party offer. If Republic purchases the Developer Facility, the Site Lease and Guaranty shall terminate; provided that the termination of such agreements shall not affect any liabilities or obligations of Developer that arose under or with respect to those agreements prior to the purchase of the Facility by Republic. If Republic does not exercise its right of first refusal hereunder, and assuming the proposed offeror is an eligible assignee hereunder, and Republic consents to the assignment as provided herein, Developer shall be free for a period of ninety (90) days thereafter to sell the Developer Facility and assign its rights hereunder and under the Site Lease to the same offeror, and on terms and conditions that are no more favorable to the offeror than those included in Developer's notice to Republic.

**ARTICLE 6.**
**Measurement**

6.1 Metering and Measurement. Developer shall install and maintain the equipment necessary to measure the MMbtu value and flow of Landfill Gas made available by Republic to Developer at the Delivery Point and the MMbtu value and flow of Biomethane generated from the Developer Facility. The delivery of Landfill Gas and the production of Biomethane shall be measured in MMbtus utilizing the following main components provided and maintained at the sole cost and expense of Developer, with the specific metering devices being subject to the reasonable approval of Republic: [***]. Such equipment must be installed and operated, and gas measurement computations must be made, in accordance with current industry standards and good engineering practices, and shall be located as close to the Delivery Point of the Landfill Gas and the Sales Point of the Biomethane as reasonably practicable. Republic may, at its option and expense, install and operate meters, instruments, and other equipment to verify the accuracy of Developer's measuring equipment, but such equipment must not interfere materially with the operation of Developer's measuring equipment or the Developer Facility. The check equipment installed by Republic, if any, is subject at all reasonable times to inspection or examination by Developer, but the calibration and adjustment thereof may be performed only by employees or agents of Republic. Notwithstanding Republic's right to install its own check equipment, the measurement of Landfill Gas and/or Biomethane for the purposes of this Agreement will be performed only by Developer's measuring equipment. Developer, at its sole cost and expense, shall keep the metering equipment of Developer accurate and in repair, making a minimum of one (1) test each six (6) months during the term of this Agreement. Each party shall have the right to have its representatives and agents present at any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the metering equipment used for measuring Landfill Gas and Biomethane hereunder. Developer shall give Republic at least three (3) business days advance notice of any such activities so that Republic may have its representative(s) present; provided, however, that if Developer gives such notice and a representative of Republic is not present at the time specified, Developer may proceed. Tests to verify the accuracy of measuring equipment shall be performed by the manufacturer of the equipment, or other third party reasonably acceptable to Republic, and the result of each test shall continue to be used until the results of a subsequent test are known. In addition, Republic may request a special test of the metering equipment at any time. The expense of any such special test shall be borne by Republic if the equipment is found to be inaccurate by [***] percent ([***]%) or less; otherwise such expense shall be borne by Developer. If, upon any test, the equipment measuring the Biomethane produced by the Developer Facility is found to be inaccurate by more than [***]percent ([***]%), meter readings shall be corrected for a period extending back to the time such inaccuracy first occurred, if that time can be ascertained. If that time is not ascertainable, corrections shall be made for [***] of the elapsed time since a previous meter test verified operation within [***] percent ([***]%) accuracy. No adjustment to any payments will be made with respect to meter errors of two percent ([***]%) [***]. If any equipment requires replacement, Developer shall replace it promptly with a similar or more accurate type of equipment, subject to Republic's reasonable approval.

6.2 System Conditions. The parties recognize that moisture, pressure, or other conditions within the system may prevent available metering equipment from maintaining proper calibrations. If such conditions persist, the parties will attempt to determine by mutual agreement a protocol for estimating Landfill Gas and Biomethane deliveries using such data as is available. If the parties cannot so mutually agree, they will appoint a mutually acceptable third party consultant and will share equally the cost of such consultant, and will accept the recommendations of such consultant in estimating Biomethane and Landfill Gas deliveries thereafter.

6.3 Specific Metering Issues. For purposes of this Agreement, atmospheric pressure is assumed, unless otherwise established by the standard gas measurement procedures in the industry, to be 14.74 psia. In addition, the specific gravity and the gross heating value of the gas flowing through the meter(s) may be determined by "on-site" sampling and laboratory analysis or by any other method that is of standard industry practice. The unit of measurement is one cubic foot at a pressure base of 14.74 psia and at a temperature base of sixty (60) degrees Fahrenheit. Meter measurements will be computed by Developer into such units in accordance with the ideal gas laws for volume variations due to metered pressure and corrected for deviation using average values of recorded specific gravity and flowing temperature.

## ARTICLE 7.
## Default and Damages

7.1 Event of Default. The occurrence of any of the following events or conditions with respect to a party shall constitute an Event of Default under this Agreement:

(a) Republic fails to receive from Developer when due and payable any payment or amount due under this Agreement within ten (10) days after giving written notice to Developer of the nonpayment.

(b) Developer's failure to complete any of the Project Milestones by the assigned date, subject to any period of delay caused by a Force Majeure, subject to the provisions in Section 3.1 regarding the suspension of Republic's termination right. If Republic waives an Event of Default involving any particular Project Milestone, such waiver shall not affect or act to extend the date for performance of any other Project Milestone.

(c) Failure of either party to satisfy and perform any of the other obligations (such obligations not covered by items (a), (b), (d), (e) or (f) hereof) imposed on it by the terms, covenants or promises of this Agreement, and such failure is not cured to the other party's reasonable satisfaction within sixty (60) days after receipt of a Notice of Default specifying the nature of the failure; provided, however, no party shall have the right to cure any nonperformance under this Agreement if any substantially similar nonperformance by such party has occurred two (2) times or more within the six (6)-month period preceding the occurrence of the then-current nonperformance. If a Nonmonetary Default occurs, then, so long as the defaulting party has begun all reasonable efforts to cure such failure and within sixty (60) days after the Notice of Default is diligently pursuing the curing of the failure, the defaulting party shall have an additional period of ninety (90) days from receipt of such Notice of Default (or one hundred and fifty (150) days total) within which to cure the Nonmonetary Default. Lack of finances or lack of financial resources of the party claiming that a failure is a Nonmonetary Default shall never excuse the payment of money nor cause a failure to constitute a Nonmonetary Default, nor shall it be considered an event of Force Majeure.

(d) Notwithstanding the provisions of paragraph (c) above, if any breach or default by Developer under this Agreement subjects Republic to any risk of loss, liabilities, legal actions, penalties, fines, etc., with respect to any permits, licenses or authorization relating to Republic's primary activities as provided in Section 2.6 of this Agreement, Developer's right to cure shall be for a period equal to the lesser of ten (10) business days or such lesser period as may be mandated by any applicable regulatory authority with respect to Republic's obligation to cure or rectify any violations relating to is permits, licenses, or other authorizations. Any Notice of Default given pursuant to this Section shall include a specific reference to this Section.

(e) (i) Either party becomes insolvent or unable to pay its debts when due; generally fails to pay its debts when due; files a petition in any bankruptcy, reorganization, winding up, or liquidation proceeding or other proceeding analogous in purpose or effect relating to such party; applies for or consents to the appointment of a receiver, trustee, or other custodian for the bankruptcy, reorganization, winding up or liquidation of such party; makes an assignment for the benefit of creditors; or admits in writing that it is unable to pay its debts; (ii) any court order or judgment is entered confirming the bankruptcy or insolvency of Developer or Republic, or approving any reorganization, winding up or liquidation of Developer or Republic or a substantial portion of its assets; (iii) there is instituted against Developer or Republic any bankruptcy, reorganization, winding up or liquidation proceeding, or other proceeding analogous in purpose or effect, and the same is not dismissed within (90) days after the institution thereof; or (iv) a receiver, trustee or other custodian is appointed for any part of the assets of Developer or Republic.

(f) A default or breach has occurred and not been cured (to the extent applicable) under the Site Lease and/or the Guaranty of even date herewith.

7.2 Republic's Remedies. At any time after an Event of Default by Developer has occurred and not been cured as provided in Section 7.1 of this Agreement, Republic may without obligation do any one or more of the following:

(a) Terminate this Agreement, the Site Lease, [***], if one is in place, and/or the Guaranty and cease to deliver Landfill Gas to Developer.

(b) Sell Landfill Gas to any other user(s).

(c) Proceed to protect and enforce any or all its rights and remedies under this Agreement, the Site Lease, [***], if one is in place, and/or the Guaranty, and to exercise any or all other rights and remedies available to it at law, in equity or by statute.

7.3 Developer's Remedies. At any time after an Event of Default by Republic has occurred and not been cured as provided in Section 7.1 of this Agreement, Developer may without obligation do any one or more of the following:

(a) Terminate this Agreement, the Site Lease, and [***], if one is in place, and cease to purchase Landfill Gas from Republic.

(b) Remove the Developer Facility and any additions, improvements, equipment and fixtures or property of Developer on the property leased pursuant to the Site Lease.

(c) Subject to any limitations set forth in this Agreement, proceed to protect and enforce any or all of its rights and remedies under this Agreement and to exercise any and all other rights and remedies available to it at law, in equity or by statute.

7.4 Early Termination. Notwithstanding anything herein to the contrary, if (i) any regulatory or legislative body with jurisdiction over Developer's activities at the Landfill prohibits Developer's use of Landfill Gas to produce Biomethane, or materially and adversely affects the economics of such production of Biomethane by Developer, or (ii) there occurs a change in Applicable Laws that materially and adversely affects Developer's operations relating to this Agreement or the economic viability of the project, or (iii) there is insufficient Processable Landfill Gas (whether considering the quantity and/or quality of Landfill Gas) available to provide Developer sufficient Processable Landfill Gas to operate the Developer Facility on a monthly basis at [***] percent ([***]%) of its Existing Design Capacity for [***] period, Developer may terminate this Agreement [***]. Similarly, notwithstanding anything herein to the contrary, if (x) any regulatory or legislative body with jurisdiction over Republic's activities at the Landfill prohibits Republic's sale of Landfill Gas, or materially and adversely affects the economics of such sale of Landfill Gas to Developer, (y) Developer only pays Republic the Minimum Payment for [***] of any [***] period during the Term; or (z) there occurs a change in Applicable Laws that materially and adversely affects Republic's rights and operations relating to this Agreement, Republic may terminate this Agreement [***].

7.5 Termination of Site Lease or Guaranty. Notwithstanding anything herein to the contrary, this Agreement shall automatically terminate in the event the Site Lease or Guaranty terminates for any reason.

7.6 Actions Upon Expiration or Termination. Upon expiration or termination of this Agreement and/or the Site Lease, and upon the request of Republic, Developer shall execute and deliver to Republic any documentation necessary to evidence the termination and revocation of any rights of Developer to the Site, the Landfill Gas and other rights provided in connection with this Agreement or the transactions contemplated hereby.

## ARTICLE 8.
## Force Majeure

8.1 If either party is rendered unable, wholly or in part, by the occurrence of an event of Force Majeure to carry out its obligations under this Agreement, that party shall give to the other party prompt written notice of the event, which notice shall include a description of the nature of the event, its cause and possible consequences, its direct impact on the party's inability to perform all or any part of its obligations under this Agreement, the expected duration of the event, and the steps being taken or proposed to be taken by the affected party to overcome the event; thereupon, the obligations of the party giving the notice shall be suspended (i) during, but no longer than, the continuance of the event, and (ii) only with respect to the party's specific obligations hereunder affected by the event; provided that if the event continues for more than one hundred eighty (180) consecutive days, the party that has not asserted the event of Force Majeure may terminate this Agreement without liability to the other party upon giving written notice to the other party, except for any liabilities or obligations accruing to a party prior to the termination of this Agreement and those obligations that expressly survive the termination of this Agreement. The party claiming an event of Force Majeure shall promptly notify the other party of the termination of such event.

**ARTICLE 9.**
**Insurance**

9.1 Developer's Insurance Coverage. At all times during the term of this Agreement, Developer shall, at its sole cost and expense, procure and maintain the following minimum types and amounts of insurance coverage; provided that nothing in this Articles shall be deemed to limit Developer's obligations to Republic under this Agreement:

(a) All Risk Insurance. "All risk" property, fire, wind storm, extended coverage, and special extended coverage insurance with respect to the Developer Facility in an amount equal to one hundred percent (100%) of the full insurance replacement value net of deductibles (replacement cost new, including, without limitation, debris removal and demolition), with such additional coverage as Developer may elect or the holder of any fee or leasehold mortgage may require, including, without limitation, earthquake and flood coverage, hazardous materials endorsement, sprinkler leakage endorsement and machinery coverage that are commercially available for purchase.

(b) General Liability. Commercial general liability insurance against any and all applicable damages and liability, including contractual liability coverage and coverage with respect to attorney's fees on account of or arising out of injuries to or the death of any person or damage to property, in, on or about the Landfill and the Site, in amounts not less than $[***]per occurrence for property damage or injury or death of one or more persons, and $[***] in the aggregate.

(c) Personal Property. Insurance adequate in an amount to cover damage to or replacement of, as necessary, the Developer Facility including, without limitation, leasehold improvements, trade fixtures, equipment, goods and inventory.

(d) Employer's Liability/Workers Compensation. Employer's liability insurance in an amount not less than $[***] per accident, and $[***] per employee by disease, and worker's compensation insurance as required by Applicable Law.

(e) Environmental Liability/Impairment. Environmental liability or impairment insurance in amounts and types sufficient to cover any exposure related to any hazardous materials stored, generated, handled or disposed of by Developer, its agents or employees at the Landfill and any storage tanks maintained at the Landfill by Developer, its agents or employees, but in no event [***] per incident. If the environmental liability insurance policy is a "claims-made" policy, Developer must maintain such insurance for no less than three (3) years after the termination or expiration of this Agreement.

(f) Automobile Insurance. Automobile liability and bodily injury, property damage, contractual liability and sudden and accidental pollution insurance in an amount not less than [***], which coverage shall apply to all owned, non-owned, hired and leased vehicles (including trailers).

(g) Other Insurance. Such other insurance in such amounts as may reasonably be required by Republic against other insurable hazards as at the time are commonly insured against in case of prudent owners of comparable projects in the area in which the Landfill is located.

(h) Form of Insurance/Companies. All insurance required hereunder shall be in a form satisfactory to Republic and carried with companies reasonably acceptable to Republic, in good standing with the Department of Insurance for the state in which the Landfill is located, and have a rating issued by A.M. Best & Company of at least "A- VIII". With the exception of the workers' compensation policy, Republic and its affiliates and subsidiaries shall be named as additional insureds under all insurance policies required pursuant to the terms of this Section, and Developer shall provide Republic with a Certificate of Insurance showing the appropriate parties as additional insureds. The Certificate shall provide for a thirty (30) day written notice to Republic in the event of cancellation or material change of coverage. Not later than ten (10) business days prior to the expiration of any coverage, any renewals of or replacements for such contracts of insurance shall be delivered to Republic, together with proof of payment of the associated premiums. All deductibles in the above described insurance policies shall be at Developer's sole cost and expense. All insurance shall be written as primary, noncontributing (except for claims arising out of sole negligence) with or in excess of any coverage that Developer does or may carry.

9.2 Republic's Insurance Coverage. At all times during the term of this Agreement, Republic shall, at its sole cost and expense, procure and maintain the following minimum types and amounts of insurance coverage; provided that nothing in this Articles shall be deemed to limit Republic's obligations to Developer under this Agreement:

(a) General Liability. Commercial general liability insurance against any and all applicable damages and liability, including contractual liability coverage and coverage with respect to attorney's fees on account of or arising out of injuries to or the death of any person or damage to property, in, on or about the Landfill and the Site, in amounts not less than $[***] per occurrence for property damage or injury or death of one or more persons, and $[***] in the aggregate.

(b) Employer's Liability/Workers Compensation. Employer's liability insurance in an amount not less than $[***] per accident, and $[***] per employee by disease, and worker's compensation insurance as required by Applicable Law.

(c) Environmental Liability/Impairment. Environmental liability or impairment insurance in amounts and types sufficient to cover any exposure related to any hazardous materials stored, generated, handled or disposed of by Republic, its agents or employees at the Landfill and any storage tanks maintained at the Landfill by Republic, its agents or employees, but in no event less than $[***] per incident. If the environmental liability insurance policy is a "claims-made" policy, Republic must maintain such insurance for no less than three (3) years after the expiration of this Agreement.

(d) Automobile Insurance. Automobile liability and bodily injury, property damage, contractual liability and sudden and accidental pollution insurance in an amount not less than $[***] per occurrence, which coverage shall apply to all owned, non-owned, hired and leased vehicles (including trailers).

(e) Form of Insurance/Companies. All insurance required hereunder shall be carried with companies in good standing with the Department of Insurance for the state in which the Landfill is located, and have a rating issued by A.M. Best & Company of at least "A- VIII". Notwithstanding the foregoing, Republic can fulfill any of its insurance obligations hereunder through the use of self insurance, self insured retentions, and captive issued policies. With the exception of the workers' compensation policy, Developer and its affiliates and subsidiaries shall be named as additional insureds under all insurance policies required pursuant to the terms of this Section, and Republic shall provide Developer with a Certificate of Insurance showing the appropriate parties as additional insureds. Republic shall endeavor to provide notice to Developer of cancellation or material change of coverage. All deductibles in the above described insurance policies shall be at Republic's sole cost and expense. All insurance shall be written as primary, noncontributing (except for claims arising out of sole negligence) with or in excess of any coverage that Republic does or may carry.

9.3 Periodic Review of Coverages. Notwithstanding the provisions of Section 9.1, on the fifth (5th) anniversary of the Effective Date and every five (5) years thereafter during the term of this Agreement, the parties shall review the required insurance coverage requirements and, to the extent commercially available to Developer, Developer shall increase same to bear the same relation to landfill-gas-to-energy industry standards applicable to similarly sized plants in similar locations as they bear on the date of this Agreement. The foregoing limitation relating to commercial availability shall not limit the obligation of Developer to maintain the initial types and amounts of insurance required hereunder.

9.4 Right to Obtain Insurance. If either party fails to maintain any insurance required hereunder, the other party may, at such party's election, after ten (10) days written notice to the other party, procure the same, it being hereby expressly covenanted and agreed that payment by such party of any such premium shall not be deemed to waive or release the obligation of the other party to make payment thereof. If a party procures any such insurance policy after notice to the other party, the premium cost thereof shall be immediately reimbursed to the paying party by the other party. A party's failure to either procure or maintain the insurance required hereunder after five (5) days written notice from the other party to noncomplying party shall constitute an Event of Default by the noncomplying party under this Agreement.

9.5 Waiver of Subrogation. Each party waives any and all rights of recovery against the other party and its affiliates and subsidiaries and their representatives for loss or damage to any person or entity or to the Developer Facility or the Landfill or the fixtures, equipment, personal property, improvements, and alterations of Developer in or on the Developer Facility or the Landfill that are caused by or result from risks insured against under any insurance policies required to be carried by Developer pursuant to the terms of this Article to the extent and solely to the extent that Developer receives payment from the insurance provider for the full extent of the loss. Developer shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against Republic and its affiliates and subsidiaries and their representatives in connection with any damage covered by any policy of Developer.

**ARTICLE 10.**
**Miscellaneous**

10.1 Amendment. This Agreement may only be modified, amended, or supplemented by an instrument in writing executed by Developer and Republic.

10.2 Governing Law; Venue; Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Arizona, without giving effect to any choice or conflict of law provision or rule (whether of the State of Arizona or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Arizona. Any Dispute shall be brought exclusively in the state or federal courts located in Maricopa County, Arizona. By execution and delivery of this Agreement, with respect to legal actions that may arise under this Agreement, each of the parties knowingly, voluntarily and irrevocably: (a) consents, for itself and in respect of its property, to the exclusive jurisdiction of these courts; (b) waives any immunity or objection, including any objection to personal jurisdiction or the laying of venue or based on the grounds of forum non conveniens, which it may have from or to the bringing of the Dispute in such jurisdiction; (c) waives any personal service of any summons, complaint or other process that may be made by any other means permitted by the State of Arizona; (d) waives any right to trial by jury; (e) agrees that any such Dispute shall be decided by court trial without a jury; and (f) agrees that any party to this Agreement may file an original counterpart or a copy of this Article with any court as written evidence of the consents, waivers and agreements of the parties set forth in this Article.

10.3 Attorneys' Fees. If the parties resort to legal action for the enforcement or interpretation of this Agreement or for damages on account of a breach hereof, the prevailing party shall be entitled to an award of its fees and costs (whether taxable or not), including, without limitation, expert witness fees, all litigation related expenses, and reasonable attorneys' fees incurred in connection with such action, which award shall be made by the court, not a jury. In determining which party is the prevailing party, the term "prevailing party" means the net winner of the dispute, taking into account the claims pursued, the claims on which the pursuing party was successful, the amount of money sought, the amount of money awarded, and offsets or counterclaims pursued (successfully or unsuccessfully) by the other party.

10.4 Notices. All notices or other communications required or permitted under this Agreement shall be in writing and may be given by depositing the same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested, by overnight courier or by delivering the same in person to such party. Notice shall be deemed given and effective the day personally delivered, the day after being sent by overnight courier, subject to signature verification, and three (3) business days after the deposit in the United States mail of a writing addressed and sent as provided herein or when actually received, if earlier. Any party may change the address for notice by notifying the other parties of such change in accordance with this Section; provided that such notice of change of address shall only be deemed effective upon actual receipt by the other party. Such notice shall be addressed as follows:

If to Developer, addressed to it at:

Attn: President
680 Andersen Drive
Foster Plaza 10, Fifth Floor
Pittsburgh, PA 15220

with a copy to

Attention: General Counsel
680 Andersen Drive
Foster Plaza 10, Fifth Floor
Pittsburgh, PA 15220

If to Republic, addressed to it at:

Attention: General Manager
McCarty Road Landfill TX, LP
5757A Oates Road
Houston, Texas 77078

with copies to

c/o Republic Services, Inc.
18500 North Allied Way
Phoenix, Arizona 85054
Attn: Director of Engineering

and

c/o Fennemore Craig, P C.
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012
Attn: [***]

In addition, the parties shall provide any required notices hereunder to any third parties that are contractually entitled to receive any such notices, such as, for example, a Collateral Assignee of this Agreement; provided, however, written notice must be provided of such Collateral Assignee.

10.5 Headings. Headings or captions herein are merely for convenience and are not a part of this Agreement and shall not in any way modify or affect the provisions of this Agreement.

10.6 No Waiver. No delay or omission to exercise any right or power shall be construed to be a waiver of any default or acquiescence therein or a waiver of any right or power, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Either party's acceptance of any performance due hereunder that does not comply strictly with the terms hereof shall not be deemed to be waiver of any right of such party to strict performance by the other party. Acceptance of past due amounts or partial payments shall not constitute a waiver of full and timely payment of any sums due hereunder.

10.7 Counterparts; Facsimile Signatures. This Agreement may be executed in counterparts, and facsimile signatures of parties hereto shall be acceptable for all purposes.

10.8 Severability. If any term or provision of this Agreement should be held invalid or unenforceable, the parties to this Agreement shall endeavor to replace such invalid terms or provisions by valid terms and provisions that correspond to the best of their original economic and general intentions. The invalidity or unenforceability of any term or provision hereof shall not be deemed to render the other terms or provisions hereof invalid or unenforceable.

10.9 Entire Agreement. This Agreement, the Site Lease, the Guaranty, and the [***], constitute the entire agreement between Developer and Republic relating to the subject matter hereof and supersede all prior written and oral agreements and understandings and all contemporaneous oral representations or warranties in connection therewith. Neither Developer nor Republic have made and do not make any representations or warranties, expressed or implied, except as herein specifically set forth, and Developer and Republic hereby expressly acknowledge that no such representations or warranties have been made by the other party.

10.10 Compliance With Laws. Each party to this Agreement shall comply with any and all Applicable Laws, orders, judgments or otherwise, of courts or regulatory bodies having jurisdiction that affect such party's duties, obligations and performance pursuant to this Agreement. Republic and Developer shall timely make any necessary regulatory filings and make copies of such filings available to the other party.

10.11 Successors and Assigns.

(a) In General. This Agreement and all of the terms, conditions and limitations contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided, however, that except as otherwise provided herein, neither party hereto shall assign this Agreement nor any interest herein without first obtaining the written consent of the other party hereto, which consent shall not be unreasonably withheld, conditioned or delayed; provided, and notwithstanding the foregoing, Republic may assign all of its rights, duties and obligations hereunder to a third party purchaser of (1) the Landfill, (2) Republic, or (3) substantially all of the assets of Republic without the consent of Developer (provided that any such purchaser agrees in a writing to assume all of Republic's duties and obligations hereunder). Notwithstanding anything herein to the contrary, and in no way limiting the foregoing, Developer acknowledges and agrees that Republic's refusal to consent to a proposed assignment by Developer shall not be deemed unreasonable if, among other things, (i) Republic, or any of its Affiliates, has a significant or material history of litigation or disputes involving the proposed assignee or any of its Affiliates; (ii) the proposed assignee is, or is an Affiliate of, a competitor of Republic, its parent company or Affiliates, in the waste disposal or waste hauling business; (iii) the proposed assignee is not considered creditworthy by Republic in

its reasonable judgment, which, at a minimum, means having financial capability that is not less than the financial capability of Developer as of the Effective Date, taking into account other financial assurances provided by Developer in this Agreement; or (iv) the proposed assignee does not, in Republic's reasonable judgment, have the requisite technical experience relating to the assumption of Developer's obligations hereunder.

(b) Collateral Assignment. Notwithstanding Section 10.11(a) above, upon the giving of written notice to the other party, either party may assign this Agreement to a Collateral Assignee pursuant to a form of collateral assignment reasonably acceptable to the non-assigning party; provided that the party requesting the collateral assignment shall pay the reasonable costs and expenses of the non-assigning party relating to the review and negotiation of a mutually acceptable form of collateral assignment. Any collateral assignment hereunder shall acknowledge the right, but not the obligation, of the Collateral Assignee or its permitted assignee under the collateral assignment to take all actions and exercise all rights of the assigning party in accordance with this Agreement, to have itself or its permitted assignee substituted for the assigning party under this Agreement, or to sell, assign, transfer or otherwise dispose of this Agreement to a permitted assignee; provided that, at a minimum, any subsequent sale, assignment, or transfer of this Agreement to any third party other than Collateral Assignee shall be subject to the same limitations and restrictions on transfer and assignment as set forth in paragraph (a) above, and provided that no such sale, transfer or assignment shall be made unless all obligations of the assigning party hereunder are current or are brought current at the time of such sale, transfer or assignment. Notwithstanding anything in this Agreement to the contrary, neither party shall terminate this Agreement or any of its obligations hereunder as the result of any default of the other party under this Agreement until after notice of such default is given by the party claiming the default to the Collateral Assignee and the expiration of any cure periods provided for in this Agreement, which cure periods shall begin to run from the time notice is given to the alleged defaulting party. Any process, stay or injunction issued by any Government Entity or pursuant to any bankruptcy or insolvency proceeding involving a party that would prohibit the Collateral Assignee from exercising such cure rights shall extend such cure periods for the period of such prohibition and if this Agreement is rejected or otherwise terminated as a result of any bankruptcy or insolvency proceeding affecting the assigning party, the nonassigning party will, at the request of the Collateral Assignee, enter into a new agreement with Collateral Assignee or a permitted assignee thereof having terms no less favorable to the nonassigning party than the terms of this Agreement; provided that any obligations of the assigning party that were outstanding at the time of any such bankruptcy or insolvency proceeding are paid in full or brought current, as the case may be, at the time any such new agreement is entered into (without taking into account the effect of any such bankruptcy or insolvency proceedings).

(c) Change of Control. For purposes of this Agreement, the direct or indirect sale or transfer of fifty percent (50%) or more of the membership interests of Developer to an unrelated third party, or a transfer to an unrelated third party of the power to direct or cause the direction of the day-to-day management and policies of Developer, shall be deemed to be an assignment of Developer's rights and obligations under this Agreement and subject to the provisions of this Section 10.11; provided that in the event of a change of control that involves the sale of a substantive parent of Developer (i.e., a parent organization that controls significant assets and operations similar to those of Developer other than just Developer itself, such as, by way of example only, Montauk Energy Capital, LLC, or Montauk Energy Holdings, LLC, as they exist as of the date of this Agreement) to an unrelated third party in an arm's length transaction, the provisions of Section 10.11(a)(iii) and (iv) shall not apply.

10.12 Interpretation. The terms and provisions of this Agreement are not to be construed more liberally in favor of, nor more strictly against, either party. To the extent the covenants of the parties under this Agreement create obligations that extend beyond the termination or expiration of this Agreement (including, without limitation Sections 2.2, 2.3, 2.4, 4.3, 4.4, 4.5, 5.8, 5.9, 5.10, 7.6, and Articles 3, 9 and 10), the applicable provisions of this Agreement shall be deemed to survive such termination or expiration for the limited purpose of enforcing such covenants and obligations in accordance with the terms of this Agreement. All exhibits and schedules attached hereto are incorporated herein by this reference.

10.13 Further Assurances. The parties shall perform all such acts (including without limitation executing and delivering instruments and documents) as reasonably may be necessary to fully effectuate the intent and each and all of the purposes of this Agreement, including consents to any assignments, transfers, subleases, or easements permitted hereunder.

10.14 No Partnership. Nothing contained in this Agreement shall be construed to create any association, trust, partnership, or joint venture or impose a trust or partnership, duty, obligation, or liability or an agency relationship on, or with regard to, either party. Neither party hereto shall have the right to bind or obligate the other in any way or manner unless otherwise provided for herein.

10.15 Confidential Information.

(a) Except as required by Applicable Law, neither party shall, without the prior written consent of the disclosing party, disclose (regardless of the form of disclosure) any Confidential Information to any Recipients who (i) shall be obligated to keep such Confidential Information confidential, and (ii) need access to such Confidential Information to assist the receiving party in the exercise of its rights and the performance of its obligations under this Agreement. The receiving party shall notify any Recipients of the confidential nature of the Confidential Information, and the receiving party hereby agrees to be responsible for any breach of the terms of this Section by any Recipients of Confidential Information from the receiving party.

(b) If a party is legally required to disclose Confidential Information by Applicable Law, the receiving party shall make reasonable efforts to resist disclosure of such information, and shall provide prompt notice of any judicial or other governmental action or other Applicable Law requiring disclosure to the disclosing party, and the disclosing party shall be afforded the opportunity (consistent with the legal obligations of the receiving party) to exhaust all reasonable legal remedies to maintain the Confidential Information in confidence.

(c) In the event that there is a breach by either party of the provisions of this Article, the disclosing party shall be entitled to seek a temporary and permanent injunction to restrain the receiving party from disclosing in whole or in part any Confidential Information, as prohibited hereunder, and the disclosing party shall be entitled to reimbursement for all costs and expenses, including reasonable attorney's fees, in connection therewith. Nothing in this Article shall be construed as prohibiting the disclosing party from pursuing such other remedies available to it for such breach including the recovery of damages from the receiving party.

(d) Upon the expiration of the term or the earlier termination of this Agreement, each party shall, promptly upon request, return or cause to be returned to the other party (i) all Confidential Information then held by such or any of its agents, representatives or employees, and (ii) all information and documents then held by Developer or any of its agents, representatives or employees related to the quantity, quality, components and elements of the Landfill Gas produced by the Landfill; provided that both parties may retain one copy of any documents retained solely for the purpose of compliance with Applicable Law or internal document retention policies.

10.16 Third Party Beneficiaries. This Agreement is intended to be solely for the benefit of the parties hereto and their successors and permitted assignees and is not intended to and shall not confer any rights or benefits on any other third party not a signatory hereto, except as explicitly provided in Section 10.11 of this Agreement with respect to certain lenders.

10.17 Waiver of Damages. Neither party hereunder shall be liable to the other party for any special, indirect, loss of use, lost profits, or consequential (other than actual and direct) damages arising under or out of this Agreement or the transactions contemplated herein.

10.18 Publicity and Corporate Identity. Unless otherwise required by Applicable Law, neither party may use the name, trade name, trademarks, service marks, or logos of the other party or the existence of this Agreement or the project described herein or any likeness, photo, film or similar like kind reproduction of the other's facilities or property in any publicity releases, news releases, annual reports, signage, stationery, print literature, advertising, or websites without securing the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed. Unless otherwise required by Applicable Law, neither party shall issue any publicity or news release regarding the Developer Facility or project at the Landfill without the written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed. The parties shall not, without prior written consent of the other party, represent, directly or indirectly, that any product or service offered by the party has been approved or endorsed by the other party.

10.19 Guaranty and Site Lease. Developer agrees that upon the Effective Date (a) the Guarantor shall execute and deliver to Republic the Guaranty, under which the Guarantor shall guaranty the performance and payment obligations of Developer under this Agreement and the Site Lease, attached hereto as Exhibit C, and (b) the parties shall execute and deliver to each other the Site Lease, under which Developer, as Lessee, leases from Republic, as Lessor, the Site located at the Landfill and obtains easement rights to access the Facility, attached hereto as Exhibit D.

[Signatures are on the following page.]

**IN WITNESS WHEREOF,** Developer and Republic have executed this Agreement to be effective as of the Effective Date.

REPUBLIC:

McCarty Road Landfill TX, LP
By: Allied Waste Landfill Holdings, Inc.
Its: General Partner

By: /s/ Joseph J. Benco
Name: Joseph J. Benco
Title: Authorized Agent
Date Signed: December 16, 2015

DEVELOPER:

GSF Energy, L.L.C.

By: /s/ David R. Herman
Name: David R. Herman
Title: President
Date Signed: December 17, 2015

**Exhibit A – Areas of the Landfill**
**Exhibit C – Guaranty**
**Exhibit D – Amended and Restated Site Lease Agreement**
**Schedule 3.3 - Litigation**

**Exhibit 10.25**

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: May 9, 2016. The parties to this Base Contract are the following:

| | | |
|---|---|---|
| **GSF Energy LLC** | and | **Iogen D3 Biofuel Partners LLC** |
| a Delaware limited liability company | | a Delaware limited liability company |
| Duns Number: [***] | | Duns Number: |
| Contract Number: | | Contract Number: |
| U.S. Federal Tax ID Number: 74-2799953 | | U.S. Federal Tax ID Number: 81-2215731 |

*Notices*:

680 Andersen Dr., Foster Plaza 10, 5th Floor, Pittsburg, PA 15220
Attn: General Counsel
Phone: (412) 747-8718 Fax: (412) 542-1577

2200 Wilson Boulevard Suite 310, Arlington, VA 22202
Attn: Contract Administration
Phone: (613) 733-9830 Fax: [***]

*With a duplicate copy to*:
310 Hunt Club Road East, Ottawa, ON Canada K1V 1C1
Attn: Contract Administration
Phone: (613) 733-9830 Fax: [***]

*Confirmations*:

680 Andersen Dr., Foster Plaza 10, 5th Floor, Pittsburg, PA 15220
Attn: General Counsel
Phone: (412) 747-8718 Fax: (412) 542-1577

2200 Wilson Boulevard Suite 310, Arlington, VA 22202
Attn: Contract Administration
Phone: (613) 733-9830 Fax: [***]

*With a duplicate copy to*:
310 Hunt Club Road East, Ottawa, ON Canada K1V 1C1
Attn: Contract Administration
Phone: (613) 733-9830 Fax: [***]

*Invoices and Payments:*

680 Andersen Dr., Foster Plaza 10, 5th Floor, Pittsburg, PA 15220
Attn: Joseph Ginski, Controller
Phone: (412) 747-8710 Fax: (412) 542-1572

2200 Wilson Boulevard Suite 310, Arlington, VA 22202
Attn: Contract Administration
Phone: (613) 733-9830 Fax: [***]

*With a duplicate copy to:*
310 Hunt Club Road East, Ottawa, ON Canada K1V 1C1
Attn: Contract Administration
Phone: (613) 733-9830 Fax: [***]

*Wire Transfer or ACH Numbers (if applicable)*:

BANK: Comerica Bank, Detroit, MI
ABA: [***]
ACCT: [***]
Other Details:

BANK: BMO Harris Bank H.A.
ABA: [***]
ACCT: [***]
Other Details:

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

**Section 1.2** Transaction Procedure
☐ Oral (default)
☐ ◆Written

**Section 2.5** Confirm Deadline
◆ 2 Business Days after receipt (default)
☐ Business Days after receipt

**Section 2.6** Confirming Party
☐ Seller (default)
☐ Buyer
◆ **GSF Energy LLC**

**Section 3.2** Performance Obligation
◆ Cover Standard (default)
☐ Spot Price Standard

***Note: The following Spot Price Publication applies to both of the immediately preceding.***

**Section 2.26** Spot Price Publication
◆ Gas Daily Midpoint (default)
☐

**Section 6** Taxes
◆ Buyer Pays At and After Delivery Point (default)
☐ Seller Pays Before and At Delivery Point

**Section 7.2** Payment Date
◆ 25th Day of Month following Month of delivery (default)
☐ Day of Month following Month of delivery

**Section 7.2** Method of Payment
◆ Wire transfer (default)
☐ Automated Clearinghouse Credit (ACH)
☐ Check

**Section 7.7** Netting
◆ Netting applies (default)
☐ Netting does not apply

**Section 10.3.1** Early Termination Damages
◆ Early Termination Damages Apply (default)
☐ Early Termination Damages Do Not Apply

**Section 10.3.2** Other Agreement Setoffs
◆ Other Agreement Setoffs Apply (default)
☐ Other Agreement Setoffs Do Not Apply

**Section 14.5** Choice Of Law
New York

**Section 14.10** Confidentiality
◆ Confidentiality applies (default)
☐ Confidentiality does not apply

- Special Provisions Number of sheets attached: Three (3)
- Addendum(s):

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

| **GSF ENERGY LLC** | **IOGEN D3 BIOFUEL PARTNERS LLC** |
|---|---|
| **Party Name** | **Party Name** |
| By: /s/ Martin L. Ryan | By: /s/ Patrick J. Foody |
| Name: Martin L. Ryan | Name: Patrick J. Foody |
| Title: Vice President | Title: Executive Vice President |

General Terms and Conditions
Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined In Section 2.7.

**The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.**

**Oral Transaction Procedure:**

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

**Written Transaction Procedure:**

1.2 The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract. However, nothing herein shall be construed as a waiver of any objection to the admissibility of such evidence.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

2.2. “Base Contract” shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.

2.3. “British thermal unit” or “Btu” shall mean the International BTU, which is also called the Btu (IT).

2.4. “Business Day” shall moan any day except Saturday, Sunday or Federal Reserve Bank holidays.

2.5. “Confirm Deadline” shall mean 5:00 p.m. in the receiving party’s time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party’s time zone, it shall be deemed received at the opening of the next Business Day.

2.6. “Confirming Party” shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.

2.7. “Contract” shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation.

2.8. “Contract Price” shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by-the parties in a transaction.

2.9. “Contract Quantity” shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.

2.10. “Cover Standard”, as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, **in either** case, at **a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided** by the nonperforming party; the immediacy of the Buyer’s Gas consumption needs or Seller’s Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.

2.11. ‘‘Credit Support Obligation(s)” shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, a performance bond, guaranty, or other good and sufficient security of a continuing nature.

2.12. “Day” shall mean a period of 24 consecutive hours, coextensive with a “day” as defined by the Receiving Transporter in a particular transaction.

2.13. “Delivery Period’ shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.

2.14. “Delivery Point(s)” shall mean such point(s) as are agreed to by the parties in a transaction.

2.15. “EDI” shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.

2.16. “EFP” shall mean the purchase, sale or exchange of natural Gas as the “physical” side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of “Firm”, provided that a party’s excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.

2.17. “Firm” shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.

2.18. “Gas” shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.

2.19. “Imbalance Charges” shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter’s balance and/or nomination requirements.

2.20. “Interruptible” shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.

2.21. “MMBtu” shall mean one million British thermal units, which is equivalent to one dekatherm.

2.22. “Month” shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

2.23. “Payment Date” shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.

2.24. “Receiving Transporter” shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.

2.25. “Scheduled Gas” shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.

2.26. “Spot Price “ as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such

location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.27. “Transaction Confirmation” shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.28. “Termination Option” shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.29. “Transporter(s)” shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point, pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

**The parties have selected either the “Cover Standard” or the “Spot Price Standard” as indicated on the Base Contract.**

**Cover Standard:**

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s); or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s); or (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the sole and exclusive remedy of the performing party shall be any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller and received by Buyer for such Day(s). Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party’s invoice, which shall set forth the basis upon which such amount was calculated.

**Spot Price Standard:**

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party’s invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer’s receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller’s delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

**The parties have selected either the "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.**

**Buyer Pays At and After Delivery Point:**

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). lf a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from an such Taxes or charges shall furnish the other party any necessary documentation thereof.

**Seller Pays Before and At Delivery Point:**

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s). lf a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from an such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and *any* liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 14.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

## SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payments and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt dale, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount and for the term reasonably acceptable to X, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a performance bond or guaranty (including the issuer of any such security).

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; or (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law or that are, in the reasonable opinion of the Non-Defaulting Party, commercially impracticable to liquidate and terminate ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is reasonably practicable, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

**The parties have selected either the "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.**

**Early Termination Damages Apply:**

10.3.1.As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Markel Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

**Early Termination Damages Do Not Apply:**

10.3.1.As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

**The parties have selected either the "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.**

**Other Agreement Setoffs Apply:**

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff (i) any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract; or (ii) any Net Settlement Amount payable to the Defaulting Party against any amount(s) payable by the Defaulting Party to the Non-Defaulting Party under any other agreement or arrangement between the parties.

**Other Agreement Setoffs Do Not Apply:**

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants"‘ within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 11. FORCE MAJEURE

11.1. Except with respect to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy, having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Agreement; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6 and Section 10, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

SECTION 14. MISCELLANEOUS

14.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

14.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

14.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

14.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

14.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

14.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

14.7. There is no third party beneficiary to this Contract.

14.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

14.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

14.10. Unless the parties have elected on the Base Contract not to make this Section 14.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, or (iv) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

14.11. The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.

**SPECIAL PROVISIONS TO BASE CONTRACT FOR**
**SALE AND PURCHASE OF NATURAL GAS (FORM NAESB Standard 6.3.1)**
**BY AND BETWEEN GSF Energy LLC AND Iogen D3 Biofuel Partners LLC**
**DATED May 9, 2016**

**SECTION**

**2.4** At the end of the sentence add the phrase: "or the Friday immediately following the U.S. Thanksgiving holiday".

2.11 The definition of "Credit Support Obligation" in Section 2.11 shall be deleted in its entirety and the following substituted in lieu thereof: "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as cash, an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, a guaranty, or other good and sufficient security of a continuing nature. The issuer of any such security and/or the guarantor must be acceptable to the other party at its sole discretion. The other party agrees to act in a reasonable manner in evaluating such issuer and/or guarantor."

**8.1** The last sentence of Section 8.1 is amended by inserting the words "at and" between "Gas" and "after".

**8.2** Delete the last sentence of Section 8.2 and replace it with the following: "EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES PROVIDED IN SECTIONS 5, 8.2 AND 14.8, (A) SELLER HEREBY NEGATES ALL EXPRESS, IMPLIED, OR STATUTORY REPRESENTATIONS AND WARRANTIES OF ANY KIND, INCLUDING THOSE RELATING TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM COURSE OF DEALING OR USAGE OF TRADE, AND (B) BUYER ACKNOWLEDGES THAT IT IS RELYING ON ITS OWN JUDGMENT IN ENTERING INTO THIS BASE CONTRACT AND EACH TRANSACTION CONFIRMATION AND IS NOT RELYING ON ANY STATEMENT OR REPRESENTATION OF SELLER OR OF ANY AGENT OR EMPLOYEE OF SELLER."

**10.1** Delete in its entirety and replace with the following paragraph under Section 10.1: "During the term of this Contract, the parties shall be required to meet and maintain the requirements contained in each Transaction Confirmation between the parties hereunder."

**10.2** Delete the following text from Section 10.2: "(vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; or (viii)", and add "or (vii)".

**10.3.1** Add the following sentence to the end of the first paragraph of Section 10.3.1: "If the determination pursuant to clauses (x) and (y) above of the difference between the Market Value(s) and Contract Value(s) of all the Terminated Transactions does not result in an amount being owed to the Non-Defaulting Party, it shall be deemed that such difference is zero."

**11.2** Insert the phrase "and (vi) a claim of Force Majeure of the foregoing type by a third party supplying the Gas delivered or to be delivered hereunder" before the period and after the word "jurisdiction" in the seventh line of Section 11.2.

**11.5** Section 11.5 is amended by adding the following to the end of the 2nd sentence: "but in no event more than seven (7) days from the date of such occurrence giving rise to a claim of Force Majeure."

**12** Delete the second sentence of Section 12 and replace it with the following: "The rights of either party pursuant to: (i) Section 7.6, (ii) Section 10, (iii) Section 13, (iv) Section 14.10, (v) Waiver of Jury Trial provisions (if applicable), (vi) Arbitration provisions (if applicable), (vii) the obligation to make payment hereunder, and (viii) the obligation of either party to indemnify the other pursuant hereto, shall survive the termination of the Base Contract or any transaction."

**14.10** Add the following new sentence to the end of the first paragraph of Section 14.10: "With respect to financial statements provided in connection with the Contract, the parties shall keep such financial statements confidential for a period of three (3) years following the date such financial statements were provided to a party."

**14.12** Add the following new Section 14.12: "Each party agrees and acknowledges that neither party is a "utility" as such term is used in the United States Bankruptcy Code (including 11 U.S.C. § 366) nor a provider of last resort, and each party agrees to waive and not to assert the applicability of the provisions of 11 U.S.C. § 366 in any bankruptcy proceeding wherein such party is a debtor."

**14.13** Add the following new section:

"Special Entity" Status. Each party represents and warrants that it (and to the extent a party has members, each member) is not:

(i) a federal agency;

(ii) a State, State agency, city, county, municipality, or other political subdivision of a State, or any instrumentality, department, or a corporation of or established by a State or political subdivision of a State;

(iii) an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002);

(iv) a governmental plan, as defined in Section 3 of the Employee Retirement Income Security Act of 1974;

(v) an endowment, including an endowment that is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986; or

(vi) a "special entity" as defined in Section 4s(h)(2)(C) of the U.S. Commodity Exchange Act and the U.S. Commodity Futures Trading Commission Regulation 23.401(c).

**14.14** Counterparts. This Agreement may be executed in as many counterparts as are necessary and all executed counterparts together shall constitute one and the same Agreement. The electronic transmission of a signed original counterpart of this Agreement and transmission, or re-transmission, of an electronically-signed counterpart shall be deemed to be the same as delivery of a signed original counterpart of this Agreement. At the request of either Party, the Parties will confirm an electronically signed or transmitted counterpart by signing an original counterpart for delivery between them by mail or courier service; provided, however, a Party's failure to so confirm such a counterpart shall not affect the validity and enforceability of this Agreement.

**14.15** **EACH PARTY· WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION, CLAIM OR PROCEEDING RELATING TO THIS CONTRACT.**

**CERTAIN INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. THE OMITTED PORTIONS OF THIS DOCUMENT ARE INDICATED BY [***].**

# TRANSACTION CONFIRMATION

Iogen D3 Biofuel Partners LLC

Effective Date: May 9, 2016

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated May 9, 2016, and its terms shall be binding upon execution by the parties.

**SELLER:**
**GSF Energy, L.L.C.**

680 Andersen Drive
Foster Plaza 10, 5th Floor
Suite 580
Pittsburgh, PA 15220

Attn: General Counsel
Phone: 412-747-8718
Fax: (412) 542-1577

**BUYER**
**Iogen D3 Biofuel Partners LLC**

2200 Wilson Blvd Suite 310
Arlington VA, 22201
U.S.A. Attn: Contract Administration
Phone: (613) 733-9830
Fax: [***]

With a duplicate copy to:
Iogen Corporation
310 Hunt Club Road East
Ottawa, Ontario
Canada K1V 1C1
Attention: Contract Administration

**Contract Price**:

(1) Floor Price Gas: [***]

(2) Floating Price Gas: [***]

**Delivery Period**: Begin: [***] End: [***]

**Performance Obligation**: Seller shall, subject to the terms of this Transaction Confirmation, deliver and Buyer shall purchase the RB produced by the Project that is not delivered to Shell Energy per the transaction confirmation between Seller and Shell Energy of even date herewith for each Day of the Delivery Period, as set forth in, and subject to, the Additional Conditions below. Seller agrees to dedicate solely to Buyer all of the RB produced by the Project as of the commencement of the Delivery Period up to the Contract Quantity.

**Contract Quantity**: The Contract Quantity for each Month during the Delivery Period shall be the lesser of [***].

**Delivery Point(s)**:

The Delivery Point shall be Sales Meter Numbers: [***] and [***] at the Project.

Buyer and Seller agree that Seller is solely responsible for all transportation and related pipeline charges for the transportation of RB to the Delivery Point(s) and Buyer is solely responsible for all transportation and related pipeline charges for the transportation of the RB at and from the Delivery Point(s).

**Payment**:

The payment in respect of percentages of Net Proceeds shall be made in accordance with the provisions set forth in "Controlled Cash Account Disbursements" below.

**ADDITIONAL CONDITIONS:**

**Definitions:**

"Applicable Law" means all laws, statutes, rules, regulations, ordinances, judgments, orders, decrees, injunctions, and writs of any Governmental Authority having jurisdiction over the Project or either of the parties.

"Biogas Clean-Up and Compression Facility" means Seller's facilities for processing of RB from the Project to meet the quality criteria for the Commercial Distribution System at the Injection Point.

"CARB" means the California Air Resources Board or its successor.

"CEC" means the California Energy Commission or its successor.

"CNG" means compressed Gas.

"Change in Law" means the full repeal of the EPA Renewable Fuel Standard or a change of the EPA Renewable Fuels Standard wherein landfill biogas, including RB, no longer qualifies as a feedstock or fuel that can enable the generation of cellulosic biofuel RINs.

"Commercial Distribution System" means a gas distribution system physically connected by pipeline, barge, truck or rail as set out in EPA regulation §80.1426(f)(l l)(ii).

"Controlled Cash Account" means a bank account or series of bank accounts with a financial institution reasonably acceptable to Seller, to which all proceeds from the sale or use of RB and associated Green Attributes will be deposited and from which all applicable third party expenses will be paid and all distributions to Buyer and Seller will be made in accordance with the provisions set forth in "Controlled Cash Account Disbursements" below. The account will be in a form and substance reasonably acceptable to Seller and Buyer.

"CPUC" means the California Public Utilities Commission or its successor.

"Environmental Conditions" means any environmental conditions, circumstances or other matters of fact, pertaining to, relating to or otherwise affecting the environment, including, without limitation, any natural resources (including flora and fauna), soil, surface water, ground water, any present or potential drinking water supply, subsurface strata or the ambient air, and relating to or arising out of the presence, use, handling, blending, storage, treatment, recycling, generation, transportation, release, spilling, leaking, pumping, pouring, emptying, discharging, injecting, escaping, leaching, disposal (including the abandonment or discarding of barrels, containers and other closed receptacles containing any hazardous waste or other toxic substances of any nature), dumping or threatened release (as such term is used in the Federal Comprehensive Environmental Responsibility Cleanup and Liability Act of 1980, as amended from time to time or other similar Environmental Laws) of waste, hazardous waste or other toxic substances of any nature.

"Environmental Laws" means all Applicable Laws and rules of common law pertaining to the environment, natural resources, and public or employee health and safety, including the LCFS, EPA Renewable Fuel Standard, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Emergency Planning and Community Right to Know Act and the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act of 1976, the Hazardous and Solid Waste Amendments Act of 1984, the Clean Air Act, the Clean Water Act, the Federal Water Pollution Control Act, the Toxic Substances Control Act, the Safe Drinking Water Act, the Occupational Safety and Health Act of 1970, the Oil Pollution Act of 1990, the Hazardous Materials Transportation Act, and any similar or analogous statutes, regulations and decisional law of any Governmental Authority, as each of the foregoing may be amended.

"EPA" means the United States Environmental Protection Agency or its successor.

"EPA Renewable Fuel Standard" means the renewable energy program and policies established by the EPA and first published on March 26, 2010 at 75 Fed. Reg. 14670 (codified at 40 C.F.R. § 80.1401 (2012)) that became effective on July 1, 2010, and may be amended from time to time.

"Floating Price Gas" [***].

"Floor Price Gas" [***].

"Good Industry Practice" means the practices, methods, materials, supplies, equipment, and standards of safety, performance and service that are commonly applied in the landfill and landfill gas-to-energy industries in the United States to operate and maintain facilities similar to the Project, including the use of, and adherence to, equipment, practices and methods, applicable industry codes, standards and regulations that in the exercise of reasonable judgment, and in light of the facts and circumstances known at the time the decision was made, would be reasonably expected to accomplish the operating objectives of the Project, and protect individuals and the environment from damage, loss or injury.

"Governmental Authority" means any national, federal, state, local or other governmental, regulatory or administrative agency, court, commission, department, board or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority. Governmental Authority includes, but is not limited to, the CEC, CARB, EPA and the CPUC.

"Green Attributes" means any and all attributes generated or owned by the Project or in relation to the production or use of the Project's RB, including all rights, credits or payments associated with the renewable nature of RB or the reduction in or avoidance of fossil fuel consumption, Greenhouse Gas emissions or Lifecycle Greenhouse Gas Emissions, including emission reduction credits, verified emission reductions, voluntary emission reductions, offsets, allowances, voluntary carbon units, avoided compliance costs, emission rights and authorizations, RIN, REC and LCFS Registration rights, and $CO_2$ reduction and sequestration and any other environmental attributes associated with the use of RB. However, Green Attributes do not include (a) any federal or state tax credits associated with the collection, production, transfer or sale of such RB to the Buyer, or (b) any emission reduction credits required or available for the operation of a digester gas processing facility at the Project to convert collected RB to pipeline quality gas standards.

"Greenhouse Gas" means carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide ($N_2O$), hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride, or any other substances or combination of substances that may become regulated or designated as greenhouse gases under any federal, state or local law or regulation, or any emission reduction registry, trading system, or reporting or reduction program for greenhouse gas emission reductions that is established, certified, maintained, or recognized by any international, governmental (including U.N., federal, state, or local agencies), or non-governmental agency from time to time, in each case measured in increments of one metric ton of $CO_2$ equivalent.

"Injection Point" means the location where RB is introduced into a Commercial Distribution System in accordance with the EPA Renewable Fuel Standard.

"Iogen Parent" means Iogen Corporation, a corporation existing under the laws of Canada and having offices at 310 Hunt Club Road, Ottawa, Ontario.

"LCFS" means the California Low Carbon Fuel Standard as set forth in Title 17, California Code of Regulations §§95480-95490, as may be amended from time to time.

"LCFS Credit" means credits generated and traded under the LCFS, with each credit equal to one metric ton of $CO_2$ reductions as compared to baseline $CO_2$ emissions under the LCFS.

"Lifecycle Greenhouse Gas Emissions" means the aggregate quantity of Greenhouse Gas emissions (including direct emissions and significant indirect emissions from land use changes), as determined by the EPA pursuant to the EPA Renewable Fuel Standard or by CARB pursuant to the LCFS, related to the full fuel lifecycle, including all stages of fuel and feedstock production and distribution, from feedstock generation or extraction through the distribution and delivery and use of the finished fuel to the ultimate consumer, where the mass values for all greenhouse gases are adjusted to account for their relative global warming potential.

"LNG" means liquefied Gas.

"Montauk" means Montauk Energy Holdings, LLC.

"Monthly Period" means any calendar month during the Delivery Period.

"MDV" means [***] MMBtu per Day.

"Net Proceeds" means, in respect of any Monthly Period, an amount equal to:

" the gross proceeds received by Buyer from the sale or use of RB delivered to Buyer during the applicable Monthly Period, including, for clarity, the proceeds received by Buyer from the sale of RINs or LCFS Credits generated as a result of the use or sale of such RB,

minus

- the purchase price paid by Buyer in respect of all RB delivered to Buyer during the applicable Monthly Period,

minus

- all other third-party costs and expenses incurred by Buyer in connection with the purchase, sale or use of RB, including its Green Attributes, delivered to Buyer during the applicable Monthly Period, including, without limitation, RB storage costs with Shell Energy, any CAT Tax as outlined below in "Taxes", and the third party costs and expenses of Seller borne by Buyer pursuant to "Green Attributes" below.

in each case as determined by Buyer in accordance with IFRS applied on a consistent basis.

"Net RINs" means the total number of RINs generated in association with a given amount of RB used as a Vehicle Fuel, less the number of RINs paid to any parties contracted to provide Vehicle Fuel distribution for such RB.

"Organizational Documents" means the Certificate of Formation and Limited Liability Company Agreement of Buyer.

"Project" means the methane gas collection and treatment facilities at the Rumpke Sanitary Landfill located in

Cincinnati, Ohio and owned by Seller.

"Qualified Facility" shall have the meaning given it in the General Terms and Conditions section of the Additional Conditions below.

"RB" an abbreviation for "renewable biogas," means Gas from the Project that consists of or is derived from "Biogas", as that term is defined by the Renewable Fuel Standard Program and the LCFS, and contains all Green Attributes associated with such production.

"REC" means a certificate, credit, allowance green tag or other document, howsoever entitled, created by an Applicable Law or certification authority indicating generation of a megawatt hour of electrical power from a renewable energy source.

"Registration" means registration of the Project, Qualified Facilities, parties, RB, or pathways, as applicable, with EPA, CARB or other governmental or certifying entity, as applicable, such that the RB produced from the Project is RIN-eligible or LCFS Credit-eligible, as applicable. The Project is currently registered with the EPA under Seller's Producer Registration.

"RIN" means a renewable identification number generated to represent a volume of renewable fuel as set forth in Regulation of Fuels and Fuel Additives: Changes to Renewable Fuel Standard Program, 75 Fed. Reg. 16484 (March 26,2010) (codified at 40 C.F.R. § 80.1425 (2011); 40 C.F.R. § 80.1426 (2012)), as amended from time to time.

"Seller Performance Assurance" means the irrevocable letter of credit initially in the amount of $[***] issued to the benefit of Shell Energy as of the commencement of the Delivery Period.

"Seller's Producer Registration" is the producer registration of Montauk (EPA ID No. 6139) for Facility ID No. 71138.

"Shell Energy" shall mean Shell Energy North America (US), L.P.

"Vehicle Fuel" means CNG or LNG or other transportation fuel derived from RB or Gas that qualifies for receipt of a RIN under the EPA Renewable Fuel Standard or for receipt of a LCFS Credit under the LCFS.

"Vehicle Fuel Producers/Distributors" means entities that own or operate CNG or LNG Vehicle Fuel production or that have contracts to sell RB to such owners or operators.

General Terms and Conditions:

The parties acknowledge that the RB may be transported to California or somewhere else in the continental United States of America (whether by an exchange, backhaul service, or directly) for ultimate delivery to facilities (each a "Qualified Facility") that meet the eligibility standards for Registration. Buyer further acknowledges that (A) Seller represents herein that it is selling RB with Green Attributes that is compliant with both EPA Renewable Fuel Standard and LCFS as of the commencement of the Delivery Period, and it is, and will continue to be, the sole responsibility of Buyer to generate any RINs and/or LCFS Credits in connection with, the use of such RB as a Vehicle Fuel, and (B) Buyer shall have no right under claim of Force Majeure or otherwise to terminate or suspend performance under this Transaction Confirmation due to any inability to generate RINs and/or LCFS Credits that is not caused by the actions or inactions of Seller.

**Seller Firm Obligation Breach**: Seller shall be in breach of a Firm obligation to deliver hereunder if it delivers any volumes of the Contract Quantity hereunder to any party other than Buyer.

**Taxes**: The parties acknowledge that this Transaction is taking place in the State of Ohio. Notwithstanding the provisions of Section 6 of the Base Contract, [***].

**RB Availability**: Each of the parties acknowledge that the Project may not produce RB in excess of the Floor Price Gas, and the quantity of RB delivered hereunder shall be reduced accordingly and could be reduced to zero.

**Production Data**: On Buyer's written request, Seller shall provide Buyer with information and supporting documentation regarding historical and projected RB production from the Project. Buyer acknowledges that any forecast of projected RB production from the Projects (a) is confidential and shall not be disclosed to third parties without Seller's prior written consent or as otherwise required by law, (b) is a projection only and not a guarantee, warranty or promise of

actual RB production, and (c) Seller disclaims all warranties, express or implied, with respect to such RB production projections, including, without limitation, any warranty of merchantability and warranty of fitness for a particular purpose. Each party shall cooperate with the other party and provide the other party with any additional documentation as may be reasonably required in connection with (i) any audit of this Transaction Confirmation by a Governmental Authority, or (ii) any Registration.

**Gas Nominations**: Seller agrees to nominate and schedule RB volumes for delivery to Buyer by 9:00 a.m. Eastern prevailing time on the Business Day prior to any weekday or holiday and on or before 9:00 a.m. Eastern prevailing time on Friday for delivery on Saturday, Sunday and Monday or as otherwise agreed.

**Representations and Warranties:**

Mutual Representations and Warranties:

Each party hereby represents and warrants to the other party as of the Effective Date of the Transaction Confirmation as follows:

(A) It is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified to do business in all jurisdictions where such qualification is required or where such qualification is necessary for it to perform its obligations hereunder;

(B) It has full power and authority to carry on its business as now being conducted, to enter into this Contract and to perform its obligations hereunder. The execution, delivery and the performance of this Contract have been duly authorized by all necessary corporate or management action and do not and will not contravene its organizational documents or corporate policies or conflict with, result in a breach of, or entitle such party (with due notice or lapse of time or both) to terminate, accelerate or declare a default under, any agreement or instrument to which it is a party or by which it is bound (including, but not limited to, any RB sale to any third party for RB produced by the Project). The execution, delivery and performance by such party of this Contract will not result in any violation by it of any Applicable Law or the order of any court or other Governmental Authority. Such party is not a party to, nor subject to or bound by, any judgment, injunction or decree of any court or other Governmental Authority which may restrict or interfere with the performance of this Contract by it;

(C) This Contract is the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, except as such enforcement may be subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, avoidance, preferential transfer, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and by general principles of equity that may limit the availability of equitable remedies and contractual obligations generally (regardless of whether the issue of enforceability is considered in a proceeding in equity or at law), and the remedy of specific performance and injunctive relief may be subject to the discretion of the court before which any proceeding therefore may be brought;

(D) No consent, waiver, order, approval, authorization or order of, or registration, qualification or filing with, any court or other Governmental Authority is required for the execution, delivery and performance by such party of this Contract and the consummation by such party of the transactions contemplated hereby, and as to such consents the same are final, are in full force and effect, and are not subject to any appeal or further judicial or administrative proceedings. For purposes of clarification, Buyer does not require any consent or approval by the CEC in order to execute this Transaction Confirmation or perform the transactions contemplated herein. No consent or waiver of such party to any contract to which it is a party or by which it is bound is required for the execution, delivery and performance by such party of this Contract;

(E) There is no action, suit, grievance, arbitration or proceeding, pending or, to the knowledge of such party, threatened against or affecting such party at law or in equity, before any Governmental Authority which prohibits or impairs its ability to execute and deliver this Contract or to perform the transactions contemplated hereunder. Such party has not received written notice of any pending or threatened investigation, inquiry or review by any Governmental Authority regarding the execution or performance of the Contract or the performance of any transactions contemplated hereunder; and

(F) There are no bankruptcy or receivership proceedings pending against, being contemplated by or, to the knowledge of such party, threatened against such party and such party is current on all payments for indebtedness incurred by such party and no event of default currently exists, or with the lapse of time or due notice will exist, regarding to any such indebtedness for borrowed money by such party.

Representations, Warranties and Covenants of Buyer and Iogen Parent.

Buyer and Iogen Parent hereby represent and warrant, jointly and severally, to Seller as of the Effective Date of the Transaction Confirmation and on each Day of the Delivery Period, and further covenant and agree, as follows:

(A) Buyer is a special purpose entity formed to receive the revenues from the sale of RB from the Project. The Organizational Documents of Buyer provides that Buyer may engage solely in the business of acquiring and selling RB from the Project, including the related Green Attributes, and transactions related thereto, depositing the proceeds thereof in the Controlled Cash Account in compliance with this Transaction Confirmation (the "Permitted Business"). Buyer is expressly prohibited by its Organizational Documents from incurring indebtedness or security interests in its assets and cash flow, guaranteeing any obligations of Iogen Parent, engaging in any business other than the Permitted Business or permitting the Organizational Documents to be amended to allow for Buyer's membership interests or units to be certificated. Buyer has provided Seller with a true and accurate copy of the Organizational Documents of Buyer.

(B) Iogen Parent covenants that (i) Buyer shall operate in compliance with its Organizational Documents; (ii) 100% of the equity interests in Buyer shall be pledged to Seller to secure the obligations of Iogen Parent and Buyer to Seller hereunder pursuant to a pledge agreement entered into concurrently herewith; (iii) the Organizational Documents shall not be amended in a manner that would permit Buyer to engage in any business other than the Permitted Business or that would allow Buyer to take any action that is currently prohibited under the terms of the

Organizational Documents as set forth in Clause (A) above; and (iv) there shall not be any change in control of Buyer (the ability to vote 50% or more of the voting equity of Buyer) without Seller's prior written consent.

(C) All proceeds received by Buyer (or any of its affiliates) from the sale or and use of RB, including, for clarity, the proceeds received by Buyer from the sale of RINs or LCFS Credits generated as a result of the use or sale of such RB, shall be included in the gross proceeds hereunder and shall be deposited in the Controlled Cash Account for distribution to the parties as agreed herein, and neither Buyer nor any of its affiliates will receive any management fees, nor any other amounts from the Controlled Cash Accounts except in accordance with the Controlled Cash Account Disbursements section below.

(D) Concurrently with the execution and delivery of this Transaction Confirmation , Buyer is entering into written, binding agreements that include rights for Vehicle Fuel distribution of [***]% of the RB volumes from both the Floor Price Gas and Floating Price Gas, up to a monthly average volume of [***] MMBtu per day for the Delivery Period with one or more Vehicle Fuel Producers/Distributors and a written, binding agreement with one of the five (5) largest refiners in the United States (the "Refiner"), as measured by the renewable volume obligation imposed on such refiners under the EPA Renewable Fuel Standard, for the purchase of [***]% of the Net RINs generated from the use of such RB as a Vehicle Fuel during the Delivery Period. Concurrently with the execution and delivery of this Transaction Confirmation by Seller, Buyer will provide to Seller a signed letter from the Refiner confirming that (i) the Refiner and Buyer have entered into an agreement for Refiner to purchase [***] generated from the use of the RB produced by the Project during the Delivery Period as a Vehicle Fuel, and (ii) all amounts payable by the Refiner in respect of such agreement shall be deposited in the Controlled Cash Account unless otherwise jointly instructed by Seller and Buyer.

Seller's and Montauk's Ongoing Representations, Warranties and Covenants.

In addition to the representation and warranties set forth above, Seller represents, warrants and covenants to Buyer as of the execution date of the Transaction Confirmation and on each Day during the Delivery Period that (i) all RB delivered to Buyer by Seller shall have Green Attributes, (ii) Seller has not sold or agreed to sell Green Attributes associated with such RB to any other party except as otherwise expressly permitted under this Transaction Confirmation, (iii) the RB delivered to Buyer hereunder meets the specifications of the Commercial Distribution System at the Injection Point, (iv) except in the event of a Change in Law, the RB shall be delivered to Buyer in accordance with the requirements of the EPA Renewable Fuel Standard and LCFS in order to preserve Green Attributes, (v) Seller has not taken any action that would invalidate Green Attributes including Buyer's ability to generate RINs and LCFS Credits, (vi) upon sale of the RB by Seller to Buyer, Seller shall transfer all Green Attributes associated with the production of such RB, (vii) Montauk shall not generate any RINs under Seller's Producer Registration in respect of any RB from the Project that is used for transportation purposes after the date of EPA's approval of the Buyer's producer registration; (viii) Montauk shall meet all of its obligations under Green Attributes and Registration; and (ix) Montauk shall transfer to Buyer any RINs it generates in respect of RB delivered during the Delivery Period.

**Seller's Rights:**

If at any time during the Delivery Period, (i) any portion of the RB is not either stored (with Seller's consent) or used to generate RINs through transportation use, (ii) any RINs generated from the RB under this Transaction Confirmation are not being monetized, or (iii) Buyer shall fail to obtain QAP status within 180 days of its EPA Registration and thereafter maintain QAP status (as referred in clause (vi) of Buyer's obligations under "Green Attributes and Registration" below), which failure is not cured within a period of thirty (30) days (or if such cure cannot be effected within thirty (30) days, if Buyer does not take all such actions as may be reasonably necessary to cure such failure as promptly as practicable and in any event no later than 60 days) (any of which being a "Failure"), then Buyer shall advise Seller promptly and provide such information as may reasonably be appropriate or requested by Seller to evaluate the circumstances of such Failure, and Seller shall have sole the right to determine and direct the course of action to be taken by Buyer to remedy or mitigate such Failure, following consultation between the parties, including (A) actions to enforce Buyer's contracts with the Vehicle Fuel Producers/Distributors and/or the Refiner, (B) actions to store RB or secure alternative arrangements for qualified transportation use, and (C) actions to change or manage operations relating to RIN generation or compliance management.

Commodity Trade Option Representations:

The parties agree that this transaction is a forward contract within the meaning of the Commodity Exchange Act (the "Act"), as amended, and the Rules of the Commodity Futures Trading Commission ("CFTC"), and in reliance upon such agreement, as of the date the transaction is entered into:

- (i) each party represents to the other that it is a commercial market participant with respect to the specified commodity;
- (ii) each party represents to the other that it intends to make or take physical delivery of the specified nonfinancial commodity; and
- (iii) if this transaction includes any volumetric optionality, the holder of such optionality represents to the other party (a) that such optionality is primarily intended to address physical factors (such as weather, environmental factors, customer demand, available production, transport, shipping, operational constraints, or other physical factors) or regulatory requirements that reasonably influence demand for, or the supply of, the specified nonfinancial commodity; and (b) that such optionality is not primarily intended to address price risk.
- To the extent the transaction is deemed to be a commodity option:
- (i) the seller of the option represents to the buyer of the option that in connection with this transaction, the seller of the option is either (a) an eligible contract participant as defined in section 1a(l8) of the Act and the regulations of the CFTC, or (b) a producer, processor, commercial user of or a merchant handling the commodity that is the subject of this transaction, or the products or byproducts thereof, and is offering or entering into this transaction solely for purposes related to its business as such;

- (ii) the buyer of the option represents to the seller of the option that in connection with this transaction the buyer of the option is a producer, processor, commercial user of or a merchant handling the commodity that is the subject of this transaction or the products or byproducts thereof and is offering or entering into this transaction solely for purposes related to its business as such; and
- (iii) each party represents to the other that the option, if exercised, would result in the sale of an exempt commodity/ for immediate or deferred delivery.

**Buyer Covenant and Indemnity**

Buyer shall act in good faith in the sale or use of RB and [***].

Buyer further agrees to indemnify Seller and save it harmless from, and against, any and all losses, liabilities or claims, attributable to, arising out of, resulting from or in connection with any third party claims in respect of fines or violations of the LCFS or EPA Renewable Fuel Standard not due to the actions or inactions of Seller.

**Seller Covenant and Indemnity**

Seller shall exercise commercially reasonable efforts to ensure that the Project is operated and maintained in accordance with Applicable Law and Good Industry Practice.

Seller further agrees to indemnify Buyer and save it harmless from, and against, any and all losses, liabilities or claims, attributable to, arising out of, resulting from or in connection with any Environmental Condition or violation of Environmental Law located at or otherwise relating to the Biogas Clean-Up and Compression Facility.

**Controlled Cash Account Disbursements.**

Buyer shall furnish to Seller, not less than monthly on or before the tenth (10th) Business Day of the first calendar Month occurring after the applicable Month, a report setting forth:

- by date and amount the revenues received in the Controlled Cash Account;
- by date and amount the previously approved disbursements made from the Controlled Cash Account;
- the third party recipients and estimated amounts of proposed disbursements of funds to pay third party costs and expenses in the upcoming Month;
- the Net Proceeds in respect of each prior Month; and

- Buyer's proposed proportional disbursements of Net Proceeds to Seller and Buyer in accordance with this Transaction Confirmation.

Such report shall be accompanied by such documentary substantiation of revenues received, the calculation of Net Proceeds and any third party costs and expenses as may reasonably be requested by Seller. Seller shall review such report as promptly as practicable and, no later than five (5) Business Days following receipt of such report, either (i) approve the proposed disbursements therein, or (ii) advise Buyer in writing of its reasonable objection to any proposed disbursements, which objection may only be based upon a reasonable good faith belief that such disbursements are inconsistent with terms of this Transaction Confirmation, and provide the Buyer with Seller's rationale therefor together with reasonable evidence to substantiate any such claim, whereupon the remaining uncontested disbursements shall be approved by the parties. Any disbursement objected to by Seller shall be retained in the Controlled Cash Account until the Seller's objection thereto and the rightful entitlement to such funds shall be determined. Once approved by Seller, Buyer shall initiate the transaction. Once initiated, Seller shall promptly release each transaction. Releases cannot occur without the approval of Seller as provided for herein.

**Shell Energy Transaction Confirmation**

Seller and Buyer acknowledge that Buyer is also buying all of the RB and Green Attributes under Seller's Transaction Confirmation with Shell Energy relating to the Project, and Seller agrees that Buyer is an express third party beneficiary of the representations, warranties, covenants and contractual undertakings of Seller thereunder. Seller and Buyer further agree that, if an Event of Default occurs under Seller's Transaction Confirmation with Shell Energy relating to the Project in which Seller is the Non-Defaulting party, then Seller will, at Buyer's request and receipt of Performance Assurance from Seller in the form and substance Buyer issued to Shell Energy, enter into a Transaction Confirmation substantively identical herewith with Buyer as the buyer for the remaining term of the Delivery Period.

**Audit Rights**

Seller shall have the right, at its own expense, upon reasonable notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books and records of Buyer to the extent reasonably necessary to verify the accuracy of any accounting and reconciliation of Net Proceeds. Seller's right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Transaction Confirmation. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the applicable due date for such Net Proceeds. All retroactive adjustments under this paragraph shall be paid in full by the party owing payment within 30 Days of notice and substantiation of such inaccuracy.

**Additional Information:**

Upon request by Seller, Iogen Parent and Buyer shall provide such further information and documents as may reasonably be requested by Seller, including but not limited to financial statements of Buyer, in connection with the performance by Iogen Parent and Buyer of their respective obligations hereunder.

**Change in Law:**

In the event of a Change in Law, either party may terminate this Transaction Confirmation upon notice to the other party and in such event the difference between the Market Value and Contract Value shall be deemed to be zero.

**Green Attributes and Registration:**

[***], and (ii) provide an agreement, attestation, certification and/or other reasonably required document to the CEC, EPA, CARB or other Governmental Authority having jurisdiction over the Qualified Facility to the effect that the RB sold and delivered to Buyer is separately metered by a meter that satisfies the quality standards of the Duke Energy Pipeline and is injected into the Duke Energy Pipeline system and contains all Green Attributes for the sole benefit of Buyer or the Qualified Facility, as applicable.

Each party will provide the other party such cooperation, documentation, certifications, site visits or other information, support or assistance as may be necessary to carry out the purposes of this Transaction Confirmation in order for title to the conveyed Green Attributes to vest in the Buyer in connection with the purchase and sale of RB hereunder, and as required by EPA or other Governmental Authority, including but not limited to the following:

(A) Seller has the following obligations:

(i) Cooperation with Buyer in Buyer's efforts to secure and maintain Registration of the Project and/or Qualified Facilities with the EPA in order to generate RINs and to comply with related reporting and recordkeeping requirements, and Buyer's conducting a third party engineering review of the Project, and providing documentation such as contracts or affidavits regarding the transfer of title, volume, heat content, and any other information required under the Renewable Fuel Standard.

(ii) Cooperation with Buyer in Buyer's efforts to secure and maintain Registration with CARB to create a low carbon intensity pathway for generation of LCFS Credits on Biogas produced from the Project and to comply with related reporting and recordkeeping requirements (to the extent that sales of the Biogas Vehicle Fuel are contemplated in California), and providing Buyer documentation to support LCFS credit generation, including the submissions to CARB for registration and documentation regarding volume, energy content, product transfer documents that state, among other information, that Seller transfers the "Regulated Party" status as defined under LCFS to Buyer, and any other information required by LCFS.

(iii) Cooperation and compliance with the Buyer to meet the requirements of the EPA Renewable Fuel Standard and the LCFS to ensure the valid generation and ongoing validity of the RINs and/or LCFS Credits.

(B) Montauk shall:

(iv) Write a letter to EPA for inclusion in Buyer's producer registration, such letter being satisfactory to Buyer and confirming (i) Seller has contracted with Buyer for the transportation use of its RB from the Project beginning [***], (ii) Montauk and Seller acknowledge their intent for Buyer to be the registered producer in respect of all biogas used as transportation fuel from Facility ID 71138 after the date of approval of Buyer's producer registration, and (iii) Montauk will not use its producer registration in association with Facility No 71138 for the generation of any RINs in respect of any volumes of biogas used as transportation fuel after the date of approval of Buyer's producer registration.

(G) Buyer shall:

(i) File for and use commercially reasonable best efforts to obtain, producer registration with the EPA in order to generate RINs using Biogas from the Project including, if applicable, the ability to store RB in the event EPA approval of registration not obtained by [***];

(ii) Use commercially reasonable best efforts to register or ensure a party is registered with CARB as a "Regulated Party" as defined by the LCFS regulations for generation of LCFS Credits (to the extent that sales of the Vehicle Fuel are contemplated in California);

(iii) Use commercially reasonable best efforts to obtain or ensure a party obtains acceptance of Regulated Party status under the LCFS;

(iv) Enter into contracts to use 100% of the RB it acquires to generate and monetize both D3 Q RINs and, if sold in the state of California, LCFS credits;

(v) Pay the third party costs and expenses of Seller relating to any use of Seller's Producer Registration for the RB under this Transaction Confirmation and Seller's cooperation in connection with Buyer's producer registration; and

(vi) Subject to continuation of the Quality Assurance Program ("QAP") under the RFS, engage Weaver Tidwell LLP or any successor to a substantial portion of its RFS compliance business ("Weaver") or any mutually agreed comparable provider of QAP services to perform as the QAP Auditor in respect of all RB, and shall use commercially reasonable best efforts to obtain and maintain QAP status for all RINs generated using RB.

(H) Within ten (10) days following the end of a Monthly Period, Buyer shall deliver a statement to Seller setting forth (a) an inventory of RB in storage at the beginning and end of such Monthly Period; (b) a reconciliation of RB delivered and RINs and LCFS generated during such Monthly Period; (c) a reconciliation of RINs in Buyer's EMTS Account at the beginning and end of such Monthly Period; (d) a reconciliation of LCFS Credits at the beginning and end of such Monthly Period; and (e) the number of RINs and LCFS Credits sold during such Monthly Period.

In the event that Buyer has not obtained a producer registration with EPA by [***], Buyer shall provide notice to Seller of such and provide Seller with the information reasonably required in accordance with the advice of Weaver for Seller to update Seller's Producer Registration with EPA to employ Buyer's RB distribution channels, including applicable affidavits, pipeline connection information and a copy of the letter to EPA described in Clause (B) above. Montauk shall then submit such update documents to EPA no later than [***] notifying EPA that, for volumes of biogas from Facility ID 71138 used as transportation fuel after [***] and before the date of approval of Buyer's producer registration, Montauk intends to meet its registration requirements for the generation of RINs by selling biogas for use as a transportation fuel to Shell Energy and Buyer. During the Delivery Period, for all RB used as transportation fuel prior to Buyer's producer registration, Montauk will generate D3 Q RINs and transfer [***]% of such RINs to Buyer no later than the 20th Day of each Month following the transportation use.

**Confidentiality**

This terms of this Transaction Confirmation and the information disclosed by either of the parties in connection herewith shall be subject to the Confidentiality Agreement dated December 15, 2015 between Montauk and Iogen Corporation, to the same extent as if the parties were signatories thereto, and for purposes hereof, the term of such Confidentiality Agreement shall be deemed to extend until five years following the end of the Delivery Period hereunder or until the earlier termination of this Transaction Confirmation.

**Seller's and Buyer's Performance Assurance**

Prior to the commencement of the Delivery Period, each of Seller and Buyer shall provide an irrevocable standby letter of credit in customary form issued for the benefit of Shell Energy as performance assurance, in the initial amount of $[***] (in the case of Seller) and $[***] (in the case of Buyer). Such performance assurance shall (a) meet the requirements of Shell Energy as described in Annex 1 attached hereto and (b) act as performance assurance required in respect of Buyer's agreement to purchase [***]% of the Floor Price Gas from Shell Energy. The required letter of credit amounts shall be reduced proportionally to each party's initial amount, in accordance with the table below:

| Calendar Year (January) | Aggregate Letter of Credit Amount |
|---|---|
| Initial | $ [***] |
| [***] | $ [***] |
| [***] | $ [***] |
| [***] | $ [***] |
| [***] | $ [***] |

| Calendar Year (January) | Seller Letter of Credit Amount |
|---|---|
| Initial | $ [***] |
| [***] | $ [***] |
| [***] | $ [***] |
| [***] | $ [***] |
| [***] | $ [***] |

| Calendar Year (January) | Buyer Letter of Credit Amount |
|---|---|
| Initial | $ [***] |
| [***] | $ [***] |
| [***] | $ [***] |
| [***] | $ [***] |
| [***] | $ [***] |

**Events of Default and Early Termination:**

For purposes of this Transaction Confirmation only, each of the following shall constitute an additional Event of Default under the Base Contract, following notice and a cure period of five Business Days, and any termination rights arising therefrom shall be in addition to any other remedies hereunder available to the Non-Defaulting party:

(A) a party (including Iogen Parent) fails to perform a material obligation herein; and

(B) a party (including Iogen Parent) breaches a representation or warranty herein.

Each party agrees to provide prompt written notice to the other party of any fact, circumstance or event which would be a breach under any of the representations, warranties or covenants set forth in this Transaction Confirmation, assuming solely for purposes of this notice requirement that such representations and warranties were made as of the date of such fact, circumstance or event.

Any declaration of an Early Termination Date arising with regard to any Events of Default shall be applicable to the termination and settlement of this Transaction Confirmation only, and shall not affect any other Transactions then in place between Buyer and Seller, (other than that certain Transaction Confirmation by and between the parties, dated as of the date hereof, related to the sale Gas from Buyer to Seller) nor shall the Base Contract be terminated thereby. When determining Market Value under Section 10.3.1 of the Base Contract, a party shall be entitled to consider the Market Value of the RB as defined herein sold as Gas as well as the Market Value of the credits associated with the RB's applicable Green Attributes, including without limitation any RINs or LCFS Credits, associated with landfill gas or biogas, regardless of the location of the sale or whether the sales involve producers, marketers, or end-users. The parties agree that this determination of Market Value shall constitute a reasonable basis for the calculation of damages and shall not be considered consequential damages described in Section 13 of the Base Contract.

**IN WITNESS WHEREOF**, the parties have signed this Transaction Confirmation in multiple counterparts, effective as of the Effective Date.

**SELLER**
**GSF Energy, L.L.C.**

By /s/ Martin L. Ryan
Title: Vice President
Date: 5-9-16

**BUYER**
**Iogen D3 Biofuel Partners LLC**

By: /s/ Pat Foody
Name: Pat Foody
Title: Executive Vice President
Date: May 9, 2016

Montauk: **Montauk Energy Holdings, LLC**

For the limited purpose of making the representations, warranties and covenants of Montauk set forth in the Additional Conditions

By: /s/ Martin L. Ryan

Title: Vice President

Date: 5-9-16

Iogen Parent: **Iogen Holdings Corporation**

For the limited purpose of making the representations, warranties and covenants of Buyer and Iogen Parent set forth in the Additional Conditions

By: /s/ Pat Foody

Title: Executive Vice President Advanced Biofuels

Date: May 9, 2016

**Annex 1 - Shell Energy Credit Requirements**

**Exhibit 10.27**

**IOGEN D3 BIOFUEL PARTNERS LLC**
**2200 Wilson Boulevard, Suite 310**
**Arlington, Virginia 22202**

May 20, 2016

GSF Energy, L.L.C.
680 Andersen Drive
Foster Plaza 10, 5th Floor
Pittsburg, PA 15220

Attention: Dave Herman

Dear Dave:

**Re: Transaction Confirmation dated May 9, 2016 between Iogen D3 Biofuel Partners LLC and GSF Energy, LLC (the "Transaction Confirmation")**

Reference is made to the Transaction Confirmation defined above. This will confirm that the Sales Meter Numbers referenced in the following section:

"Delivery Point(s): The Delivery Point shall be Sales Meter Numbers: [***] at the Project."

shall be amended to read as follows:

"Delivery Point(s): The Delivery Point shall be Sales Meter Numbers: [***] at the Project."

Except as expressly provided herein, the Transaction Confirmation shall remain in full force and effect in accordance with its terms.

Please acknowledge your acceptance of and agreement to the foregoing by signing a copy of this letter where indicated below.

Very truly yours,
**IOGEN D3 BIOFUEL PARTNERS LLC**

By: */s/* Claire Dumville
Title: VP, Finance

ACCEPTED AND AGREED
**GSF ENERGY, L.L.C.**

By: /s/ Martin L. Ryan

Title: Vice President

Date: 5-20-16

**CERTAIN INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. THE OMITTED PORTIONS OF THIS DOCUMENT ARE INDICATED BY [***].**

# SECOND AMENDMENT
# TO
# TRANSACTION CONFIRMATION

This Second Amendment to Transaction Confirmation (this "Second Amendment") is made on this 22nd day of May, 2018 (the "Effective Date"), by and between Iogen D3 Biofuel Partners LLC ("Buyer") and GSF Energy, L.L.C. (the "Seller").

WHEREAS, Buyer and Seller are parties to that certain transaction confirmation dated May 9, 2016, as amended by that certain first amendment dated May 20, 2016 (collectively, the "Transaction Confirmation"), which is subject to the base contract between the parties dated May 9, 2016 (the "Base Contract"); and

WHEREAS, Buyer and Seller desire to amend the Transaction Confirmation as set forth herein.

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Use of Terms

Capitalized terms used herein shall have the same meaning ascribed thereto in the Transaction Confirmation and Base Contract unless otherwise specified herein.

Section 2. Amendment to the Transaction Confirmation

The Transaction Confirmation is hereby amended as follows:

**Contract Price:**

Clause (2) shall be replaced with the following:

"(2) Floating Price Gas: [***]."

**Contract Quantity:**

The following sentences shall be added to the end of the Contract Quantity section:

"Such amounts exceeding the MDV are not governed by this Transaction Confirmation. Seller shall retain all rights, title, and interest in the Gas and Green Attributes relating to such amounts."

**Calculation of Contract Volumes:**

Contract volumes shall be calculated as set forth on Exhibit A.

**Net Proceeds:**

The following sentences shall be added to the definition of Net Proceeds:

- For the portion of gross proceeds from RINs that are generated in respect of a batch of Vehicle Fuel used in two Monthly Periods, such proceeds shall be recognized as gross proceeds received in the Monthly Period in which the RINs were generated.
- For the Net Proceeds calculation in respect of any Monthly Period where there is both Floating Price Gas and Floor Price Gas, gross proceeds from RIN sales accruing to a Monthly Period shall be allocated proportionally between Floating Price Gas and Floor Price Gas based upon the quantities of (a) Floating Price Gas delivered in such Monthly Period, and (b) RB used for such accrued RIN generation in the Monthly Period minus Floating Price Gas for such Monthly Period. Third-party costs and expenses are allocated proportionally between quantities of Floor Price Gas and Floating Price Gas delivered in the applicable Monthly Period.

Exhibit B provides an example of Net Proceeds calculation.

Except as expressly amended as provided herein, the Transaction Confirmation shall remain in full force and effect in accordance with its terms.

**IN WITNESS WHEREOF**, the undersigned have caused this Second Amendment to be executed as of the date first above written.

**IOGEN D3 BIOFUEL PARTNERS LLC**

By: */s/ Patrick J. Foody*

Name: Patrick J. Foody

Title: Executive Vice President

**GSF ENERGY, L.L.C.**

By: */s/ James W. Wallace*

Name: James W. Wallace

Title: Vice President

**EXHIBIT A - Calculation of Contract Volumes**

**EXHIBIT B - Notes on Net Proceeds Calculation**

**CERTAIN INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. THE OMITTED PORTIONS OF THIS DOCUMENT ARE INDICATED BY [***].**

IOGEN D3 BIOFUEL PARTNERS LLC
220 Wilson Blvd., Suite 310
Arlington, VA 22202

September 17, 2019

GSF Energy, L.LC.
Attn: Marty Ryan
680 Anderson Dr.
Foster Plaza, 5th Floor
Pittsburgh, PA 15220

Re: Transaction Confirmation dated May 9, 2016, amended on May 20, 2016 and May 22, 2018 between Iogen D3 Biofuel Partners LLC ("**Buyer**") and GSF Energy, L.L.C. ("**Seller**") ("**Transaction Confirmation**")

Dear Marty:

Reference is made to the Transaction Confirmation defined above. This letter agreement ("**Amendment**") serves as an additional amendment to the Transaction Confirmation. Any capitalized terms not defined herein shall have the respective meanings given to them by their definitions within the Transaction Confirmation.

Buyer and Seller agree as follows:

1. **Disbursements for [***] Operation**. Buyer shall make the disbursements from the Controlled Cash Account to Seller and Buyer for all amounts set forth under the column "To Seller" and "To Buyer" on Exhibit A (attached hereto) within five (5) Business Days of the date upon which this Third Amendment is signed by both Buyer and Seller ("**Execution Date**"), and Seller shall communicate its approval of such disbursements to BMO Harris Bank.

2. **Floating Price Gas Deduction**. With respect to volumes of Floating Price Gas delivered in any Month, Buyer shall be obligated to pay to Seller an amount equal [***] ("**Floating Price Gas Deduction**"). For clarity, this paragraph does not modify the existing Contract Price definition for Floating Price Gas within the Transaction Confirmation.

3. **Shortfall Advances**. Starting on the Execution Date, and subject to the Repayment Clause noted herein:

    a. In the event that, in a given Month the value of:

- The gross proceeds received by Buyer from the sale or use delivered to Buyer during the applicable Monthly Period, including. for clarity, the proceeds received by Buyer from the sale of RINs or LCFS Credits generated as a result of the use or sale of such RBs,

minus

- The purchase price paid by Buyer in respect of all RB delivered to Buyer during the applicable Monthly Period;

minus

- All other third-party costs and expenses incurred by Buyer in connection with the purchase, sale or use of RB, including its Green Attributes, delivered to Buyer during the applicable Monthly period, including, without limitations, RB storage costs with Shell Energy, any CAT Tax, the Floating Price Gas Deduction, and the third party costs and expenses of Seller borne by Buyer pursuant to "Green Attributes";

is less than zero, such amount being the **Monthly Net Proceeds Deficiency**; and

b. Buyer's parent deposits cash in an amount less than or equal to (and not in excess of) the Monthly Net Proceeds Deficiency into the Controlled Cash Account to fund the Monthly Net Proceeds Deficiency, such amount being the **Monthly Shortfall Advance**;

c. Then, prior to the disbursement of any amounts of Net Proceeds from the Controlled Cash Account to Seller or Buyer in respect of any Monthly period from and after the Execution Date:

i. The amount of all Monthly Shortfall Advances (except those to which Seller has provided a Shortfall Objection that has not been resolved) shall be repaid in full (without interest) as directed by Buyer; and

ii. Seller shall communicate its approval of such repayments to BMO Harris Bank upon Buyer's request.

4. **Shortfall Reporting**. In addition to the Buyer's current Monthly reporting requirements to Seller, as provided by the Controlled Cash Account Disbursements provision of the Transaction Confirmation or otherwise, the Buyer shall further include as part of that Monthly reporting to Seller the following ("**Shortfall Reporting**"):

a. The amount of any required Monthly Shortfall Advance for the current Month;

b. The dates and amounts of all prior Monthly Shortfall Advances deposited in the Controlled Cash Account;

c. The dates and amounts of all repayments of Monthly Shortfall Advances from the Controlled Cash Account;

d. The outstanding balances of all Shortfall Advances; and

e. Documentary substantiation of the necessary amounts and the making of all Monthly Shortfall Advances, the agreement(s) underlying the receipt and repayment of Monthly Shortfall Advances, the calculations of the receipt of and repayment of Monthly Shortfall Advances, and any other documentary information in respect of the Monthly Shortfall Advances as may reasonably be requested by Seller.

5. **Controlled Cash Account Deposits to Repay Monthly Shortfall Advances**. Buyer agrees that, during any time period in which Buyer has not yet repaid all Monthly Shortfall. Advances in full, any and all positive balances within the Controlled Cash Account will be used to repay the Monthly Shortfall Advances. This repayment is intended on a dollar-for-dollar basis, meaning that any dollar within the Controlled Cash Account will be used to repay a dollar of unpaid Monthly Shortfall Advances, and no funds within the Controlled Cash Account will be held idle in the Controlled Cash Account where Monthly Shortfall Advances are not yet paid in full.

6. **Shortfall Objection**. Seller shall review the Shortfall Reporting and within five *(5)* Business Days following receipt of the Shortfall Reporting advise Buyer in writing of its reasonable objection, if any, to any Monthly Shortfall Advance claimed by Buyer as forming the basis for Buyer not to make disbursements to Seller from the Controlled Cash Account ("**Shortfall Objection**"), which objection may only be based upon a reasonable good faith belief that such Monthly Shortfall Advance is inconsistent with the terms of the Transaction Confirmation and this Third Amendment, and provide Buyer with Seller's rationale therefor together with reasonable evidence to substantiate any such claim. In the event of a Shortfall Objection, Buyer and Seller shall work in good faith to promptly resolve any differences in respect of the Monthly Shortfall Advance and, until such resolution, no disbursements will be made to Buyer from the Controlled Cash Account in respect of the disputed Monthly Shortfall Advance until Seller's objection thereto and the rightful entitlement to such funds shall be determined. If an acceptable resolution does not result from such good faith negotiation within 20 days of issuance of the objection, then either party may give written notice to the other party that it intends to settle the dispute by mediation under the Commercial Mediation Procedures of the Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association. If the parties are unable to resolve the dispute by mediation, then the complaining party shall have the right to· institute litigation proceedings.

7. **Disbursements of Positive Net Proceeds**. When all Monthly Shortfall Advances have been repaid in full (without interest) and no unpaid Monthly Shortfall Advances are outstanding, Buyer shall reinitiate proportionate disbursements of any positive Monthly Net Proceeds to Seller and Buyer from the Controlled Cash Account.

8. **Temporary MDV Increase**. Seller and Buyer agree that, subject to completion of any required EPA notifications or approvals (which the parties shall coordinate to determine and effectuate as promptly as practicable), after the Execution Date and up to [***], the MDV shall be increased to [***] MMBtu/day.

9. **Effect on Transaction Confirmation**. Except as expressly provided herein, the Transaction Confirmation shall continue in full force and effect in accordance with its terms and nothing in this Third Amendment shall otherwise modify the Transaction Confirmation or any right or obligation arising thereunder.

Please communicate your agreement to the foregoing by signing a copy of this letter agreement where provided below.

Very truly yours,

**IOGEN D3 BIOFUEL PARTNERS LLC**

By: /s/ Pat Foody

AGREED:

**GSF ENERGY, L.L.C.**

By: /s/ Martin L. Ryan

**Exhibit A – Disbursements to be made from Controlled Cash Account for Operations**

**Base Contract for Sale and Purchase of Natural Gas**

This Base Contact is entered into as of the following date: October 9, 2019

The parties to this Base Contract are the following:

| **PARTY A ("SELLER")**<br>**GSF Energy, L.L.C.** | ***PARTY NAME*** | **PARTY B ("BUYER")**<br>**Bluesource LLC** |
|---|---|---|
| 680 Andersen Drive<br>Foster Plaza 10, 5th Floor<br>Suite 580<br>Pittsburgh, PA 16220 | ***ADDRESS*** | 2825 E. Cottonwood Parkway<br>Suite 400<br>Cottonwood Heights, UT 84121 |
| www.montaukenergy.com | ***BUSINESS WEBSITE*** | www.bluesource.com |
| | ***CONTRACT NUMBER*** | |
| | ***D-U-N-S® NUMBER*** | |
| ☒ US FEDERAL: **74-2799953**<br>☐ OTHER: | ***TAX ID NUMBERS*** | ☒ US FEDERAL:<br>☐ OTHER: |
| | ***JURISDICTION OF ORGANIZATION*** | Delaware |
| ☐ Corporation ☒ LLC<br>☐ Limited Partnership ☐ Partnership<br>☐ LLP Other: _____ | ***COMPANY TYPE*** | ☐ Corporation ☒ LLC<br>☐ Limited Partnership ☐ Partnership<br>☐ LLP Other: ____ |
| | ***GUARANTOR (IF APPLICABLE)*** | |
| **CONTACT INFORMATION** | | |
| *ATTN:* *President*<br>*TEL#:* 412-747-8700 *FAX#:* 412-921-2867<br>*EMAIL:* [***] | • **COMMERCIAL** | *ATTN:* *Vice President*<br>*TEL#:* [***] *FAX#:*<br>*EMAIL:* *waverly@bluesource.com* |
| *ATTN:* _____<br>*TEL#:* _____ *FAX#:* _____<br>*EMAIL:* _____ | • **SCHEDULING** | *ATTN:*<br>*TEL#:* *FAX#:*<br>*EMAIL:* |
| *Same as above* | | *Same as above* |
| *ATTN:* *General Counsel*<br>*TEL#:* 412-747-8700 FAX# 412-921-2867<br>*EMAIL:* *jwallace@montaukenergy.com* | • **CONTRACT AND LEGAL NOTICES** | *ATTN:* *General Counsel*<br>*TEL#:* *FAX#:*<br>*EMAIL:* |
| *Same as above* | | *Same as above* |
| *ATTN:* Chief Financial Officer<br>*TEL#:* 412-747-8700 FAX# 412-921-2867<br>*EMAIL:* [***] | • **CREDIT** | *ATTN:* *Chief Financial Officer*<br>*TEL#:* _____ *FAX#:* _____<br>*EMAIL:* _____ |
| *Same as above* | | *Same as above* |
| *ATTN:* General Counsel<br>*TEL#:* 412-747-8700 FAX# 412-921-2867<br>*EMAIL:* *jwallace@montaukenergy.com* | • **TRANSACTION CONFIRMATIONS** | *ATTN:* *General Counsel*<br>*TEL#:* *FAX#:*<br>*EMAIL:* |
| **ACCOUNTING INFORMATION** | | |
| Same as above | | Same as above |
| *ATTN:* *Chief Financial Officer*<br>*TEL#:* 412-747-8700 *FAX#* 412-921-2867<br>EMAIL: [***] | • **INVOICES**<br>• **PAYMENTS**<br>• **SETTLEMENTS** | *ATTN:* *Chief Financial Officer*<br>*TEL#:* *FAX#:*<br>*EMAIL:* |
| *BANK:* *Comerica Bank*<br>*ABA:* [***] *ACCT:* [***]<br>*OTHER DETAILS:*_____ | **WIRE TRANSFER NUMBERS (IF APPLICABLE)** | *BANK:* _____<br>*ABA:* *ACCT:*<br>*OTHER DETAILS:* *Attn:*_____ |
| BANK: *Comerica Bank*<br>ABA: [***] ACCT: [***]<br>*OTHER DETAILS:* _____ | **ACH NUMBERS (IF APPLICABLE)** | *BANK:* _____<br>*ABA:* *ACCT:*<br>*OTHER DETAILS:* *Attn:*_____ |
| *ATTN:* _____<br>*ADDRESS:* _____<br>_____ | **CHECKS (IF APPLICABLE)** | *ATTN:* _____<br>*ADDRESS:* _____<br>_____ |

**Base Contract for Sale and Purchase of Natural Gas**

(Continued)

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select the appropriate box(es) from each section:

| | |
|---|---|
| **Section 1.2** Transaction Procedures<br>☐ Oral (default)<br>OR<br>☒ Written | **Section 10.2** Additional Events of Default<br>☒ No Additional Events of Default (default)<br>☐ Indebtedness Cross Default<br>☐ Party A: _____<br>☐ Party B: _____<br>☐ Transactional Cross Default |
| **Section 2.7** Confirm Deadline<br>☒ 2 Business Days after receipt (default)<br>OR<br>☐ __ Business Days after receipt | |
| **Section 2.8** Confirming Party<br>☒ Seller (default)<br>OR<br>☐ Buyer | |
| **Section 3.2** Performance Obligation<br>☒ Cover Standard (default)<br>OR<br>☐ Spot Price Standard | **Section 10.3.1** Early Termination Damages<br>☒ Early Termination Damages Apply (default)<br>OR<br>☐ Early Termination Damages Do Not Apply |
| ***Note: The following Spot Price Publication applies to both of the immediately preceding.*** | **Section 10.3.2** Other Agreement Setoffs<br>☒ Other Agreement Setoffs Apply (default<br>☒ Bilateral (default)<br>☐ Triangular<br>OR<br>☐ Other Agreement Setoffs Do Not Apply |
| **Section 2.31** Spot Price Publication<br>☒ Gas Daily Midpoint (default)<br>OR<br>☐ _____ | |
| **Section 6** Tax<br>☒ Buyer Pays At and After Delivery Point (default)<br>OR<br>☐ Seller Pays Before and At Delivery Point | |
| **Section 7.2** Payment Date<br>☒ 25th Day of Month following Month of delivery (default)<br>OR<br>☐ Day of Month following Month of delivery | **Section 15.5** Choice Of Law<br>New York |
| **Section 7.2** Method of Payment<br>☒ Wire transfer (default)<br>☐ Automated Clearinghouse Credit (ACH)<br>☐ Check | **Section 15.10** Confidentiality<br>☒ Confidentiality applies (default)<br>OR<br>☐ Confidentiality does not apply |
| **Section 7.7** Netting<br>☒ Netting applies (default) OR<br>OR<br>☐ Netting does not apply | |
| ☒ Special Provisions Number of sheets attached: 7<br>☐ Addendum(s): _____ | |

**IN WITNESS WHEREOF**, the parties hereto have executed this Base Contract in duplicate.

| **"SELLER"**<br>**GSF Energy, L.L.C** | PARTY NAME | **"BUYER"**<br>**Bluesource LLC** |
|---|---|---|
| *By: /s/ James W. Wallace* | SIGNATURE | *By: /s/ William T. Overly* |
| James W. Wallace | PRINTED NAME | William T. Overly |
| Vice President | TITLE | Vice President |

**SECTION 1. PURPOSE AND PROCEDURES**

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm, or Interruptible basis. “Buyer” refers to the party receiving Gas and “Seller’’ refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.9.

**The parties have selected either the “Oral Transaction Procedure” or the “Written Transaction Procedure” as indicated on the Base Contract.**

**Oral Transaction Procedure:**

1.2 The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a “writing” and to have been “signed”. Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

**Written Transaction Procedure:**

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of non-conflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3

1.3. If a sending party’s Transaction Confirmation is materially different from the receiving party’s understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party’s agreement to the terms of the transaction described in the sending party’s Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract.

**SECTION 2. DEFINITIONS**

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Additional Event of Default" shall mean Transactional Cross Default or Indebtedness Cross Default, each as and if selected by the parties pursuant to the Base Contract.

2.2. "Affiliate" shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of at least 50 percent of the voting power of the entity or person.

2.3. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

2.4. "Base Contract'" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.

2.5. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).

2.6. "Business Day(s)" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S.

2.7. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.

2.8. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.

2.9. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation, all of which shall form a single integrated agreement between the parties.

2.10. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.

2.11. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.

2.12. "Cover Standard" as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.

2.13. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as cash, an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, guaranty, or other good and sufficient security of a continuing nature.

2.14. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.

2.15. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.

2.16. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.

2.17. “EDI” shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations Under this Contract.

2.18. “EFP” shall mean the purchase, sale or exchange of natural Gas as the “physical” side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of “Firm”, provided that a party’s excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.

2.19. “Firm” shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided; however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.

2.20. “Gas” shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.

2.21. “Guarantor” shall mean any entity that has provided a guaranty of the obligations of a party hereunder.

2.22. “Imbalance Charges” shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter’s balance and/or nomination requirements.

2.23. “Indebtedness Cross Default’ shall mean if selected on the Base Contract by the parties with respect to a party, that it or its Guarantor, if any, experiences a default, or similar condition or event however therein defined, under one or more agreements or instruments, individually or collectively, relating to indebtedness (such indebtedness to include any obligation whether present or future, contingent or otherwise, as principal or surety or otherwise) for the payment or repayment of borrowed money in an aggregate amount greater than the threshold specified in the Base Contract with respect to such party or its Guarantor, if any, which results in such indebtedness becoming immediately due and payable.

2.24. “Interruptible” shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.

2.25. “MMBtu” shall mean one million British thermal units, which is equivalent to one dekatherm.

2.26. “Month” shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

2.27. “Payment Date” shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.

2.28. “Receiving Transporter” shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.

2.29. “Scheduled Gas” shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.

2.30. “Specified Transaction(s)” shall mean any other transaction or agreement between the parties for the purchase, sale or exchange of physical Gas, and any other transaction or agreement identified as a Specified Transaction under the Base Contract.

2.31. “Spot Price” as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.32. “Transaction Confirmation” shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.33. “Transactional Cross Default’ shall mean if selected on the Base Contract by the parties with respect to a party, that it shall be in default, however therein defined, under any Specified Transaction.

2.34. “Termination Option” shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.35. “Transporter(s)” shall mean an Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

**SECTION 3. PERFORMANCE OBLIGATION**

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

**The parties have selected either the “Cover Standard” or the “Spot Price Standard” as indicated on the Base Contract.**

**Cover Standard:**

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s) excluding any quantity for which no replacement is available; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s) excluding any quantity for which no sale is available; and (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available for all or any portion of the Contract Quantity of Gas, then in addition to (i) or (ii) above, as applicable, the sole and exclusive remedy of the performing party with respect to the Gas not replaced or sold shall be an amount equal to any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the quantity of such Gas not replaced or sold. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party’s invoice, which shall set forth the basis upon which such amount was calculated.

**Spot Price Standard:**

3.3. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party’s invoice, which shall set forth the basis upon which such amount was calculated.

3.4. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.5. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

**SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES**

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

**SECTION 5. QUALITY AND MEASUREMENT**

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

**SECTION 6. TAXES**

**The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.**

**Buyer Pays At and After Delivery Point:**

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

**Seller Pays Before and At Delivery Point:**

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

**SECTION 7. BILLING, PAYMENT, AND AUDIT**

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer, provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed without undue delay. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

**SECTION 8. TITLE, WARRANTY, AND INDEMNITY**

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and assume any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 15.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save if harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury (including death) or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment personal injury (including death) or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. The parties agree that the delivery of and the transfer of title to all Gas under this Contract shall take place within the Customs Territory of the United States (as defined in general note 2 of the Harmonized Tariff Schedule of the United States 19 U.S.C. §1202, General Notes, page 3); provided, however, that in the event Seller took title to the Gas outside the Customs Territory of the United States, Seller represents and warrants that it is the importer of record for all Gas entered and delivered into the United States, and shall be responsible for entry and entry summary filings as well as the payment of duties, taxes and fees, if any, and all applicable record keeping requirements.

8.5. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

**SECTION 9. NOTICES**

9.1. All Transaction Confirmations, invoices, payment instructions, and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder shall be in writing and may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier—time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

9.4. The party receiving a commercially acceptable Notice of change in payment instructions or other payment information shall not be obligated to implement such change until ten Business Days after repoint of such Notice.

**SECTION 10. FINANCIAL RESPONSIBILITY**

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y or its Guarantor, if applicable), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to cash, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or guaranty. Y hereby grants to X a continuing first priority security interest in, lien on, and right of setoff against all Adequate Assurance of Performance in the form of cash transferred by Y to X pursuant to this Section 10.1. Upon the return by X to Y of such Adequate Assurance of Performance, the security interest and lien granted hereunder on that Adequate Assurance of Performance shall be released automatically and, to the extent possible, without any further action by either party.

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its Guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver,-provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; or (ix) be the affected party with respect to any Additional Event of Default; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is legally permissible, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

**The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.**

**Early Termination Damages Apply**

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

**Early Termination Damages Do Not Apply:**

10.3.1 As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2) for which payment has not yet been made by the party that owes such payment under this Contract.

**The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.**

**Other Agreement Setoffs Apply:**

**Bilateral Setoff Option:**

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff any Net Settlement Amount against (i) any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; and (ii) any amount(s) (including any excess cash margin or excess cash collateral) owed or held by the party that is entitled to the Net Settlement Amount under any other agreement or arrangement between the parties.

**Triangular Setoff Option:**

10.3.2 The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option, and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff (i) any Net Settlement Amount

against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; (ii) any Net Settlement Amount against any amount(s) (including any excess cash margin or excess cash collateral) owed by or to a party under any other agreement or arrangement between the parties; (iii) any Net Settlement Amount owed to the Non-Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Non-Defaulting Party or its Affiliates to the Defaulting Party under any other agreement or arrangement; (iv) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party to the Non-Defaulting Party or its Affiliates under any other agreement or arrangement; and/or (v) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party or its Affiliates to the Non-Defaulting Party under any other agreement or arrangement.

**Other Agreement Setoffs Do Not Apply:**

10.3.2 The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option, and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount as well as any setoffs applied against such amount pursuant to Section 10.3.2, shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount as adjusted by setoffs, shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each ''forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

**SECTION 11. FORCE MAJEURE**

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars, or acts of terror; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Contract; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Sellers gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

**SECTION 12. TERM**

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6, Section 10, Section 13, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

**SECTION 13. LIMITATIONS**

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS-OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

**SECTION 14. MARKET DISRUPTION**

lf a Market Disruption Event has occurred then the parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the affected Day, and if the parties have not so agreed on or before the second Business Day following the affected Day then the replacement price for the Floating Price shall be determined within the next two following Business Days with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two

quotes for prices of Gas for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes. If either party fails to provide two quotes then the average of the other party's two quotes shall determine the replacement price for the Floating Price. "Floating Price" means the price or a factor of the price agreed to in the transaction as being based upon a specified index. "Market Disruption Event" means, with respect to an index specified for a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) both parties agree that a material change in the formula for or the method of determining the Floating Price has occurred. For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged.

**SECTION 15. MISCELLANEOUS**

15.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or Affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

15.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

15.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

15.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

15.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

15.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

15.7. There is no third party beneficiary to this Contract.

15.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

15.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

15.10. Unless the parties have elected on the Base Contract not to make this Section 15.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, (iv) to the extent necessary to comply with a regulatory agency's reporting requirements including but not limited to gas cost recovery proceedings; or (v) to the extent such information is delivered to such third party for the sole purpose of calculating

a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

15.11. The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties.

15.12. Any original executed Base Contract, Transaction Confirmation or other related document may be digitally copied, photocopied, or stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Transaction Confirmation, if introduced as evidence in automated facsimile form, the recording, if introduced as evidence in its original form, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the recording, the Transaction Confirmation, or the Imaged Agreement on the basis that such were not originated or maintained in documentary form. However, nothing herein shall be construed as a waiver of any other objection to the admissibility of such evidence.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NONINFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.

**SPECIAL PROVISIONS TO**
**BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS**
**Dated October 9, 2019**

**by and between**
**GSF Energy, L.L.C. ("Seller") and**
**Bluesource ("Buyer")**

These Special Provisions amend the North American Energy Standards Board, Inc. ("NAESB") Base Contract for Sale and purchase of Natural Gas and its accompanying General Terms and Conditions, as published September 5, 2006 (the "Base Contract"). The Base Contract, together with these Special Provisions, the Transaction Confirmation and any Credit Support from a single agreement between the parties, collectively, the "Contract". Except as amended in these Special Provisions, the Base Contract and the General Terms and Conditions remain in full force and effect. All capitalized terms not otherwise defined in these Special Provisions have the meaning set out in the Base Contract.

Any reference to a Section in these Special Provisions refers to the same Section of the General Terms and Conditions to the Base Contract.

Collectively, Seller and Buyer shall be referred to as the "Parties", and individually may be referred to as a "Party".

**Section 2. Definitions**

The definition of "Credit Support Obligation" in Section 2.13 shall be deleted in its entirety and the following substituted in lieu thereof:

> "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as cash, an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, a guaranty, or other good and sufficient security of a continuing nature. The issuer of any such security and/or the guarantor must be acceptable to the other party at its sole discretion. The other party agrees to act in a reasonable manner in evaluating such issuer and/or guarantor.

The definition of "Payment Date" in Section 2.27 shall be deleted and replaced with the following:

> "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due from one Party to the other as set forth in Section 7."

The definition of "Spot Price" in Section 2.31 shall be amended by deleting the last sentence and replacing with the following:

> "If no price or range of prices is published for such Day, then the Spot Price shall be determined in accordance with Section 14 as modified herein."

Add the following at the end of Section 2:

> "2.36 "Applicable Law;' means any foreign, federal, state, tribal or local law, statute, regulation, code, ordinance, license, permit, compliance requirement, decision, order, writ, injunction, directive, judgment, policy, decree, including any judicial or administrative interpretations thereof, or any agreement, concession or arrangement with any governmental authority, applicable to either Party or either Party's performance under a transaction, and any amendments or modifications to the foregoing.

**Section 3. Performance Obligation**

Add the following as new Section 3.5:

"3.5. Each Party is entering into this Contract in reliance on the Applicable Laws and Taxes in effect on the date hereof. If at any time after a transaction is entered into:

(i) new Applicable Law is enacted, existing Applicable Law is amended, new Taxes are imposed, or existing Taxes are changed (a "Regulatory Event"), in a way which individually or collectively has a material adverse economic effect upon a party (such party the "Affected Party") under a particular transaction (each such transaction an "Affected Transaction") and which does not constitute a Force Majeure event, then the Affected Party may notify the other party that it desires in good faith to renegotiate the material terms or conditions of the Affected Transaction(s) in order to address the effects of the Regulatory Event. Such Notice shall state how the Regulatory Event impacts the Affected Transactions and the proposed terms upon which the Affected Party would like to continue to perform the Affected Transaction(s) with respect to any Gas not yet delivered; or

(ii) after giving effect to any applicable provision or remedy specified in the Contract, it becomes unlawful for a party, (such party the "Affected Party") under the Applicable Law to perform any material provision in relation the Contract or any particular transaction, (each such transaction an "Affected Transaction") (an "Illegality"), then the Affected Party may terminate such Affected Transaction as provided for below.

If a Regulatory Event occurs and the Parties fail to renegotiate the price or other material terms or conditions within thirty (30) Days of the Notice, or if an Illegality occurs and such event continues for at least three (3) Business Days, either party shall have the right by Notice to designate a Day, no earlier than the Day such Notice is given and no later than twenty (20) Days after such Notice is given as the Early Termination Date to terminate and liquidate the Affected Transaction(s).

On the Early Termination Date (i) if there is one Affected Party damages shall be determined in accordance with Section 10 of the Contract, except that references to the Defaulting Party and to the Non-Defaulting Party will be deemed references to the Affected Party and to the Non-affected Party, or (ii) if there are two Affected Parties, each party shall determine damages in accordance with Section 10 of the Contract with the Market Value being the arithmetic average of the amounts so determined. The Market Value for each Terminated Transaction shall be determined by using the mid-market quotations or values without regard to the creditworthiness of the party performing the calculations."

**Section 6. Taxes**

Section 6 is amended by adding the following provisions to the end of Section 6:

"Gross Receipts and Consumption, and Compensating Taxes. For clarity, the Contract Price does not include any applicable state or local, gross receipts, compensating, utility, transaction privilege, sales or use tax which may be assessed as a result of sales of or use of Gas hereunder, whether measured by quantity or revenues ("Gross Receipts" or "Compensating Tax"). If there is such a Gross Receipts and/or Compensating Tax, either of which being applicable to that quantity of Gas sold to or used by Buyer hereunder, Seller will invoice Buyer and Buyer will pay Seller the amount of the Gross Receipts or Compensating Tax, and Seller will remit same as required by Applicable Law.

Protest and Payment. If a Party is required to remit or pay Taxes that are the other Party's responsibility hereunder, the Party responsible for such Taxes shall promptly reimburse the other Party for such Taxes, except to the extent either Party has filed, or provides prior notice to the other Party that it will timely file, a good faith protest, contest, dispute or complaint with the taxing authority or applicable court with jurisdiction, which tolls the requirement to pay such Taxes. Any Party is entitled to make such good faith protests, contests, disputes or complaints with the applicable

taxing authority or applicable court with jurisdiction or to file for a request for refund for such Taxes already paid in a timely manner as to any Taxes that it is responsible to pay or remit or for which it is responsible to pay or reimburse the other Party. In the event either Party makes such filings, the other Party shall cooperate with such filing Party by providing any relevant information within that Party's possession, which will support the filing Party's filing upon request by and as specified by the filing Party. Upon the issuance by the taxing authority or court of a final, non-appealable order, which lifts the tolling of an obligation to pay and requires payment of the applicable Taxes, and absent a stay of such order, the responsible Party shall either pay directly to the applicable taxing authority, or reimburse the other Party for, such Taxes and any other amounts (including interest) required by such order. Any Party entitled to an exemption from any such Taxes or charges shall furnish the other Party any necessary documentation thereof."

**Section 7. Billing, Payment and Audit**

Section 7.7 is amended by adding the following phrase to the end of the first sentence:

"provided further, however, that the Party due payment under Section 7.3 may net all undisputed sums due thereunder against any amounts payable by it when making payments under Section 7."

**Section 10. Financial Responsibility**

Section 10.2 is amended by (i) deleting the word "or" before "(ix)"‘ in such Section; and (ii) adding the following immediately after the ";" at the end of subclause (ix) of such Section:

"(x) repudiate, reject or challenge the validity of, this Contract; (xi) transfer all or substantially all of its assets or merge into or consolidate with any entity or reorganize, incorporate, reincorporate, or reconstitute into or as, another entity, or another entity transfers all or substantially all its assets to, or reorganizes, incorporates, reincorporates, or reconstitutes into or as, the Defaulting Party where the merging party's obligations are not assumed by operation of law or written instrument; (xii) have made any representation or warranty herein which is false or misleading in any material respect when made or when deemed made or repeated; (xiii) fail to perform or breach any other material obligation or covenant under this Contract (except to the extent such failure constitutes a separate Event of Default, and except for such Party's obligations to deliver or receive Gas, the exclusive remedy for which is provided in Section 3) if such failure is not remedied within fifteen (15) Business Days after receipt of written notice."

Section 10.2 is amended by adding the following at the end before the "." in the last sentence:

", provided that no suspension of performance shall continue for more than fifteen (15) Days unless an Early Termination Date has been declared and the Defaulting Party given Notice thereof in accordance with Section 10.3."

Section 10.3.1 is amended by adding the following sentence at the end of the first paragraph:

"Notwithstanding the foregoing, in no event shall the Non-Defaulting Party owe any amounts to the Defaulting Party on account of this Transaction as a Terminated Transaction, whatever the difference between Market Value and Contract Value. However, nothing in this section releases Buyer from its obligation to remit any undisputed payment to Seller for any natural gas or Biogas delivered to Buyer pursuant to any Transaction Confirmation."

Delete the words "and without prior Notice to the Defaulting Party" in Section 10.3.2. Add the following after the last sentence in each option given for Section 10.3.2:

"Nothing in this Section will be effective to create a charge or other security interest. This Section will be without prejudice and in addition to any right of setoff, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which a party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise)."

Section 10.4 is amended by (i) replacing "second" in the sixth line with "fifth," and (ii) adding the following at the end thereof:

"Notwithstanding the foregoing, if the Non-Defaulting Party owes the Net Settlement Amount to the Defaulting Party, the obligation of the Non-Defaulting Party to pay to the Defaulting Party the Net Settlement Amount, shall not arise until, and shall be subject to the condition precedent that, (i) all transactions are terminated in accordance with this Contract and (ii) all obligations (contingent or absolute, matured or unmatured) of the Defaulting Party and any Affiliate of the Defaulting Party to make any payment to the Non-Defaulting Party or any Affiliate of the Non-Defaulting Party shall have been fully and finally performed."

Delete Section 10.5 in its entirety and replace it with the following:

"10.5. "Each Party further represents and warrants to the other Party that (i) this Base Contract and all transaction(s) governed by the Base Contract constitute "forward contracts" and/or "swap agreements" within the meaning of the United States Bankruptcy Code (the "Code"); (ii) it is a "forward contract merchant" within the meaning of the Code with respect to any transactions that constitute "forward contracts"; (iii) all payments made or to be made on its behalf pursuant to the Contract, including the application by a Party of any collateral or security to any amounts due and owing to such Party, constitute "settlement payments" within the meaning of the Code; and (iv) its rights under Section 10, "Financial Responsibility", of the Contract constitute a "contractual right to liquidate, terminate, or accelerate" or the transactions within the meaning of the Code. Each Party further agrees that the other Party is not a "utility" as such term is used in 11 U.S.C. Section 366, and each Party agrees to waive and not to assert the applicability of the provisions of 11 U.S.C. Section 366 in any bankruptcy proceeding involving such Party. In addition, each Party agrees that, for any Gas actually consumed (rather than resold) by such Party, if Gas is not delivered pursuant to this Contract, the local gas distribution utility for such Party is the provider of last resort and can supply such Party's Gas consumption needs."

**Section 11. Force Majeure**

Delete Section 11.4 and replace it with the following:

"Notwithstanding anything to the contrary in this Section 11, the Parties agree that the settlement of strikes, lockouts, or other industrial disturbances shall be within the sole discretion of the Party experiencing such disturbance; and further agree that, upon the occurrence and continuance of any event of Force Majeure, neither Party shall be obligated to purchase or sell Gas hereunder if such purchase or sale would result in material economic impact to such Party under the transaction(s) affected by the event of Force Majeure."

Add the following as new Section 11.7:

"11.7 Without restricting the generality of the foregoing, if an event of Force Majeure occurs, the Party affected may, in its sole discretion and without notice to the other Party, determine not to make a claim of Force Majeure and to waive its rights hereunder as they would apply to such event. Such determination or waiver shall not preclude the affected Party from claiming Force Majeure in respect of any subsequent event, including any event that is substantially similar to the event in respect of which such determination or waiver is made."

Add the following as new Section 11.8:

"11.8 If an event of Force Majeure impairs or prevents Seller from delivering or Buyer from purchasing Gas under this Contract and such event of Force Majeure continues (i) for a continuous period of time greater than ninety (90) Days or (ii) for more than one hundred and eighty (180) cumulative Days during any calendar year, the Party not claiming the event of Force Majeure may terminate and liquidate the transactions affected by such event of Force Majeure utilizing the same methodology (including rights and remedies) set forth under Section 3. Notwithstanding the foregoing, (a) if the Party claiming an event of Force Majeure proceeded with reasonable efforts to

resolve the event or occurrence once it occurred in order to resume performance but performance under the Contract cannot resume until after the time periods set forth in (i), the Party not claiming the event of Force Majeure may not terminate and liquidate the transactions affected by such event of Force Majeure unless performance is not resumed within one hundred and eighty (180) Days from the event of Force Majeure; and (b) to the extent the event of Force Majeure relates to the events described in any of the events described in (i)-(iii) of Section 11.2, any affected transactions shall be terminated between the Parties without either Party being liable to the other Party for any damages under the Contract except for indemnification obligations."

**Section 12. Term**

Delete the second sentence and replace it with the following:

"The rights of either Party pursuant to: (i) Section 7, (ii) Section I 0, (iii) Section 13, (iv) Section 14, (v) Section 15, (vi) Waiver of Jury Trial provisions (if applicable), (vii) the obligations to make payment hereunder, and (viii) the obligation of either Party to indemnify the other pursuant hereto, shall survive the termination of the Base Contract or any transaction."

**Section 14. Market Disruption**

Delete Section 14 and replace it with the following:

"If a Market Disruption Event has occurred then the Parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the affected Day, and if the Parties have not so agreed on or before the second Business Day following the affected Day then the replacement price for the Floating Price shall be determined within the next two following Business Days with each Party attempting to obtain, in good faith and from non-affiliated market participants in the relevant market, at least four quotes for prices of Gas for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes. Once the Parties obtain the quotes, the following methodology shall be used to determine the replacement price for the Floating Price: (i) if each Party obtains four or more quotes, the arithmetic mean of the quotations, excluding the highest and lowest values, shall be utilized; (ii) if one Party obtains four or more quotes and the other Party obtains less than four, the highest and lowest values of all obtained quotes shall be excluded and the arithmetic mean of the remaining quotations shall be utilized; or (iii) if both Parties obtain less than four quotes, the Parties shall resort to the negotiation process set out in Section 15.16 to resolve the dispute with the quotes being only indicative of an illiquid market which shall allow both Parties to utilize other industry information, including internal valuations to resolve the dispute. For purposes of the foregoing sentence, if more than one quotation is the same as another quotation, and such quotations are the highest and/or lowest values, only one of the quotations shall be excluded. "Floating Price" means the price or a factor of the price agreed to in the transaction as being based upon a specified index. "Market Disruption Event" means, with respect to an index specified for a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) a material change in the formula for or the method of determining the Floating Price has occurred. For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged."

**Section 15. Miscellaneous**

Delete Section 15.3 in its entirety and replace it with the following:

"15.3 No waiver of any breach of this Contract, or delay, failure or refusal to exercise or enforce any rights under this Contract (including any rights to claim excused performance as a result of an event of Force Majeure), shall be held to be a waiver of any other or subsequent breach, or be construed as a waiver of any such right then existing or arising in the future."

Add the following as new Section 15.13:

"15.13 To the extent, if any, that a transaction does not qualify as a "first sale" as defined by the Natural Gas Act and §§ 2 and 601 of the Natural Gas Policy Act, each Party irrevocably waives its rights, including its rights under §§ 4-5 of the Natural Gas Act, unilaterally to seek or support a change to any terms and conditions of the Contract, including but not limited to the rate(s), charges, or classifications set forth therein. By this provision, each Party expressly waives its right to seek or support, either directly or indirectly, and by whatever means: (i) an order from the U.S. Federal Energy Regulatory Commission ("FERC") seeking to change any of the terms and conditions of the Contract agreed to by the Parties; and (ii) any refund from the other Party with respect to the Contract. Each Party further agrees that this waiver and covenant shall be binding upon it notwithstanding any regulatory or market changes that may occur after the date of the Base Contract or any transaction entered into between the Parties. Absent the agreement of both Parties to the proposed change, the standard of review for changes to any terms and conditions of the Contract proposed by (a) a Party, to the extent that the waiver set forth in this Section 15.13 is unenforceable or ineffective as to such Party due to a final determination being made under applicable law that precludes the Party from waiving its rights to seek or support changes from the FERC to the terms and conditions of this Contract, (b) a non-party, or (c) the FERC acting sua sponte, shall solely be the "public interest" application of the 'just and reasonable" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra"), as Mobile-Sierra has been clarified by Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. I of Snohomish, 128 S.Ct. 2733 (2008), and NRG Power Marketing, LLC v. Maine Public Utilities Commission, 130 S.Ct." 693 (2010)."

Add the following as new Section 15.14:

"15.14 This Contract shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the manner in which this Contract was negotiated, prepared, drafted or executed."

Add the following as new Section 15.15:

"15.15 Each Party will be deemed to represent to the other Party each time a transaction is entered into that: (i) it is acting for its own account, and it has made its own independent decisions to enter that transaction and as to whether that transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary; (ii) it is not relying on any communication (written or oral) of the other Party as investment advice or as a recommendation to enter into that transaction; it being understood that information and explanations related to the terms and conditions of a transaction shall not be considered investment advice or a recommendation to enter into that transaction; (iii) no communication (written or oral) received from the other Party shall be deemed to be an assurance or guarantee as to the expected results of that transaction; (iv) it is capable of assessing the merits (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that transaction; (v) it is capable of assuming, and assumes, the risks of that transaction; and (vi) the other Party is not acting as a fiduciary for, or an advisor to, it in respect of that transaction."

Add the following as new Section 15.16:

"15.16 The Parties covenant and agree to comply with all Applicable Laws, rules and regulations associated with any Transaction."

Add the following as new Section 15.17:

> "15.17. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR IN ANY WAY RELATING TO THIS CONTRACT OR THE PERFORMANCE OR NONPERFORMANCE OF OBLIGATIONS ARISING UNDER OR IN CONNECTION WITH THIS CONTRACT."

The Parties represent and warrant that the General Terms and Conditions of the Base Contract have not been modified, altered, or amended in any respect except for (i) these Special Provisions and (ii) as explicitly set forth in the Transaction Confirmation.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the Parties have caused these Special Provisions to be duly executed as of the Effective Date.

| **SELLER**<br>**GSF Energy, L.L.C.** | **BUYER**<br>**Bluesource LLC** |
|---|---|
| By: /s/ James W. Wallace | By: /s/ William T. Overly |
| Name: James W. Wallace | Name: William T. Overly |
| Title: Vice President | Title: Vice President |

*[Signature Page to Special Provisions to NAESB Base Contract dated October 9, 2019]*

**CERTAIN INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. THE OMITTED PORTIONS OF THIS DOCUMENT ARE INDICATED BY [***].**

# TRANSACTION CONFIRMATION

Date: October 15, 2019
Contract:
Confirmation Number; Blue 001

This Transaction Confirmation is subject to that certain NAESB Base Contract for Sale and Purchase of Natural Gas, including the Special Provisions (the "Base Contract") dated October 9, 2019 (the "Effective Date"). The terms of this Transaction Confirmation are binding. Capitalized terms not otherwise defined in this Transaction Confirmation shall have the meaning given to them in the Base Contract. For purposes of this Transaction Confirmation, "Gas" as used in the Base Contract shall also include Biogas.

**SELLER:**
**GSF Energy, L.L.C.**

680 Andersen Drive
Foster Plaza 10, 5th Floor
Suite 580
Pittsburgh, PA 15220

Attn: James W. Wallace, Vice President
Phone: 412-747-8720

Base Contract No.
Transporter:
Transporter Contract Number:

**BUYER:**
**Bluesource LLC**

2825 E. Cottonwood Parkway
Suite 400
Cottonwood Heights, UT 84121

Attn: Will Overly, Vice President
Phone: 801-438-1533

Base Contract No.
Transporter:
Transporter Contract Number:

## I. Commercial Terms

**1. Contract Price:**

(a) **Biogas Value**. As payment for the Biogas delivered to Buyer, Buyer shall pay to Seller the **Biogas Value**.

(i) The **Biogas Value** shall be paid by the Buyer and is calculated by multiplying the **Biogas Price** by the **Biogas Quantity** of Biogas (as measured in MMBtus).

(ii) The **Biogas Price** shall [***].

(b) **Margin Share.** In consideration of Buyer dispensing the Biogas as a Vehicle Fuel, Seller shall pay to Buyer the Margin Share, which shall be an amount equal to the respective sums of (i) and (ii) below.

(i) Buyer shall receive from Seller [***]% of the **RINs** for all RINs generated from Biogas delivered to Buyer for Biogas Quantities between [***] MMBtu per day and [***]% for Biogas Quantities in excess of [***] MMBtu per day.

(ii) Seller shall receive from Buyer [***]% of the net **LCFS Credits** generated and retained by Buyer.

2. **Delivery Period:**

(a) Bioqas Daily Delivery

**Begin Date**: [***]

**End Date:** [***]

(b) RIN Monthly Generation and Delivery – One Month after the Bioqas Delivery Month, with the exception of the initial RFS registration process and Q-RIN status determination whereby Biogas may be temporarily stored

(c) LCFS Quarterly Delivery – One Calendar Quarter after the Calendar Quarter in which Biogas was delivered, as applicable

3. **Contract Quantity and Performance Obligation:**

(a) Biogas Quantity

Throughout the Delivery Period, Seller shall have a Firm obligation to sell and deliver to Buyer at the Delivery Point Biogas volumes in excess of a monthly average of [***] MMBtu per day produced by Seller and Buyer shall have a Firm obligation to take delivery of such Biogas.

(b) Throughout the Delivery Period, Buyer shall dispense Biogas purchased under this Transaction Confirmation within an EPA- approved pathway such that all Biogas is utilized as a Vehicle Fuel allocated during the Biogas Delivery Month, all in accordance with the EPA RFS, LCFS, and any CFP. Buyer shall maintain all records relevant to the purchase of Biogas from Seller, processing of such Biogas into a Vehicle Fuel, Vehicle Fuel sales, documentation of Vehicle Fuel production and sale in accordance with the requirements of the EPA RFS, the requirements of the LCFS, and the requirements of any CFP.

4. **Delivery Point:**

The Delivery Point shall be as set forth below.

Description
Rumpke Sanitary Landfill
10795 Hughes Road
Cincinnati, OH 45251

Meter Numbers
[***], [***], [***], and [***]

5. **Biogas Supply Source:**

Biogas delivered to the Delivery Point shall be sourced from the following:

Rumpke Sanitary Landfill; EPA Facility ID No. 71138

## II. Special Conditions

1- Definitions.

"**Biogas**" means quantities of methane, measured in MMBtu, that:

i. meet the qualifications for D3 Renewable Identification Numbers (cellulosic biofuel) under the EPA's RFS regulations as of the Effective Date;

ii. meet the definition of biogas or biomethane as defined by the RFS; and

iii. meet the common carrier pipeline gas quality specifications as provided by the local utility or transmission company for the applicable Delivery Point.

"**Biogas Price**" shall have the meaning as described in the Contract Price section above.

"**Biogas Supply Source**" means the Rumpke Sanitary Landfill.

"**Calendar Quarter**" means the periods, January 1 through March 31, April 1 through June 30, July 1 through September 30 and October 1 through December 31.

"**CARB**" means the California Air Resources Board or its successor.

"**CFP**" means any state or regional clean fuels program applicable to the Biogas subject to this Transaction Confirmation or that shall become applicable to such Biogas.

"**EMTS**" means the EPA Moderated Transaction System for RINs,

"**Green Attributes**" means any and all environmental attributes, credits, benefits, emission reductions, offsets, and allowances, howsoever entitled, attributable to the characteristics, production, use or combustion of the Biogas or its displacement or reduction in the use of conventional energy generation, greenhouse gas emissions, pollutants or transportation fuel, including, without limitation, RINs under the RFS, renewable energy certificates and credits under state low carbon fuel programs such as the LCFS or a CFP. Green Attributes shall not include any existing or future tax credits, depreciation deductions and depreciation benefits, or other tax benefits arising from ownership of the Biogas Supply Source or from the production of Biogas.

"**Low Carbon Fuel Standard**" or "**LCFS**" means the California Low Carbon Fuel Standard as set forth in Section 95484 of Title 17 of the California Code of Regulations, as amended or supplemented and administered by CARB as of a given date.

"**LCFS Credits**" means credits generated under the LCFS or a CFP, as may be applicable.

"**Quality Assurance Plan**" or **"QAP**" means the voluntary program provided by an independent third-party auditor to verify that the RINs generated by a renewable fuel producer or importer are valid and in compliance pursuant to § 40 C.F.R. 80.1469.

"**Q-RIN**" means a RIN verified by a registered independent third-party auditor using a QAP that has been approved under 40 C.F.R. § 80.1469(c) following the audit process described in 40 C.F.R. § 80.1472.

**"Qualified Facility"** means a facility that meet the eligibility standards for Registration.

"**Registration**" means registration of the Biogas Supply Source, Qualified Facilities, parties, Biogas, or pathways, as applicable, with the EPA, CARB or other governmental or certifying entity, as applicable, such that the Biogas produced from the Biogas Supply Source becomes RIN-eligible or LCFS Credit-eligible, as applicable.

"**Renewable Fuel Standard"** or **'RFS**" means the renewable fuel program and policies established section 211(o) of the Clean Air Act (42 U.S.C. § 7545(o)) as implemented by the EPA under Subpart M of Title 40 of the Code of Federal Regulations as may be amended from time to time.

"**Renewable Identification Number(s)**" or "**RIN(s)**" is a number generated to represent a volume of renewable fuel as set forth in Regulation of Fuels and Fuel Additives: Changes to Renewable Fuel Standard Program, 75 Fed. Reg. 16484 (March 26, 2010) (codified at 40 C.F.R. § 80.1425 (2011); 40 C.F.R. §80.1426 (2012)), as amended from time to time.

"**RINs Resale Price**" means an amount equal to the volume weighted average price actually received by Seller from third parties for all QAP D3 RINs that were generated within the same calendar month as the RINs generated from the Biogas delivered to Buyer. The conversion factor for determining the quantity of RINs generated for the quantity of Biogas delivered is 11.727 RINs for every 1 MMBtu of Biogas (11.727 RINs/1 MMBtu), or as otherwise specified by the EPA.

"**Vehicle Fuel"** means compressed natural gas (CNG) or liquefied natural gas (LNG) derived from Biogas and used in transportation vehicles and which qualifies for receipt of a RIN under the EPA Renewable Fuel Standard and which may qualify for receipt of an LCFS Credit under the LCFS or a CFP.

2. **Representations by Both Parties.** Each of the parties to this Transaction Confirmation represents and warrants that, as of the date of this Transaction Confirmation specified above:

   (a) It has full and complete authority to enter into and perform this Transaction Confirmation;

   (b) The person who executes this Transaction Confirmation on its behalf has full and complete authority to do so and is empowered to bind it thereby;

   (c) It is not insolvent and has not sought protection from its creditors under the United States Bankruptcy Code, or under any similar laws; and

   (d) It has not and will not take any action that results in the invalidity of LCFS Credits or RINs generated on the Biogas delivered under this Transaction Confirmation.

3. **Buyer Representations.** Buyer represents and warrants to Seller as of the execution date of this Transaction Confirmation and on each Day during the Delivery Period that:

   (a) Buyer has not sold, traded, remarketed, given away, claimed, or otherwise sold separately, the Green Attributes from the Biogas, except as otherwise provided in this Transaction Confirmation;

   (b) The Biogas delivered to Buyer will be used as Vehicle Fuel; and

   (c) As of the execution date hereof, Buyer meets the eligibility standards for Registration under the EPA RFS and LCFS.

4. **Seller Representations.** Seller represents and warrants to Buyer as of the execution date of the Transaction Confirmation and on each Day during the Delivery Period that:

   (a) Seller represents that the Biogas Supply Source meets the eligibility standards for the generation of RINs and LCFS Credits under the EPA RFS and the LCFS, as applicable; and

   (b) the Biogas delivered to Buyer shall have been processed in accordance with the requirements of the EPA RFS and LCFS, as applicable.

5. **RFS, LCFS, CFP Registration.**

   (a) **RFS Registration.** Seller maintains an account with EPA's Central Data Exchange, EMTS. Seller's company name in EMTS is "Montauk Energy Holdings, LLC" and identifier is 6139. The EPA Facility ID producing the Biogas that is subject to this Transaction Confirmation is 71138. Seller shall submit an initial RFS registration to EPA at Seller's cost. Buyer shall cooperate with Seller and provide all necessary information required to complete and maintain the updated registration, including, but not limited to, affidavits, contracts, volume statements, and Biogas flow and dispensing pathways. Seller shall be responsible for any ongoing reporting and costs associated with integrity and compliance of the Biogas pathway, including QAP costs.

(b) **LCFS, CFP Registration.** Buyer shall submit an initial LCFS pathway registration to CARB at Buyer's cost. Seller shall cooperate with Buyer and provide all necessary information required to complete and maintain the updated registration, including, but not limited to, affidavits, contracts, volume statements, and Biogas flow. Buyer shall be responsible for any ongoing reporting and costs associated with integrity and compliance of the LCFS pathway, including third party verification costs. Buyer and Seller shall cooperate to fulfill requirements under the LCFS and CFP, as may be applicable, to generate LCFS Credits.

6. **Process for Generation and Allocation of RINs.**

(a) *Seller Responsibilities and EPA EMTS Account.*

(i) Within the first two (2) weeks of the Delivery Period, Seller shall facilitate access for Buyer to any and all records relevant to determining the quantity of Biogas sold and delivered by Seller and purchased and received by Buyer so that Buyer can prepare the data regarding RIN generation for submission to the Seller and/or the Seller's agent.

(ii) Seller shall generate RINs within one month after the Biogas Delivery Month, with the exception of the initial RFS registration process and Q-RIN status determination whereby Biogas may be temporarily stored

(iii) Seller shall transfer the contracted volume of RINs within one month after the Biogas Delivery Month via EMTS. Seller shall prepare and submit a product transfer document ("PTD") to Buyer for each transfer of RINs, detailing the following:

(a) RIN transferor and transferee company information and EPA company ID;

(b) Product information including Fuel Code;

(c) RIN quantity to transfer;

(d) RIN Year;

(e) PTD number; and

(f) Any other data as required by the EPA RFS.

(b) *Buyer Responsibilities*.

(i) Within the first three (3) weeks of the Delivery Period, Buyer shall analyze the Biogas Quantity sold and delivered by Seller and purchased and received by Buyer under this Transaction Confirmation which converted such Biogas to a Vehicle Fuel to determine how many RINs were generated during the prior Month.

(ii) Buyer shall prepare a report, for submission to Seller detailing the following:

(a) Biogas sold and delivered by Seller and purchased and received by Buyer at the Delivery Point.

(b) Total Biogas sold under this Transaction Confirmation at each dispensing location during the applicable Month that was converted by Buyer for use as a Vehicle Fuel.

(c) RINs to be created from Biogas purchased by Buyer from Seller.

(c) *EPA EMTS Accounts*: The EPA EMTS account number to which RINs allocated to the Seller should be allocated and deposited is 6139. The EPA EMTS account number to which RINs allocated to the Buyer should be allocated and deposited is [_____].

7. **Storage.**

From time to time, Biogas delivered by Seller to Buyer may be put into storage by Buyer, for one of three reasons: (i) if the Green Attribute pathway has not yet been approved by the EPA but the plant is flowing Biogas, then Buyer shall store the Biogas in accordance with the terms of the applicable Green Attribute program until such time as the pathway is approved; (ii) if the Biogas is intended to produce Q-RINs, then the Buyer shall store Biogas until such time as the QAP process is completed; or (iii) if the Biogas has been delivered to Buyer but Buyer cannot deliver it to a VFP until a subsequent Month, then Buyer may store the Biogas until such time as it can deliver the Biogas to be used as a Vehicle Fuel. If Biogas is stored pursuant to Section 7 (i), [***]. If Biogas is stored pursuant to Sections 7 (ii) or (iii), [***]. If Biogas is stored by Buyer, [***].

8. **Change in Law.**

In the event that the EPA amends its regulations for the creation and sale of RINs and/or CARB amends its regulations for the creation and sale of LCFS Credits, the parties agree to amend this Transaction Confirmation accordingly so long as such amendment does not adversely affect the relative benefits of the transaction to both Buyer and Seller as of the date upon which the Transaction Confirmation is executed. Each party agrees to take any commercially reasonable action or cooperate with any commercially reasonable request of the other party reasonably necessary in connection with Seller's application for approval of a pathway under the LCFS for the sale of Biogas as Vehicle Fuel and Seller's approval from the EPA to be classified as a renewable fuel producer under the EPA RFS to produce Biogas that generates RINs when used as Vehicle Fuel.

9. **Hierarchy.** In the event of any inconsistency between the Base Contract and this Transaction Confirmation, this Transaction Confirmation shall govern.

Please confirm the foregoing correctly sets forth the terms of our agreement with respect to this transaction by signing in the space provided below and returning an executed copy of this Transaction Confirmation in pdf file format by email to jwallace@montaukenergy.com.

| | |
|---|---|
| **SELLER**<br>**GSF Energy, L.L.C.** | **BUYER**<br>**Bluesource LLC** |
| By: /s/ James W. Wallace<br>Name: James W. Wallace<br>Title: Vice President<br>Date: October 15, 2019 | By: /s/ William T. Overly<br>Name: William T. Overly<br>Title: Vice President<br>Date: 10/15/19 |

**Exhibit 10.42**

1 June 2020

**VIA E-MAIL**
Mr. John Ciroli, Esq.
Pittsburgh, PA
[***]

**Re: Offer of Employment**

Dear John,

The management of Montauk Energy Holdings, LLC (the "Company") is very impressed with your resume, your work experience, and your attitude towards impacting positive change within our organization. We strongly believe that you would be a good fit for our organization and that our organization would be a good fit for you. We are committed to building and maintaining a talented team of employees dedicated to the long-term success of the Company.

To that end, I am very pleased to offer you employment with the Company under the key terms as outlined below.

| | |
|---|---|
| **Position:** | VP General Counsel, and Corporate Secretary |
| **Key Responsibilities:** | Reporting to the President and CEO with the key responsibilities outlined on the attached job description. |
| **Job Location:** | Company's Corporate Office located at 680 Andersen Drive, Pittsburgh, PA 15220 |
| **Base Salary:** | $190,000 annually paid bi-weekly on alternating Fridays by direct deposit |
| **Employment Start Date:** | Mutually agreeable start date, no later than 6 July 2020 |
| **Bonus Target:** | You will be eligible for an annual bonus based on achieving objectives in accordance with Company incentive compensation plans for Executives as administered by the Remuneration Committee of the Company's parent Montauk Holdings Limited (MNK:JSE). The target animal bonus opportunity is 30% of your annual base compensation subject to a potential stretch goal for a maximum of up to 60% of your annual base salary based on Company performance. As the Company recently changed from a fiscal (31 March) to a calendar year-end, the annual bonus program is pro-rated for 1 April – 31 December 2020 (9 months). Additional pro-ration may be applicable based on your start date with the Company. |
| **Executive Equity Plan:** | You will be eligible to participate in the Montauk Holdings Limited Employee Share Appreciation Rights Scheme for US Affiliates (the "Plan"), including the grants of Stock Appreciation Rights ("SARs"), in accordance with the Plan's eligibility rules. Timing of and administration of the Plan is governed by the Remuneration Committee of the Board of Montauk Holdings Limited. Your initial SARs grant will be calculated as follows:<br><br>(Annual salary x 4) divided by (30-day weighted average of share price of MNK prior to employment start date minus 10%) = number of SARs granted to you. |

| | |
|---|---|
| | This grant is subject to a five-year vesting, beginning with the first 1/3 on the 3rd anniversary of the award, and requires you to be employed with the Company on the vesting date for exercise eligibility. |
| **Paid Time Off (PTO):** | You will be entitled to One Hundred Sixty (160) hours of Paid Time Off (PTO) annually, which will accrue at a rate of 6.15 hours per pay period commencing as of your start of employment. Unused PTO can be carried into the following year, subject to a limit of 160 hours of carryover PTO at each calendar year-end. Additionally, up to 40 hours of unused PTO can be sold back to the Company at each calendar year-end. Unused PTO in excess of that which can be carried or sold will be forfeited. In addition, the Company recognizes ten (10) paid legal holidays during the calendar year and one (1) floating holiday. Finally, the Company recognizes one (1) Volunteer Time Off day during the calendar year. |
| **Medical, Dental and Other Employee Benefits:** | In accordance with our Company policies, you will be eligible for standard benefit options beginning on the first day of the month following your first full calendar month of employment.<br><br>In the event you elect to waive Medical and Dental coverage you will receive a payment in the amount of $75.00 per month. |
| **401(k) Plan Eligibility:** | In accordance with our Company policies, you will be eligible for 401(k) options beginning on the first day of the month following your first full calendar month of employment.<br><br>Upon reaching eligibility, the Company will automatically fund a 3% contribution on your behalf (Safe Harbor contribution) and will match 50% of your first 4% voluntary deferral. |
| **Company Provided Technology:** | You will be provided with a smart phone (you may port a number if you desire) and a laptop for Company use during employment. |

This offer letter does not confer any contractual right, either expressed or implied, to remain in the Company's employ. Your employment is not for any specific time and may be terminated at will, with or without cause and without prior notice, by the Company or you may resign for any reason at any time.

As is customary, this offer is contingent upon satisfactory completion of a background investigation, as well as you successfully passing a drug-screening test. If you fail to take the test or do not pass the test, this offer of employment will no longer be valid. In addition, at the commencement of your employment, you will be required to sign a confidentiality agreement restricting your ability to disclose confidential information regarding the Company and a noncompetition agreement.

Finally, I am very excited about the prospect of having you join our team and look forward to having your innovative ideas and energies assist us with the challenges and opportunities ahead. If you agree with the terms set forth in this offer letter, please indicate your acceptance by scanning a signed copy to at smcclain@montaukenergy.com.

If you have any questions, please feel free to contact me at 412-478-1007. I look forward to your positive response.

Kind Regards,

/s/ Sean F. McClain
Sean F. McClain
President & CEO

Accepted by: /s/ John Ciroli Date: June 3, 2020
John Ciroli

**Exhibit 10.43**

April 15, 2010

Mr. Scott E. Hill
136 Pendleton Drive
Bristol, TN 37620

**Re: Offer of Employment**

Dear Scott:

The management team and investors of Montauk Energy Capital, LLC (the "Company") are very impressed with you, your past experience and your business and operational philosophies. We have enjoyed getting to know you, and are hopeful that we have made as good an impression with you as you have made with us. We strongly believe that you would be a good fit for our organization and that our organization would be a good fit for you and your family. As we prepare for significant growth in the next few years, it is critical that we build and maintain a talented team of executives that are dedicated to the long-term success of the Company.

To that end, I am very pleased to offer you employment with the Company under the key terms as outlined below.

| | |
|---|---|
| **Title:** | Vice President—Operations |
| **Key Responsibilities:** | Manage the overall operations of the business and function as a contributing member of the leadership team (refer to previously provided job description for more detailed summary of responsibilities) |
| **Employment Start Date:** | To be determined, but anticipated to be approx. May 17, 2010 |
| **Primary Job Location:** | Corporate Headquarters—Pittsburgh, PA |
| **Base Salary:** | $140,000 annually. Base salary is paid bi-weekly on alternating Fridays. |
| **Targeted Cash Bonus:** | 25% of base salary annually. Payout based upon achieving corporate and personal goals as determined by management and the Company's board. Payout can range between 0% and 200% of targeted bonus and is paid subsequent to each fiscal year end (March 31). |
| **Starting Bonus:** | $10,000 paid with your first full bi-weekly pay check. |

| | |
|---|---|
| **Long-Term Incentive Plan:** | You will be eligible to participate in the Plan in accordance with the Plan's eligibility rules. The Plan is currently being developed with the Company's board. The Plan's terms are expected to be substantially the same as those included in the draft LTIP document previously provided. |
| **Vacation and Holiday Time:** | You will be entitled to 120 hours of paid Vacation Time annually, which will accrue at a rate of 4.62 hours per pay period. Unused Vacation Time can be carried into the following year; however, there is a limit of 120 hours of carryover Vacation Time at each calendar year end. Unused Vacation Time in excess of that will be forfeited. In addition, the Company recognizes seven (7) paid holidays each calendar year. |
| **Sick Time:** | You will be entitled to 40 hours of Sick Time annually, which will be prorated for 2010 in accordance with Company policies. Unused Sick Time will be paid in cash after each calendar year end. |
| **401(k) Plan Eligibility:** | Upon commencement of employment – Company provides a 3% contribution on each employee's behalf and matches 50% of an employee's first 4.0% of voluntary contributions. |
| **Medical, Dental and Other Employee Benefits:** | In accordance with Company policies, you will be eligible for standard benefit options beginning on the first day of the month following your month of hire. In the event you elect to waive Medical and Dental coverage, you will receive a payment in the amount of $75.00 per month. |
| **Relocation Assistance:** | Financial assistance will be provided to relocate your family and household items in accordance with Montauk's Relocation Policy (previously provided). |

This offer letter does not confer any contractual right, either expressed or implied, to remain in the Company's employ. Your employment is not for any specific time and may be terminated at will, with or without cause and without prior notice, by the Company or you may resign for any reason at any time.

As is customary, this offer is contingent upon satisfactory completion of a background investigation as well as your successfully passing a drug-screening test. If you fail to take the test or do not pass the test, this offer of employment will no longer be valid, In addition, at the commencement of your employment, you will be required to sign a confidentiality agreement restricting your ability to disclose confidential information regarding the Company.

Finally, I am very excited about the prospect of having you join our team and look forward to having your innovative ideas and energies assist us with the challenges and opportunities ahead. If you are in agreement with the terms set forth in this offer letter, please indicate your acceptance by signing and returning this letter to me as soon as possible. If you have any questions, please feel free to call me (office: 412-747-8717; mobile: 412-736-4775) or email me directly.

Sincerely,

/s/ John R. Schmitt

John R. Schmitt
President & CEO

Accepted by: /s/ Scott E. Hill
Scott E. Hill

Date: 4/20/10

**Exhibit 10.44**

HCI Managerial Services (Pty) Ltd
Suite 801
76 Regent Road
Sea Point
8005

Montauk Renewables, Inc.
680 Andersen Drive
Foster Plaza 10, 5th Floor, Suite 580
Pittsburgh, PA 15220

Dear Sirs:

**LETTER OF APPOINTMENT FOR THE PROVISION OF ADMINISTRATIVE SERVICES TO MONTAUK RENEWABLES, INC. ("LETTER OF APPOINTMENT")**

This Letter of Appointment serves to confirm the appointment of HCI Managerial Services Proprietary Limited (Registration No. 1996/017874/07) ("**the Administrator**") by Montauk Renewables, Inc., a corporation incorporated in the State of Delaware, United States of America ("**the Company**"), to provide the services described in this Letter of Appointment. The Administrator wishes to accept such appointment on the terms contained in this Letter of Appointment.

For purposes of this Letter of Appointment, "**Parties**" means the parties to the agreement constituted by this Letter of Appointment and "**Party**" means either one of them. The headings of the clauses in this Letter of Appointment are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this Letter of Appointment nor any clause hereof.

**Appointment**

1. The Company hereby appoints the Administrator to provide the Services (as such term is defined below) with effect from [•] January 2021.

2. The Administrator hereby accepts the appointment.

**Duties of the Administrator**

3. The Administrator shall:

   3.1. provide company secretarial services required to ensure that the Company maintains its secondary listing on the Johannesburg Stock Exchange ("**JSE**"), including but not limited to:

3.1.1. distributing all documents, notices and records and/or other information to the stockholders who hold their shares on the JSE register, to the extent required in relation to the Company, which shall include assistance with the preparation of Stock Exchange News Service ("**SENS**") announcements to be published by the Company from time to time;

3.1.2. providing such data and assistance as may be required by the Company's external auditors from time to time so that all statutory returns as may be required of the Company are correctly completed and timely filed;

3.1.3. liaising with the Company's sponsor in relation to the preparation of the requisite SENS announcements to be published from time to time as well as any filings required to be made in terms of the JSE Listings Requirements;

3.2. ensure the safe-keeping of all original documentation as may be reasonably required for the purpose of the performance of its obligations under this Letter of Appointment;

3.3. assisting with the preparation of the Headline Earnings Per Share Reconciliation report that will be filed quarterly by the Company together with its periodic reports,

(collectively, the "**Services**").

4. The Company may request the Administrator to provide additional services not already included in the list of Services from time to time (the "**Additional Services**"). If the Administrator agrees to provide the Additional Services, the provision of the Additional Services shall be subject to the terms and conditions of this Letter of Appointment, save that the remuneration payable for such Additional Services shall be as agreed upon by the Company and the Administrator.

5. During the continuance of its appointment under this Letter of Appointment, the Administrator shall have the full power, authority and right to do or cause to be done on behalf of the Company any and all things necessary, convenient or incidental to the provision of the Services and the performance of the other duties and obligations of the Administrator under this Letter of Appointment.

6. The Administrator shall:

6.1. fulfil its obligations in terms of this Letter of Appointment in good faith and act in the interest of the Company at all times;

6.2. act diligently and devote such time, attention, care, skill and have all necessary, competent, efficient, appropriately qualified and experienced personnel and equipment as may be required to enable it to properly and efficiently perform its obligations under this Letter of Appointment;

6.3. observe and comply with the JSE Listings Requirements and other South African legislation for the time being in force and applicable to the Company, of which the Administrator is aware; and

6.4. observe and comply with all instructions and directions given to the Administrator from time to time by or on behalf of the Company.

**Remuneration**

7. As remuneration for the Services rendered by the Administrator, the Administrator shall be entitled to a monthly fee of R20,000.00 (twenty thousand Rand) (plus VAT thereon) (the "**Fee**"). The Fee shall escalate at the South African annual inflation rate as published by the South African Reserve Bank in January of each year.

8. Unless otherwise agreed to by the Company and the Administrator in writing, the Company shall pay the Administrator within 30 (thirty) days of the Company receiving an invoice or a statement of account from the Administrator.

9. The Administrator is not entitled to any remuneration or indemnity in respect of the performance of its duties under this Letter of Appointment, save as expressly provided for in this Letter of Appointment.

**Expenses and disbursements**

10. The Company will, on written demand from the Administrator, reimburse the Administrator for all expenses (including any irrecoverable VAT thereon), paid by the Administrator on behalf of the Company in the performance of the Services and approved by the Company in writing.

11. The Company shall not be liable for any expenses and disbursements incurred by the Administrator, which are not incurred on behalf of the Company in the course of performing the Services in terms of this Letter of Appointment.

**Value Added Tax**

12. Any costs, expenses, charges or other amounts payable under this Letter of Appointment shall be paid together with any VAT applicable to such amount subject to prior delivery to the payer of an appropriate VAT invoice.

**Duration of appointment**

13. This Letter of Appointment shall commence on [•] January 2021 and continue indefinitely until terminated in accordance with this clause.

14. The Company and/or the Administrator may terminate this Letter of Appointment upon 3 (three) months prior written notice from one Party to the other Party.

**Governing law and jurisdiction**

15. This Letter of Appointment will in all respects be governed by and construed in accordance with the laws of South Africa.

16. Either Party shall be entitled to institute all or any proceedings against the other Party in connection with this Letter of Appointment in the High Court of South Africa, Western Cape Division, Cape Town and each Party hereby consents to and submits to the (non-exclusive) jurisdiction of that court or any successor court.

**Whole agreement**

17. This Letter of Appointment constitutes the whole agreement between the Parties in relation to the subject matter thereof and no Party shall accordingly be bound by any undertaking, representation or warranty not recorded therein.

**Execution**

18. This Letter of Appointment:

    18.1. may be executed in separate counterparts, none of which need contain the signatures of all of the Parties, each of which shall be deemed to be an original and all of which taken together constitute one agreement;

    18.2. shall be valid and binding upon the Parties thereto, notwithstanding that one or more of the Parties may sign an email copy thereof and whether or not such fax copy contains the signature of any other Party.

{*REST OF PAGE INTENTIONALLY LEFT BLANK. SIGNATURE PAGE FOLLOWS.*}

For: **MONTAUK RENEWABLES, INC.**

Signature: _____

who warrants that he / she is duly authorised thereto

Name: _____

Date: _____

Place: _____

For: **HCI MANAGERIAL SERVICES PROPRIETARY LIMITED**

Signature: _____

who warrants that he / she is duly authorised thereto

Name: _____

Date: _____

Place: _____

**Exhibit 23.2**

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated October 14, 2020, with respect to the consolidated financial statements of Montauk Holdings USA, LLC contained in the Registration Statement and Prospectus. We consent to the use of the aforementioned report in the Registration Statement and Prospectus, and to the use of our name as it appears under the caption "Experts."

/s/ GRANT THORNTON LLP

Pittsburgh, Pennsylvania
January 8, 2021

**Exhibit 23.3**

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated December 11, 2020, with respect to the financial statements of Montauk Renewables, Inc. contained in the Registration Statement and Prospectus. We consent to the use of the aforementioned report in the Registration Statement and Prospectus, and to the use of our name as it appears under the caption "Experts."

/s/ GRANT THORNTON LLP

Pittsburgh, Pennsylvania
January 8, 2021