



PINNACLE RENEWABLE HOLDINGS INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

and

MANAGEMENT INFORMATION CIRCULAR

May 15, 2018



May 15, 2018

Dear Shareholders:

On behalf of the board of directors and management team of Pinnacle Renewable Holdings Inc. (the “**Company**”), we are pleased to invite you to join us at our annual general meeting of shareholders of the Company (the “**Meeting**”). The Meeting will be held at the offices of McCarthy Tétrault LLP, Suite 2400, 745 Thurlow Street, Vancouver, British Columbia V6E 0C5 on June 21, 2018 at 10:00 a.m. (Vancouver time).

The accompanying management information circular contains important information about voting at the Meeting, the directors nominated for election, our board of directors and its committees, our governance practices and how we compensate our directors and executives. It also sets out the specific proposals on which you will be voting at the Meeting. We hope you will take the time to consider these matters.

As a valued shareholder of the Company, your vote matters. We encourage you to exercise your vote, either at the Meeting or by completing and sending in your proxy. Use of the proxy form is described in the accompanying management information circular. If you are a “non-registered” shareholder, you should follow the instructions that you receive from the institution that holds your shares to ensure that your shares get voted at the Meeting in accordance with your wishes.

We look forward to seeing you at the Meeting.

Sincerely,

“Gregory Baylin”

Gregory Baylin
Chair of the Board of Directors

“Robert McCurdy”

Robert McCurdy
Director & Chief Executive Officer

PINNACLE RENEWABLE HOLDINGS INC.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Meeting**”) of the shareholders of Pinnacle Renewable Holdings Inc. (the “**Company**”) will be held at the following time and place:

DATE: Thursday, June 21, 2018
TIME: 10:00 a.m. (Vancouver time)
PLACE: Offices of McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver, British Columbia

The Meeting is being held for the following purposes:

- (1) to receive the consolidated financial statements of the Company for the fiscal year ended December 29, 2017 and the report of the auditors thereon;
- (2) to elect the directors of the Company to hold office until the end of the next annual meeting of the Company;
- (3) to re-appoint the auditors of the Company to hold office until the end of the next annual meeting of the Company and to authorize the directors of the Company to fix the remuneration to be paid to the auditors; and
- (4) to transact such other business as may properly come before the Meeting.

Details of the foregoing matters to be put before the Meeting are set forth in the accompanying management information circular of the Company (the “**Circular**”). It is important that you read the Circular carefully before voting.

You are entitled to receive notice of and attend the Meeting or any adjournment or postponement thereof in person or by proxy if you were a holder of common shares of the Company (the “**Common Shares**”) at the close of business on the record date, which the board of directors of the Company has fixed as May 10, 2018.

If you are a non-registered shareholder, you should review the voting instruction form provided by your intermediary, which sets out the procedures to be followed for voting Common Shares held through intermediaries.

If you are a registered shareholder and are unable to attend the Meeting in person, you may submit your proxy by mail, fax or over the internet in accordance with the instructions below.

Voting by Mail or Delivery:

Complete, sign and date the accompanying proxy form and return it in the envelope we have provided to:

TSX Trust Company
Attention: Proxy Department
301-100 Adelaide Street West, Toronto, Ontario M5H 4H1

Voting by Fax:

Complete, sign and date the accompanying proxy form and send it by fax to 416-595-9593.

Voting by Internet:

Go to www.voteproxyonline.com and enter the 12-digit control number listed on your proxy form.

Proxies must be received by the Company's transfer agent, TSX Trust Company, by no later than 10:00 a.m. (Vancouver time) on June 19, 2018 (or, if the Meeting is adjourned or postponed, 48 hours (Saturdays, Sundays and holidays excepted) prior to the time of holding the Meeting) in accordance with the delivery instructions above.

By Order of the Board of Directors

"Andrea Johnston"

Andrea Johnston
Chief Financial Officer & Corporate Secretary
Richmond, British Columbia
May 15, 2018

MANAGEMENT INFORMATION CIRCULAR

TABLE OF CONTENTS

	Page
PROXY AND VOTING INFORMATION	1
GENERAL INFORMATION	4
VOTING SHARES AND PRINCIPAL HOLDERS THEREOF	4
PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING	5
Receive the Financial Statements	5
Election of Directors	5
Appointment of Auditors	9
Other Matters Which May Come Before the Meeting	9
CORPORATE GOVERNANCE PRACTICES	9
Board of Directors	9
Board Committees	10
Board Mandate	12
Position Descriptions	12
Orientation and Continuing Education	13
Ethical Business Conduct	13
Nomination of Directors	14
Compensation	15
Assessments	15
Term Limits and Other Mechanisms of Board Renewal	15
Board and Executive Management Diversity	15
Directors' and Officers' Liability Insurance	15
COMPENSATION	16
Director Compensation	16
Executive Compensation	16
OTHER INFORMATION	23
Indebtedness of Directors and Executive Officers	23
Interest of Certain Persons in Matters to be Acted Upon	23
Interest of Informed Persons in Material Transactions	23
Securities Authorized for Issuance under Equity Compensation Plans	23
Shareholder Proposals	24
ADDITIONAL INFORMATION	24
APPROVAL BY DIRECTORS	24

(This page has been left blank intentionally.)

PROXY AND VOTING INFORMATION

Solicitation of Proxies

This management information circular (the “Circular”) dated as of May 15, 2018 and accompanying form of proxy are furnished in connection with the solicitation, by management of Pinnacle Renewable Holdings Inc. (“we”, “us”, “our”, the “Company” or “Pinnacle”), of proxies to be used at our annual general meeting (the “Meeting”) of the holders (the “Shareholders”) of common shares (“Common Shares”) referred to in the accompanying Notice of Annual General Meeting (the “Notice”) to be held on June 21, 2018, at the time and place and for the purposes set forth in the Notice. The solicitation will be made primarily by mail in relation to delivery of the meeting materials, but proxies may also be solicited personally or by telephone by our directors and/or officers, or by our transfer agent, TSX Trust Company (“TSX Trust”), at nominal cost. The cost of solicitation by management will be borne by us. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation materials to the beneficial owners of the Common Shares. The cost of any such solicitation will be borne by us.

Record Date

Shareholders of record at the close of business on May 10, 2018 (the “Record Date”) are entitled to receive notice of and attend the Meeting in person or by proxy and are entitled to one vote for each Common Share registered in the name of such Shareholder in respect of each matter to be voted upon at the Meeting.

Appointment of Proxies

The persons named in the enclosed form of proxy are Gregory Baylin, chair (the “Chair”) of our board of directors (the “Board”), and Robert McCurdy, our Chief Executive Officer. **Each Shareholder submitting a proxy has the right to appoint a person or company (who need not be a Shareholder), other than the persons named in the enclosed form of proxy, to represent the Shareholder at the Meeting or any adjournment or postponement thereof.** Such right may be exercised by inserting the name of such representative in the blank space provided in the enclosed form of proxy. All proxies must be executed by the Shareholder or the Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized.

A proxy will not be valid for the Meeting or any adjournment or postponement thereof unless it is completed and delivered to TSX Trust no later than 10:00 a.m. (Vancouver time) on June 19, 2018 (or, if the Meeting is adjourned or postponed, 48 hours (Saturdays, Sundays and holidays excepted) prior to the time of holding the Meeting) in accordance with the delivery instructions below. The time limit for deposit of proxies may be waived or extended by the Chair at his discretion, without notice.

A registered Shareholder may submit such Shareholder’s proxy by mail, by fax or over the internet in accordance with the instructions below. A non-registered Shareholder should follow the instructions included on the voting instruction form provided by such Shareholder’s Intermediary (as defined below).

Voting Instructions for Registered Holders

Voting by Mail or Delivery:

Complete, sign and date the accompanying proxy form and return it in the envelope we have provided to:

TSX Trust Company
Attention: Proxy Department
301-100 Adelaide Street West, Toronto, Ontario M5H 4H1

Voting by Fax:

Complete, sign and date the accompanying proxy form and send it by fax to 416-595-9593.

Voting by Internet:

Go to www.voteproxyonline.com and enter the 12-digit control number listed on the form of proxy.

Revocation of Proxies

Proxies given by Shareholders for use at the Meeting may be revoked at any time prior to their use. Subject to compliance with the requirements described in the following paragraph, the giving of a proxy will not affect the right of a Shareholder to attend, and vote in person at, the Meeting.

In addition to revocation in any other manner permitted by law, a proxy may be revoked by:

- voting again on the internet before 10:00 a.m. (Vancouver time) on June 19, 2018;
- completing a proxy form that is dated later than the proxy form that is being changed and mailing it to TSX Trust so that it is received at the address indicated above before 10:00 a.m. (Vancouver time) on June 19, 2018; or
- delivering an instrument in writing executed by the Shareholder or the Shareholder's attorney duly authorized in writing, or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized, to TSX Trust by mail or by fax at any time up to and including 10:00 a.m. (Vancouver Time) on June 19, 2018.

Non-Registered Holders

Only registered Shareholders, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a non-registered Shareholder (a "**Non-Registered Holder**") are registered either:

- (1) in the name of an intermediary that the Non-Registered Holder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, registered retirement income funds, registered education savings plans and similar plans (each, an "**Intermediary**", and collectively, the "**Intermediaries**"); or
- (2) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

In accordance with the requirements of NI 54-101, the Company has distributed copies of the form of proxy and supplemental mailing card (collectively, the "**Non-Registered Holder Materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Non-Registered Holder Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries will generally use service companies (such as Broadridge Financial Solutions, Inc.) to forward the Non-Registered Holder Materials to Non-Registered Holders. Generally, a Non-Registered Holder who has not waived the right to receive Non-Registered Holder Materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on the type of form they receive:

- (1) **Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the Non-Registered Holder Materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), but wishes to direct the voting of the Common Shares that the Non-Registered Holder beneficially owns, the voting instruction form must be submitted in accordance with the directions on the form. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Holder; or
- (2) **Form of Proxy.** Less frequently, a Non-Registered Holder will receive, as part of the Non-Registered Holder Materials, a form of proxy that has already been signed by the Intermediary (typically by facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), but wishes to direct the voting of the Common Shares that the Non-Registered Holder beneficially owns, the Non-Registered Holder must complete the form of proxy and submit it to TSX Trust as described above. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must strike out the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided.

In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those regarding when and where the proxy or the voting instruction form is to be delivered.

A Non-Registered Holder may revoke a voting instruction form or a waiver of the right to receive the Non-Registered Holder Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive the Non-Registered Holder Materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

A Non-Registered Holder may fall into two categories: (i) those who object to their identity being made known to the issuers of the securities which they own ("**Objecting Beneficial Owners**"); and (ii) those who do not object to their identity being made known to the issuers of the securities which they own ("**Non-Objecting Beneficial Owners**"). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their Non-Objecting Beneficial Owners from Intermediaries. Pursuant to NI 54-101, issuers may obtain and use the Non-Objecting Beneficial Owners list in connection with any matters relating to the affairs of the issuer, including the distribution of proxy-related materials directly to Non-Objecting Beneficial Owners. We are sending Non-Registered Holder Materials directly to Non-Objecting Beneficial Owners. We use and pay Intermediaries and agents to send the Non-Registered Holder Materials. We also intend to pay for Intermediaries to deliver the Non-Registered Holder Materials to Objecting Beneficial Owners.

The Non-Registered Holder Materials are being sent to both registered Shareholders and Non-Registered Holders. If we or our agent have sent these materials directly to a Non-Registered Holder, such Non-Registered Holder's name, address and information about holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding securities on behalf of such Non-Registered Holder's behalf.

By choosing to send the Non-Registered Holder Materials directly to Non-Registered Holders, we (and not the Intermediary holding securities on behalf of a Non-Registered Holder) have assumed responsibility for (i) delivering these materials to Non-Registered Holders and (ii) executing the Non-Registered Holder's proper voting instructions. Non-Registered Holders should return their voting instruction form as specified in the request for voting instructions that was sent to them.

Exercise of Discretion By Proxies

Common Shares represented by properly executed proxies in favour of the persons named in the enclosed form of proxy will be voted on any ballot that may be called for and, where the person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, the Common Shares will be voted or withheld from voting in accordance with the specifications so made. **Where Shareholders have properly executed proxies in favour of the persons named in the enclosed form of proxy and have not specified in the form of proxy the manner in which the named proxies are required to vote the Common Shares represented thereby, such Common Shares will be voted in favour of the passing of the matters set forth in the Notice.** If a Shareholder appoints a representative other than the persons designated in the form of proxy, we assume no responsibility as to whether the representative so appointed will attend the Meeting on the day thereof or any adjournment or postponement thereof.

The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice and with respect to other matters that may properly come before the Meeting. At the date hereof, our management and directors know of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to our management and directors should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxyholders.

GENERAL INFORMATION

The information contained herein is provided as of May 15, 2018, unless indicated otherwise. No person has been authorized to give any information or make any representation in connection with matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by us.

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Company consists of (i) an unlimited number of Common Shares and (ii) an unlimited number of preferred shares, issuable in series (“**Preferred Shares**”). Holders of Common Shares are entitled to one vote in respect of each Common Share held at all meetings of Shareholders. Except as required by law or in accordance with any voting rights attaching to any series of Preferred Shares issued from time to time, the Preferred Shares will not be entitled to receive notice of, attend or vote at any meeting of Shareholders.

As at May 15, 2018, there were 32,971,293 Common Shares issued and outstanding and no Preferred Shares issued and outstanding.

A quorum for the transaction of business at the Meeting is the presence of Shareholders, present in person or by proxy, holding or representing an aggregate of at least 25% of the votes entitled to be cast at the Meeting, irrespective of the number of persons actually present at the Meeting.

To the knowledge of our directors and executive officers, as at May 15, 2018, no other person beneficially owned, or controlled or directed, directly or indirectly, Common Shares carrying 10% or more of the voting rights of the Company except for the ONCAP Entities⁽¹⁾. Based on information provided by the ONCAP Entities, as at the Record Date, the ONCAP Entities beneficially owned, or controlled or directed, directly or indirectly, 14,112,787 Common Shares, representing approximately 42.8% of the issued and outstanding Common Shares.

Notes:

⁽¹⁾ “ONCAP Entities” means ONCAP II L.P., ONCAP (US) II L.P., ONCAP (US) II-A L.P., ONEX Parallel Investment (ONCAP) L.P. and Biomass EI Ltd. The general partner of ONCAP II L.P., ONCAP (US) II L.P., ONCAP (US) II-A L.P. and ONEX Parallel Investment (ONCAP) L.P. is ONCAP Investment Partners II L.P., which is owned by certain members of management of ONCAP. ONCAP Investment Partners II Inc. has voting control over ONCAP Investment Partners II L.P. Onex Corporation has voting control over ONCAP Investment Partners II Inc. Voting and

dispositive powers with respect to the Common Shares held by the ONCAP Entities are exercised by ONCAP Investment Partners II L.P. The board of directors of ONCAP Investment Partners II Inc. is comprised of Christopher A. Govan and Anthony Munk, each of whom disclaims any beneficial ownership of the Common Shares held by the ONCAP Entities.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

Receive the Financial Statements

Our consolidated financial statements for the fiscal year ended December 29, 2017 (“**Fiscal 2017**”) will be presented at the Meeting and are being mailed to Shareholders together with the Notice and this Circular. These financial statements, together with management’s discussion and analysis thereon, are also available under the Company’s profile on SEDAR at www.sedar.com and on our website at www.pinnaclepellet.com.

Election of Directors

The number of directors of the Company to be elected at the Meeting is seven. Directors are elected annually at our annual meeting of Shareholders and hold office until the close of the next annual meeting of Shareholders or until their successors are elected or appointed in accordance with applicable law.

Nomination Rights Agreement

Concurrently with the closing of our initial public offering on February 6, 2018 (the “**IPO**”), the Company and the ONCAP Entities entered into a nomination rights agreement (the “**Nomination Rights Agreement**”) with respect to certain director nomination rights, governance matters and shareholder rights. The summary below is qualified in its entirety by reference to the provisions of the Nomination Rights Agreement, a copy of which is available under the Company’s profile on SEDAR at www.sedar.com.

Pursuant to the Nomination Rights Agreement, our Board will not be comprised of more than seven directors unless agreed to by the ONCAP Entities. In addition, the ONCAP Entities are entitled to nominate (the “**ONCAP Nominees**”): (i) two individuals for election to the Board for so long as the ONCAP Entities beneficially own, directly or indirectly, and in the aggregate, more than 10% of the Common Shares; and (ii) one individual for election to the Board for so long as the ONCAP Entities beneficially own, directly or indirectly, and in the aggregate, 10% or less, but more than 5%, of the Common Shares.

Gregory Baylin and Michael Lay are the ONCAP Nominees to be nominated for election as directors at the Meeting.

Advance Notice Provisions

We have included advance notice provisions (the “**Advance Notice Provisions**”) with respect to the election of our directors in our articles (the “**Articles**”). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general meetings of Shareholders or, where the need arises, special meetings of Shareholders; (ii) ensure that all Shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow Shareholders to register an informed vote. Only persons who are nominated by Shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of Shareholders.

Under the Advance Notice Provisions, a Shareholder wishing to nominate a director for election at the Meeting is required to provide notice to the Company, in the prescribed form, no later than 5:00 p.m. (Vancouver time) on May 22, 2018.

Shareholders wishing to nominate a director for election should review the relevant provisions of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) and our Articles. A copy of our Articles is available under the Company’s profile on SEDAR at www.sedar.com and on our website at www.pinnaclepellet.com.

Majority Voting Policy

In accordance with our majority voting policy (the “**Majority Voting Policy**”), any nominee for election as a director who does not receive a greater number of votes “for” than votes “withheld” with respect to the election of directors by the Shareholders will tender his or her resignation to the Chair promptly following the Meeting. Our Governance, Nominating and Compensation Committee (the “**GN&C Committee**”) will consider such offer and make a recommendation to our Board whether to accept it or not. Our Board will promptly accept the resignation unless it determines, in consultation with our GN&C Committee, that there are exceptional circumstances that should delay the acceptance of the resignation or justify rejecting it. Our Board will make its decision and announce it in a press release within 90 days following the Meeting. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of our Board or our GN&C Committee at which the resignation is considered.

Other than the ONCAP Nominees, our GN&C Committee recommends to the Board nominees for election as directors through a process described under "Corporate Governance Practices – Board Committees – Governance, Nominating and Compensation Committee". The persons listed below are being proposed for nomination for election as directors at the Meeting. All of the individuals who have been nominated as directors are currently members of our Board and have been since our IPO.

The persons named as proxyholders in the accompanying proxy, if not expressly directed otherwise, will vote the Common Shares for which they have been appointed proxyholder in favour of electing those persons listed below as nominees for directors.

The following table sets forth, for all persons to be nominated for election as directors, their background and experience, the number of Common Shares, restricted share units (“**RSUs**”) and stock options (“**Options**”) held by them and other public company boards on which they serve, along with other relevant information, all as at the date of this Circular.

GREGORY BAYLIN Ontario, Canada Age: 48 Status: Independent Since: December 6, 2010	Mr. Baylin is a Managing Director at ONCAP and has been a director of the Company since December 6, 2010. He currently acts as Chair of our Board and chair of our GN&C Committee and is a member of our Risk Committee. He has been in the private equity business for 18 years. Prior to joining ONCAP in January 2000, he worked at the Bank of Nova Scotia in the investment banking business unit for over five years. Mr. Baylin earned his Bachelor of Commerce (Honours) from Queen’s University.
	Current Public Board Memberships (other than the Company)
	N/A
	Company Securities Held as at May 15, 2018
	Common Shares⁽¹⁾ Nil
PAT BELL B.C., Canada Age: 61 Status: Independent Since: July 2, 2015	Mr. Bell is currently a consultant in the natural resource sector and has been a director of the Company since July 2, 2015. He currently acts as vice chair of our Board and chair of our Risk Committee and is a member of our GN&C Committee and Audit Committee. In 2014, he was an Executive Vice President with Conifex Timber Inc., a forestry company then listed on the TSX Venture Exchange. From 2001 to 2013, Mr. Bell served as a member of the Legislative Assembly of British Columbia, including serving as Minister of Forests from 2008 to 2011 and Minister of Jobs, Tourism and Innovation from 2011 to 2013.
	Current Public Board Memberships (other than the Company)
	Conifex Timber Inc. (TSX: CFF) Surge Copper Corp (TSX-V: SURG)
	Company Securities Held as at May 15, 2018
	Common Shares⁽¹⁾ 1,000

MICHAEL LAY Ontario, Canada Age: 57 Status: Independent Since: May 2, 2012	Mr. Lay is the Managing Partner of ONCAP and has been a director of the Company since May 2, 2012. He is a member of our GN&C Committee. He has been in the private equity business for over 25 years. Prior to joining ONCAP in June 2000, he accumulated over eight years of experience as Vice-President, Merchant Banking at Ontario Teachers' Pension Plan Board, as well as Chief Financial Officer and Chief Operating Officer at VERSUS Technologies Inc., both in Toronto. Mr. Lay earned his Honours Business Administration from the Richard Ivey School of Business at University of Western Ontario and is a Chartered Professional Accountant, CA.		
	Current Public Board Memberships (other than the Company)		
	N/A		
	Company Securities Held as at May 15, 2018		
	Common Shares⁽¹⁾	Nil	

HUGH MACDIARMID Ontario, Canada Age: 66 Status: Independent Since: January 3, 2018	Mr. MacDiarmid was appointed as a director of the Company on January 3, 2018 and is currently the chair of our Audit Committee. Mr. MacDiarmid is also currently a director of SeaCube Container Leasing Limited, Terrestrial Energy Inc. and BWXT Canada Inc. Previously, his executive appointments have included serving as President & CEO of Atomic Energy of Canada Limited from 2008 to 2011, President & CEO of Laidlaw Transit Inc. from 2003 to 2005, Executive Vice-President, Commercial of Canadian Pacific Railway from 1995 to 2001 and President & CEO of Lumonics Inc. from 1987 to 1990. Early in his career, Mr. MacDiarmid was an Associate and then Principal with McKinsey & Company, a leading international management consulting firm. Mr. MacDiarmid earned his Honours Business Administration from the Richard Ivey School of Business at University of Western Ontario and his MBA from Stanford University, graduating as a Miller Scholar.		
	Current Public Board Memberships (other than the Company)		
	N/A		
	Company Securities Held as at May 15, 2018		
	Common Shares⁽¹⁾	22,200	

ROBERT MCCURDY B.C., Canada Age: 61 Status: Not Independent Since: June 3, 2013	Mr. McCurdy was appointed Chief Executive Officer of the Company in September 2012 and has been a director of the Company since June 3, 2013. Mr. McCurdy's international career has spanned the chemical, construction materials and mining industries in Canada, the U.S., Asia and Europe in successively senior roles. Before joining the Company, Mr. McCurdy spent over 12 years with Lafarge Holcim Ltd., a world leading producer of building materials. Most recently he was their Managing Director for India, overseeing 80 manufacturing plants nationwide in a fast growing market. Prior to this, Mr. McCurdy was based in Paris where he served as the corporate Vice President of Quality, Manufacturing and Vertical Integration for this global business. Mr. McCurdy earned his Bachelor of Science with Honours from Queen's University in 1980.		
	Current Public Board Memberships (other than the Company)		
	N/A		
	Company Securities Held as at May 15, 2018		
	Common Shares⁽¹⁾	Stock Options	RSUs
104,702	701,137	103,889	

JANE O'HAGAN Alberta, Canada Age: 55 Status: Independent Since: January 3, 2018	Ms. O'Hagan was appointed as a director of the Company on January 3, 2018 and is currently a member of our Audit Committee and Risk Committee. Ms. O'Hagan also currently serves as a board member of USD Partners GP LLC, the general partner of USD Partners LP, based in Houston, Texas and The Descartes Systems Group Inc. of Waterloo, Ontario. Ms. O'Hagan most recently served as the Chief Marketing Officer and Executive Vice President of Canadian Pacific Railway from December 2011 to May 2014. Ms. O'Hagan served as the Senior Vice President of Marketing and Sales of CP Rail from April 2010 to December 2011 and also served as Senior Vice President of Strategy and Yield from November 2008 to December 2009. She served as Vice President of Strategy and External Affairs of CP Rail from 2005 to 2008 and also served as its Vice President of Strategy, Research and New Market Development and Assistant Vice President, Strategy and Research from 2002 to 2005. Ms. O'Hagan holds a Bachelor of Arts (Hons.) and a Bachelor of Administrative and Commercial Studies from the University of Western Ontario and has completed graduate studies in Program and Policy Studies from the University of Western Ontario. Ms. O'Hagan is also a holder of the Institute of Corporate Directors director designation, which she achieved in June 2016.
	Current Public Board Memberships (other than the Company)
	The Descartes Systems Group Inc. (TSX: DSG; Nasdaq: DSGX) USD Partners LP (NYSE: USDP)
	Company Securities Held as at May 15, 2018
	Common Shares⁽¹⁾ Nil

LEROY REITSMA B.C., Canada Age: 46 Status: Not Independent Since: May 6, 2011	Mr. Reitsma was appointed President and Chief Operating Officer of the Company in May 2011 and has been a director of the Company since May 6, 2011. Mr. Reitsma joined the Company in 2007 and has led the development of the Houston Facility, the Meadowbank Facility, the Burns Lake Facility, the Westview Terminal, the Lavington Facility and the Entwistle Facility. With 18 years of experience in the forest products industry prior to joining the Company, Mr. Reitsma is part of the executive and management team focused on the development and operation of high performance production and logistical assets. In his role as President and Chief Operating Officer, Mr. Reitsma is also a director of Lavington Pellet Inc., Smithers Pellet Inc. and Houston Pellet Inc. Before joining the Company, Mr. Reitsma, a Certified Professional Accountant, CMA, spent 12 years with Canfor Corporation in various operational, management and finance roles.					
	Current Public Board Memberships (other than the Company)					
	N/A					
	Company Securities Held as at May 15, 2018					
	<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;">Common Shares⁽¹⁾</td> <td style="text-align: center;">Stock Options</td> <td style="text-align: center;">RSUs</td> </tr> <tr> <td style="text-align: center;">1,414,665</td> <td style="text-align: center;">20,420</td> <td style="text-align: center;">58,667</td> </tr> </table>	Common Shares⁽¹⁾	Stock Options	RSUs	1,414,665	20,420
Common Shares⁽¹⁾	Stock Options	RSUs				
1,414,665	20,420	58,667				

Notes:

⁽¹⁾ The number of Common Shares held includes Common Shares directly or indirectly beneficially owned by, or under the control or direction of, such nominee.

As at the date of this Circular, our directors collectively hold Common Shares representing approximately 4.7% of the total issued and outstanding Common Shares.

Corporate Cease Trade Orders and Bankruptcies

None of the proposed directors:

- (a) is, as at the date of this Circular, or has been within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer or issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the person was acting in that capacity;

- (b) is, as at the date of this Circular, or has been within ten years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Appointment of Auditors

At the Meeting, Shareholders will be requested to re-appoint KPMG LLP as auditors of the Company, to hold office until the next annual meeting of Shareholders, and to authorize the directors to fix the auditors' remuneration. KPMG LLP has been the auditors of the Company since 2011.

The persons named as proxyholders in the accompanying proxy, if not expressly directed to the contrary, will vote the Common Shares for which they have been appointed proxyholder to re-appoint KPMG LLP as the auditors of the Company and to authorize the directors to fix the remuneration to be paid to the auditors.

Other Matters Which May Come Before the Meeting

As of the date of this Circular, we are not aware of any matters to come before the Meeting other than the matters referred to in the Notice. However, if any other matters should properly come before the Meeting, the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

CORPORATE GOVERNANCE PRACTICES

We are a Canadian reporting issuer with our Common Shares listed on the Toronto Stock Exchange (the "TSX"). In Canada, we are subject to securities regulations that impose on us a requirement to disclose certain corporate governance practices that we have adopted. Such securities regulations also provide guidance on various corporate governance practices that Canadian reporting issuers should adopt. We recognize that good corporate governance plays an important role in our overall success and in enhancing shareholder value. We monitor corporate governance developments in Canada and adopt best practices where such practices are aligned with our values and our goal of continuous improvement. A brief description of our corporate governance practices follows.

Board of Directors

Director Independence and Conflicts of Interest

Under National Instrument 58-101 *Disclosure of Corporate Governance Practices*, a director is considered to be independent if he or she is independent within the meaning of National Instrument 52-110 *Audit Committees* (“**NI 52-110**”). Pursuant to NI 52-110, an independent director is a director who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director’s independent judgment.

Our Board is currently composed of seven directors. As set forth below, five of the seven existing directors who are standing for election to our Board have been determined by our Board to be independent based on the information provided by each director concerning his or her background, employment and affiliations. Mr. McCurdy and Mr. Reitsma are not independent because they are executive officers of the Company.

Director	Independent	Director	Independent
Gregory Baylin	Yes	Jane O’Hagan	Yes
Pat Bell	Yes	Robert McCurdy	No
Michael Lay	Yes	Leroy Reitsma	No
Hugh MacDiarmid	Yes		

Our Board holds regularly-scheduled quarterly meetings as well as ad hoc meetings from time to time. The independent members of our Board meet, as required, without the non-independent directors and members of management before or after each regularly scheduled Board meeting. The Chair (or, if the Chair is not present, then another independent director chosen by the independent directors) will preside over the private session. Our Board held five *in camera* sessions since the beginning of Fiscal 2017. Our Audit Committee holds *in camera* sessions with only the external auditors present. Our GN&C Committee consists only of independent directors with management attending only by invitation.

A director who has a material interest in a matter before our Board or any committee of our Board (a “**Committee**”) on which he or she serves is required to disclose such interest as soon as the director becomes aware of it. In situations where a director has a material interest in a matter to be considered by our Board or any Committee on which he or she serves, such director may be required to absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. Directors will also be required to comply with the relevant provisions of the BCBCA regarding conflicts of interest. To our knowledge, no director has an existing or potential conflict of interest with the Company.

Board Meetings

Meetings of our Board are currently chaired by Gregory Baylin, who is an independent director. The Chair is responsible for (i) providing leadership, managing and organizing our Board to enhance the effectiveness and performance of our Board, (ii) creating a cooperative atmosphere among the directors, (iii) acting as chair of the meetings of our Board, including establishing procedures to govern our Board’s work to ensure our Board can conduct its work effectively and efficiently, (iv) acting as a liaison between our Board and management through the Chief Executive Officer, (v) promoting the provision of information to the directors on a timely basis to keep the directors apprised of matters which are material to them and (vi) chairing meetings of Shareholders.

Other Directorships and Interlocking Relationships

See “Particulars of Matters to be Acted Upon at the Meeting – Election of Directors” for information on directors who currently sit on the board of directors of an issuer other than the Company, including in foreign jurisdictions.

Board Committees

Our Board currently has three Committees: the Audit Committee, the GN&C Committee and the Risk Committee.

Audit Committee

Our Audit Committee consists of three directors, all of whom are persons determined by our Board to be both independent and financially literate within the meaning of NI 52-110. Our Audit Committee is comprised of Hugh MacDiarmid, who acts as chair of this Committee, Jane O'Hagan and Pat Bell.

Additional information about our Audit Committee, including a copy of the written charter of our Audit Committee adopted by our Board, can be found under "Directors and Executive Officers – Audit Committee" in our annual information form for Fiscal 2017 under the Company's profile on SEDAR at www.sedar.com.

Governance, Nominating and Compensation Committee

Our GN&C Committee consists of three directors, all of whom are persons determined by our Board to be independent and are charged with reviewing, overseeing and evaluating the Company's compensation, corporate governance and nominating policies. Our GN&C Committee is comprised of Gregory Baylin, who acts as chair of this Committee, Michael Lay and Pat Bell.

For additional details regarding the relevant education and experience of each member of our GN&C Committee, including the direct experience that is relevant to each member's responsibilities in executive compensation, see also "Particulars of Matters to be Acted Upon at the Meeting – Election of Directors".

Our GN&C Committee's purpose is to assist our Board in:

- the appointment, performance, evaluation and compensation of our senior executives;
- the recruitment, development and retention of our senior executives;
- maintaining talent management and succession planning systems and processes relating to our senior executives;
- developing compensation structure for our senior executives including salaries, annual and long-term incentive plans including plans involving share issuances and other share-based awards;
- establishing policies and procedures designed to identify and mitigate risks associated with our compensation policies and practices;
- assessing the compensation of our directors;
- developing benefit retirement and savings plans;
- developing our corporate governance guidelines and principles and providing us with governance leadership;
- identifying individuals qualified to be nominated as members of the Board;
- monitoring compliance with the Anti-Bribery Policy (as defined below) and initiating investigations of reported violations;
- monitoring compliance with the Code of Ethics (as defined below);
- reviewing the structure, composition and mandate of Committees; and
- evaluating the performance and effectiveness of the Board and of the Committees.

Our GN&C Committee is responsible for establishing and implementing procedures to evaluate the performance and effectiveness of the Board, Committees and the contributions of individual Board members. Our GN&C Committee also takes reasonable steps to evaluate and assess, on an annual basis, directors' performance and effectiveness of the Board, Committees, individual Board members, the Chair and Committee chairs. The assessment addresses, among other things, individual director independence, individual director and overall Board skills, and individual director financial literacy. Our Board receives and considers the recommendations from our GN&C Committee regarding the results of the evaluation of the performance and effectiveness of the Board, Committees, individual Board members, the Chair and Committee chairs. Our GN&C Committee is also responsible for orientation and continuing education programs for the directors. See also "Corporate Governance Practices – Orientation and Continuing Education".

Particulars of the process by which compensation for our executive officers is determined is provided under "Compensation – Executive Compensation – Compensation-Setting Process".

Risk Committee

Our Risk Committee consists of three directors, all of whom are persons determined by our Board to be independent directors. Our Risk Committee is comprised of Pat Bell, who acts as chair of this Committee, Jane O'Hagan and Gregory Baylin.

Our Risk Committee assists our Board in fulfilling its oversight responsibilities with respect to our continuing commitment to, among other things, (i) ensuring the safety of our employees and the public and assuring that our businesses and facilities are operated and maintained in a safe and environmentally sound manner, (ii) sustainability and environmentally friendly operations, including sustainable forestry practices, (iii) ensuring we manage our book of long-term contracts in a prudent manner, (iv) minimizing the financial risk of external impacts such as foreign exchange and interest rate movements. Our Risk Committee reviews and oversees our health, safety, sustainability and environmental policies, programs, issues and initiatives, reviews associated risks that affect or could affect us, our employees and the public and ensures proper management of those risks. Our Risk Committee reports to our Board on health, safety, sustainability and environmental matters affecting us, our employees and the public. It also reviews and oversees all material long-term contracts we enter into and regularly reviews our exposure to, among other things, external risks from foreign exchange or interest rate movements.

Board Mandate

Our Board is responsible for supervising the management of our business and affairs, including providing guidance and strategic oversight to management. Our Board has adopted the written mandate attached as Appendix "A" to this Circular, which includes, among other things:

- appointing the Chief Executive Officer;
- approving the corporate goals and objectives that the Chief Executive Officer is responsible for meeting and reviewing the performance of the Chief Executive Officer against such corporate goals and objectives;
- taking steps to satisfy itself as to the integrity of the Chief Executive Officer and other senior executive officers and that the Chief Executive Officer and other senior executive officers create a culture of integrity throughout the organization; and
- reviewing and approving management's strategic and business plans.

Position Descriptions

Our Board has adopted a written position description for the Chair, which sets out the Chair's key responsibilities, including, among other things, duties relating to setting Board meeting agendas, chairing Board and Shareholder

meetings, director development and communicating with Shareholders and applicable regulators. The position description of the Chair of our Board can be found on our website at www.pinnaclepellet.com.

Our Board has also adopted written position descriptions for:

- each of the Committee chairs, which sets out each of the Committee chair's key responsibilities, including, among others, duties relating to setting Committee meeting agendas, chairing Committee meetings and working with the respective Committee and management to ensure, to the greatest extent possible, the effective functioning of the Committee; and
- the Chief Executive Officer, which sets out the key responsibilities of the Chief Executive Officer, including, among other duties in relation to providing overall leadership, strategic planning and business and organizational management.

Orientation and Continuing Education

We have implemented an orientation program for new directors under which a new director meets with the Chair, members of senior management and our corporate secretary. New directors are provided with comprehensive orientation and education as to the nature and operation of the Company and our business, the role of the Board and its Committees and the contribution that an individual director is expected to make. Our GN&C Committee is responsible for overseeing director continuing education designed to maintain or enhance the skills and abilities of the directors and to ensure that their knowledge and understanding of our business remains current. The chair of each Committee is responsible for coordinating orientation and continuing director development programs relating to the Committee's mandate.

Ethical Business Conduct

Code of Ethics

We have adopted a written code of ethics (the "**Code of Ethics**") that applies to all of our officers, directors, employees, contractors and agents acting on behalf of the Company. The objective of the Code of Ethics is to provide guidelines for maintaining our and our subsidiaries integrity, trust and respect. The Code of Ethics addresses compliance with laws, rules and regulations, conflicts of interest, confidentiality, commitment, preferential treatment, financial information, internal controls and disclosure, protection and proper use of our assets, communications, fair dealing, fair competition, due diligence, illegal payments, equal employment opportunities and harassment, privacy, use of Company computers and the internet, political and charitable activities and reporting any violations of law, regulation or the Code of Ethics. Any person subject to the Code of Ethics is required to report all violations of law, regulation or the Code of Ethics of which they become aware to any one of the Company's senior executives. Our Board has ultimate responsibility for monitoring compliance with the Code of Ethics. A copy of the Code of Ethics can be found under the Company's profile on SEDAR at www.sedar.com and on our website at www.pinnaclepellet.com.

Complaint Reporting and Whistleblower Policy

In order to foster a climate of openness and honesty, our Board adopted a whistleblower policy (the “**Whistleblower Policy**”) in February 2012, to provide the means for all directors, officers and employees to report any concerns, complaints or actual, potential or perceived wrongdoings. The procedures provided in the Whistleblower Policy are designed to encourage the reporting of concerns or complaints regarding accounting, internal accounting controls or auditing matters or any other actual, potential or perceived wrongdoings relating to or involving the business and operations of the Company. The Audit Committee is responsible for monitoring and reviewing the Whistleblower Policy and associated procedures for: (i) the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters; (ii) the confidential, anonymous submissions by our directors, officers and employees of concerns regarding questionable accounting or auditing matters; and (iii) if applicable, any violations of applicable law, rules or regulations that relates to corporate reporting and disclosure or violations of our Code of Ethics.

Anti-Bribery and Anti-Corruption Compliance Policy

We have adopted an anti-bribery and anti-corruption compliance policy (“**Anti-Bribery Policy**”) which establishes our commitment to comply fully with Canada’s *Corruption of Foreign Public Officials Act*, the United States *Foreign Corrupt Practices Act of 1977*, the United Kingdom *Bribery Act 2010* and any local and foreign anti-bribery or anti-corruption laws and regulations that may be applicable. All officers, directors, employees, contractors and agents acting on behalf of the Company (“**Company Personnel**”) are required to comply with all laws prohibiting improper payments to domestic and foreign officials. All Company Personnel are required to conduct the Company’s business legally and ethically. Gifts, payments or offerings of anything to influence sales or other business, bribes, kickbacks, or other questionable inducements, directly or indirectly to government officials are prohibited. The Anti-Bribery Policy provides a guideline of prohibited payments, as well as the consequences of non-compliance. The Anti-Bribery Policy also sets out strategies we have adopted to mitigate bribery and corruption risk. The GN&C Committee is responsible for monitoring compliance with the Anti-Bribery Policy and initiating investigations of reported violations.

Nomination of Directors

Under our Articles, our Board is to consist of a minimum of three and a maximum of 15 directors as determined from time to time by our Board. Pursuant to the Nomination Rights Agreement, our Board will not be comprised of more than seven directors unless agreed to by the ONCAP Entities. Under the BCBCA, a director may be removed with or without cause by a resolution passed by an ordinary majority of the votes cast by Shareholders present in person or by proxy at a meeting of Shareholders and who are entitled to vote. The directors are elected by Shareholders at each annual meeting of Shareholders, and all directors hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed. Our Articles provide that, between annual general meetings of Shareholders, our Board may appoint one or more additional directors, but the number of additional directors may not at any time exceed one-third of the number of current directors who were elected or appointed other than as additional directors.

Certain aspects of the nomination, composition and functioning of our Board are governed by the terms of the Nomination Rights Agreement, the Majority Voting Policy and Advance Notice Provisions. See “Particulars of Matters to be Voted Upon at the Meeting – Election of Directors”.

Other than the ONCAP Nominees, our GN&C Committee recommends to our Board nominees for election or appointment as directors, as the case may be, in accordance with the provisions of applicable corporate law and the charter of our GN&C Committee. See “Corporate Governance Practices – Board Committees – Governance, Nominating and Compensation Committee” for a description of the composition and responsibilities of our GN&C Committee.

Compensation

Our Board, through our GN&C Committee, determines fees and compensation for the directors and officers of the Company. See “Compensation” for additional information on how such compensation is determined.

Assessments

Each Committee reviews and assesses the adequacy of its Committee mandate on a periodic basis and recommends any proposed changes to our Board for approval. Our Board, in conjunction with the Chief Executive Officer, periodically reviews and assesses the effectiveness of the Board as a whole, the membership of our Committees, the mandates and activities of each Committee and the contribution of individual directors. Feedback is obtained from members of our Board and Committees on an informal basis, which our Board believes is sufficient to address any changes that may be necessary or desirable.

Term Limits and Other Mechanisms of Board Renewal

Our Board has not adopted director term limits or other automatic mechanisms of board renewal. Rather than adopting formal term limits, mandatory age-related retirement policies and other mechanisms of board renewal, our GN&C Committee seeks to maintain the composition of the Board in a way that provides, in the judgment of the Board, the best mix of skills and experience to provide for our overall stewardship. Our GN&C Committee also conducts a process for the assessment of the Board, each Committee and each director regarding his or her effectiveness and performance, and reports evaluation results to our Board.

Board and Executive Management Diversity

We believe that having a diverse Board can offer a breadth and depth of perspectives that enhance our Board’s performance. We value diversity of abilities, experience, perspective, education, gender, background, race and national origin. Recommendations concerning director nominees are expected to be based on merit and past performance as well as expected contribution to our Board’s performance and, accordingly, diversity is taken into consideration. One of seven members on our Board, or approximately 14%, is a woman.

We have recruited and selected senior management candidates that represent a diversity of business understanding, personal attributes, abilities and experience. Currently, two of six members of our executive officers, or approximately 33%, are women.

We do not currently have a formal policy for the representation and nomination of women on our Board or our senior management, as we have been successful in recruiting and retaining qualified female directors and senior management under our existing recruitment policies and processes. We have not adopted formal targets for gender or other diversity representation in part due to the need to consider a balance of criteria for each individual appointment.

The composition of our Board and senior management is shaped by the selection criteria established by our GN&C Committee, which ensures that diversity considerations are taken into account in Board vacancies and senior management, monitoring the level of female representation on our Board and in senior management positions, continuing to broaden recruiting efforts to attract and interview qualified female candidates and committing to retention and training to ensure that our most talented employees are promoted from within our organization.

Directors’ and Officers’ Liability Insurance

Our directors and officers and those of our subsidiaries are covered under our existing directors’ and officers’ liability insurance. Under this insurance coverage, we and our subsidiaries will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of our and our subsidiaries’ directors and officers, subject to a deductible for each loss, which will be paid by us. Directors and officers will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by us or our

subsidiaries. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts.

COMPENSATION

Director Compensation

Our director compensation program is designed to attract and retain the most qualified individuals to serve on our Board. The Board, through the GN&C Committee, is responsible for reviewing and approving the directors' compensation arrangements and any changes to those arrangements. In consideration for serving on our Board, each director who is not an employee of the Company is paid an annual retainer as indicated in the table below, which retainer may, at our Board's discretion, be paid in cash or in some combination of cash, Options and RSUs. Pursuant to the Nomination Rights Agreement, directors who are employees of the Company or a partner, principal, member or employee of the ONCAP Entities or any of its affiliates are not entitled to receive compensation related to their role as a director. All directors are reimbursed for their reasonable out-of-pocket expenses incurred while serving as a director of the Company.

Type of Fee	Amount
Board Retainer	
Chair	Nil
Vice Chair	\$20,000/year
Board Member ⁽¹⁾	\$70,000/year
Committee Retainer	
Audit Committee Chair	\$11,000/year
GN&C Committee Chair	Nil
Risk Committee Chair	\$6,000/year
Committee Membership	\$2,500/year
Meeting Fees	
Board / Committee Meeting	Nil

Note:

⁽¹⁾ This compensation is comprised of \$45,000 in cash and \$25,000 in RSUs.

Executive Compensation

Overview and Objectives of the Executive Compensation Program

We operate in a dynamic and rapidly evolving market. To succeed in this environment and to achieve our business and financial objectives, we need to attract, retain and motivate a highly talented team of executive officers.

Our executive officer compensation program is designed to achieve the following objectives:

- provide market-competitive compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to our success;
- motivate our executive officers to achieve our business and financial objectives;
- align the interests of our executive officers with those of our Shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of our business; and
- provide incentives that encourage appropriate levels of risk-taking by our executive officers and provide a strong pay-for-performance relationship.

We offer our executive officers cash compensation in the form of base salary and an annual bonus, and equity-based or equity-like compensation which has historically been awarded in the form of Options under the Legacy Option Plan (as defined below) and, since our IPO, has been awarded in the form of Options under the LTIP (as defined

below). See “Compensation – Executive Compensation – Principal Elements of Compensation – Equity-Based Compensation” for a description of the LTIP and the Legacy Option Plan.

We believe that equity-based compensation awards motivate our executive officers to achieve our business and financial objectives and also align their interests with the long-term interests of our Shareholders. We provide base salary to compensate employees for their day-to-day responsibilities, at levels that we believe are necessary to attract and retain executive officer talent. While we have determined that our current executive officer compensation program is effective at attracting and maintaining executive officer talent, we evaluate our compensation practices on an ongoing basis to ensure that we are providing market-competitive compensation opportunities for our executive team. This includes evaluating our compensation philosophy and compensation program as circumstances require. As part of this review process, we expect to be guided by the philosophy and objectives outlined above, as well as other factors which may become relevant, including the ability to attract and retain key employees and adapt to growth and other changes in our business and industry.

Compensation-Setting Process

Our GN&C Committee is responsible for assisting our Board in fulfilling its governance and supervisory responsibilities, and overseeing our human resources, succession planning, and compensation policies, processes and practices. Our GN&C Committee is also responsible for ensuring that our compensation policies and practices provide an appropriate balance of risk and reward consistent with our risk profile.

Our Board has adopted a written charter for our GN&C Committee setting out its responsibilities for, among other things, administering our compensation programs and reviewing and making recommendations to our Board concerning the level and nature of the compensation payable to our directors and officers. Our GN&C Committee’s oversight includes reviewing objectives, evaluating performance and ensuring that total compensation paid to our executive officers, personnel who report directly to our Chief Executive Officer and various other key executive officers and managers is fair, reasonable and consistent with the objectives of our philosophy and compensation program. For additional details regarding the relevant education and experience of each member of the GN&C Committee, including the direct experience that is relevant to each member’s responsibilities in executive compensation, see “Particulars of Matters to be Acted Upon at the Meeting – Election of Directors”. For the composition and responsibilities of the GN&C Committee, see “Corporate Governance Practices – Board Committees – Governance, Nominating and Compensation Committee”.

In Fiscal 2017, we retained Willis Towers Watson Canada Inc.(“**Willis Towers Watson**”), an independent consulting firm which provided services in connection with executive officer and director compensation matters for Fiscal 2017, including, among other things, the following:

- assist in reviewing the competitiveness of our current cash and equity-based compensation program for our executive officers; and
- assist in designing a new incentive awards framework for our executive officers in preparation for the IPO.

The fees paid to Willis Towers Watson for the foregoing services were \$47,000 in Fiscal 2017.

Our GN&C Committee’s decisions and recommendations to our Board are its responsibility and may reflect factors and considerations other than the information and recommendations provided by Willis Towers Watson.

Principal Elements of Compensation

The compensation of our executive officers includes three major elements: (i) base salary; (ii) annual bonus; and (iii) long-term equity incentives consisting of Options and RSUs granted from time to time under the LTIP. Perquisites and personal benefits are not a significant element of compensation of our executive officers.

Base Salaries

Base salary is provided as a fixed source of compensation for our executive officers. Adjustments to base salaries are determined annually and may be increased based on the executive officer's success in meeting or exceeding individual objectives, as well as to maintain market competitiveness. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope of breadth of an executive officer's role or responsibilities.

Annual Bonuses

Annual bonuses are designed to motivate our executive officers to meet our business and financial objectives generally and our annual financial performance targets in particular. Annual bonuses are earned and measured with reference to EBITDA excluding non-cash stock compensation expense, asset impairments and disposals and certain items of income or loss that we characterize as unrepresentative of our ongoing operations (“**Adjusted EBITDA**”). Individual bonus payouts will increase or decrease depending on how much Adjusted EBITDA for the fiscal year deviates from our profitability targets, taking into account any further adjustments that may be made from time to time for other items such as individual performance metrics and safety performance, as determined and approved by our GN&C Committee. Annual bonus targets are set as a percentage of the relevant executive officers' base salary, which varies based on his or her position level — up to a maximum of 50% to 80% of base salary in the case of executive officers, if maximum financial performance targets are achieved.

Equity-Based Compensation

The executive officers, along with certain of our directors, employees and consultants, will be eligible to participate in the long-term incentive program which will be comprised of Options and RSUs issued pursuant to the LTIP. The purpose of the long-term incentive program is to promote greater alignment of interests between employees and Shareholders, and to support the achievement of the Company's longer term performance objectives while providing a long-term retention element.

Our Board is responsible for administering the LTIP, and the GN&C Committee makes recommendations to our Board in respect of matters relating to the LTIP.

(a) Omnibus Long-Term Incentive Plan

The omnibus long-term incentive plan of the Company effective as of February 6, 2018 (the “**LTIP**”) allows for a variety of equity based awards that provide different types of incentives to be granted to certain of our directors, executive officers, employees and consultants. The LTIP facilitates granting of Options and RSUs (“**Awards**”) representing the right to receive Common Shares, or in the case of RSUs, Common Shares or cash, in accordance with the terms of the LTIP. The following summary of the material attributes and characteristics of the LTIP is qualified in its entirety by the text of the LTIP.

Under the terms of the LTIP, our Board, or if authorized by our Board, the GN&C Committee, may, from time to time, grant Awards to eligible participants. Participation in the LTIP is voluntary and, if an eligible participant agrees to participate, the grant of Awards will be evidenced by a grant agreement with each such participant. The interest of any participant in any Award is not assignable or transferable, whether voluntary, involuntary, by operation of law or otherwise, except upon the death of the participant.

The LTIP provides that appropriate adjustments, if any, will be made by our Board in connection with a reclassification, reorganization or other change of Common Shares, consolidation, distribution, merger or amalgamation, in the Common Shares issuable or amounts payable to preclude a dilution or enlargement of the benefits under the LTIP. In the event that a participant receives Common Shares in satisfaction of an Award during a black-out period, such participant shall not be entitled to sell or otherwise dispose of such Common Shares until such black-out period has expired.

The maximum number of Common Shares reserved for issuance, in the aggregate, under our LTIP and the Legacy Option Plan, collectively, is 10% of the aggregate number of Common Shares issued and outstanding as at February 6, 2018, the closing of our IPO, which represents 3,290,322 Common Shares. The maximum number of Common

Shares reserved for issuance, in the aggregate, under our LTIP to non-executive directors is 1% of the aggregate number of Common Shares issued and outstanding as at February 6, 2018, which represents 329,032 Common Shares.

As at the date of this Circular, a total of 85,000 Options were issued and outstanding under the LTIP, representing approximately 0.26% of the issued and outstanding Common Shares.

Unless our Board decides otherwise, the LTIP provides that any Options granted subsequent to February 6, 2018 will vest at 33% each year for the three years following the date of such grant. Options granted prior to February 6, 2018 will continue to vest on their original vesting schedules at 20% each year. An Option will be exercisable during a period established by our Board which will commence on the date of the grant and will terminate no later than ten years after the date of the granting of the Option or such shorter period as the Board may determine. The minimum exercise price of an Option will be determined based on the closing price of the Common Shares on the TSX on the last trading day before the date such Option is granted. The LTIP provides that the exercise period will automatically be extended if the date on which it is scheduled to terminate falls during a black-out period. In such cases, the extended exercise period will terminate 10 business days after the last day of the black-out period. The number of Common Shares issuable to insiders, within any one-year period, under the LTIP and any other share-based compensation arrangements cannot exceed 5% of the outstanding Common Shares, which represents 1,645,161 Common Shares.

In order to facilitate the payment of the exercise price of the Options, the LTIP has a cashless exercise feature pursuant to which a participant may elect to undertake either a broker assisted “cashless exercise” or a “net exercise” subject to the procedures set out in the LTIP, including the consent of the Board, where required.

With respect to RSUs, unless otherwise approved by our Board and except as otherwise provided in a participant’s grant agreement or any other provision of the LTIP, RSUs will vest on the third anniversary date of their grant.

The following table describes the impact of certain events upon the rights of holders of Awards under the LTIP, including termination for cause, termination other than for cause and death, subject to the terms of a participant’s employment agreement:

Event Provisions	Provisions
Termination for cause	Immediate forfeiture of all vested and unvested Awards.
Resignation	Forfeiture of all unvested Awards and the earlier of the original expiry date and 30 days after resignation to exercise vested Awards or such longer period as our Board may determine in its sole discretion.
Termination other than for cause	Forfeiture of all unvested Awards and the earlier of the original expiry date and 30 days after termination other than for cause to exercise vested Awards or such longer period as our Board may determine in its sole discretion.
Retirement	Forfeiture of all unvested Awards and the earlier of the original expiry date and 30 days after retirement to exercise vested Awards or such longer period as our Board may determine in its sole discretion.
Death or Long-term Disability	All unvested Awards will vest and may be exercised within 150 days after death or such longer period as our Board may determine in its sole discretion.

In connection with a change of control of the Company, our Board will take such steps as are reasonably necessary or desirable to cause the conversion or exchange or replacement of outstanding Awards into, or for, rights or other securities of substantially equivalent (or greater) value in the continuing entity, provided that our Board may accelerate the vesting of Awards if: (i) the required steps to cause the conversion or exchange or replacement of Awards are impossible or impracticable to take or are not being taken by the parties required to take such steps (other than the Company); or (ii) the Company has entered into an agreement which, if completed, would result in a change of control and the counterparty or counterparties to such agreement require that all outstanding Awards be exercised

immediately before the effective time of such transaction or terminated on or after the effective time of such transaction. If a participant is terminated without cause or resigns for good reason during the 12 month period following a change of control, or after the Company has signed a written agreement to effect a change of control but before the change of control is completed, then any unvested Awards will immediately vest and may be exercised within 30 days of such date.

Our Board may, in its sole discretion, suspend or terminate the LTIP at any time, or from time to time, amend, revise or discontinue the terms and conditions of the LTIP or of any securities granted under the LTIP and any grant agreement relating thereto, subject to any required regulatory and TSX approval, provided that such suspension, termination, amendment, or revision will not adversely alter or impair any Award previously granted except as permitted by the terms of the LTIP or as required by applicable laws.

Our Board may amend the LTIP or any securities granted under the LTIP at any time without the consent of a participant provided that such amendment will (i) not adversely alter or impair any LTIP unit previously granted except as permitted by the terms of the LTIP, (ii) be in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the TSX and (iii) be subject to Shareholder approval, where required by law, the requirements of the TSX or the LTIP, provided however that Shareholder approval shall not be required for the following amendments and our Board may make any changes which may include but are not limited to:

- amendments of a general housekeeping or clerical nature that, among others, clarify, correct or rectify any ambiguity, defective provision, error or omission in the LTIP;
- changes that alter, extend or accelerate the terms of vesting or settlement applicable to any securities granted under the LTIP; and
- a change to the eligible participants under the LTIP,

provided that the alteration, amendment or variance does not:

- increase the maximum number of Common Shares issuable under the LTIP, other than an adjustment pursuant to a change in capitalization;
- reduce the exercise price of the Awards; or
- amend the amendment provisions of the LTIP.

No such amendment to the LTIP will cause the LTIP in respect of RSUs to cease to be a plan described in section 7 of the *Income Tax Act* (Canada) (the “**Tax Act**”) or any successor to such provision and no such amendment to the LTIP will cause the LTIP in respect of RSUs to cease to be a plan described in regulation 6801(d) of the Tax Act or any successor to such provision.

(b) Legacy Option Plan

On May 6, 2011, we established our stock option plan, which was amended and restated effective February 5, 2016 (the “**Legacy Option Plan**”), for the purpose of: (i) supporting the achievement of our performance objectives; (ii) ensuring that interests of key persons are aligned with our success; and (iii) providing compensation opportunities to attract, retain and motivate management critical to our long-term success through the granting of options to acquire Common Shares. In connection with our IPO, Options previously issued and outstanding under the Legacy Option Plan became Options to acquire Common Shares.

As at the date of this Circular, a total of 1,626,911 Options were issued and outstanding under the Legacy Option Plan, representing approximately 4.93% of the issued and outstanding Common Shares. No further Options will be granted under the Legacy Option Plan.

The Legacy Option Plan provides that appropriate adjustments, if any, will be made by our Board in connection with any stock dividend or split, combination or other exchange of shares, merger, consolidation, spin-off or distribution, or any other change in our Common Shares, in order to preserve the value of the Options in connection with such change in capitalization. In connection with our IPO, the Legacy Option Plan was also amended and restated to give effect to, among other things, (i) the addition of provisions that permit the extension of Options during blackout periods and (ii) the inclusion of terms and conditions required by the TSX, such as provisions and restrictions relating to amendment of the Legacy Option Plan or outstanding Options similar to those applicable to the LTIP.

Employment Agreements, Termination and Change of Control Benefits

We have written employment agreements with each of our (i) Chief Executive Officer, (ii) President and Chief Operating Officer, (iii) Chief Financial Officer, (iv) Senior Vice President, Operations and (v) Senior Vice President, Sales and Logistics (collectively, the “NEOs”), and each executive is entitled to receive compensation established by us as well as other benefits in accordance with plans available to the most senior employees.

On July 19, 2012, we entered into an employment agreement with Robert McCurdy, our Chief Executive Officer, setting forth the terms and conditions of his employment which commenced on September 4, 2012. The employment agreement provides for his base salary, initial equity award and annual bonus, and which includes, among other things, provisions regarding confidentiality, non-competition and non-solicitation, as well as eligibility for our benefit plans. In the case of termination of employment for cause, Mr. McCurdy’s employment agreement provides that he is not entitled to notice or any payment in lieu thereof. In the case of termination of employment without cause, Mr. McCurdy will be entitled to his base salary and vacation pay accrued until the date of termination, a pro-rated portion of his annual bonus, a termination payment equal to his base salary paid in 12 equal monthly instalments commencing on the date of termination and benefits pursuant to the Company’s group benefit plans until the earlier of (i) 12 months after the date of termination and (ii) the date Mr. McCurdy obtains new employment.

On May 6, 2011, we entered into an amended employment agreement with Leroy Reitsma, our President and Chief Operating Officer, setting forth the terms and conditions of his employment, which provides for his base salary, an additional equity award and annual bonus, and which includes, among other things, provisions regarding confidentiality, non-competition and non-solicitation, as well as eligibility for our benefit plans. In the case of termination of employment for cause, Mr. Reitsma’s employment agreement provides that he is not entitled to notice or any payment in lieu thereof. In the case of termination of employment without cause, Mr. Reitsma will be entitled to his base salary and vacation pay accrued until the date of termination, a pro-rated portion of his annual bonus, a termination payment equal to two times his base salary paid in 24 equal monthly instalments commencing on the date of termination and benefits pursuant to the Company’s group benefit plans until the earlier of (i) 24 months after the date of termination and (ii) the date Mr. Reitsma obtains new employment.

On February 23, 2017, we entered into an employment agreement with Andrea Johnston, our Chief Financial Officer, setting forth the terms and conditions of her employment which commenced on March 24, 2017. The employment agreement provides for her base salary, initial equity award and annual bonus, and which includes, among other things, provisions regarding confidentiality, non-competition and non-solicitation, as well as eligibility for our benefit plans. In the case of termination of employment for cause, Ms. Johnston’s employment agreement provides that she is not entitled to notice or any payment in lieu thereof. In the case of termination of employment without cause, Ms. Johnston will be entitled to her base salary and vacation pay accrued until the date of termination, a pro-rated portion of her annual bonus, a termination payment equal to (i) her base salary and bonus in 12 equal monthly instalments if the termination is a date within the first five years of her employment, or (ii) her base salary and bonus, plus 1/12th of her base salary and bonus for each additional completed year of service after the first five years of employment up to a maximum of 1.5 times her base salary and bonus in equal monthly instalments, and benefits pursuant to the Company’s group benefit plans until the earlier of (i) six months after the date of termination and (ii) the date Ms. Johnston obtains new employment.

On October 17, 2017, we entered into an agreement with Scott Bax, our Senior Vice President, Operations, which amended certain terms and conditions of his employment agreement entered into in July 2013. The original employment agreement provides for his base salary, initial equity award and annual bonus, and includes, among

other things, provisions regarding confidentiality, non-competition and non-solicitation, as well as eligibility for our benefit plans. The amendments to the employment agreement include adding an incentive sale bonus provision and replacing certain termination without cause language. In the case of termination of employment for cause, Mr. Bax's employment agreement provides that he is not entitled to notice or any payment in lieu thereof. In the case of termination without cause, the amendments to the employment agreement set out that Mr. Bax will be entitled to 12 months' base salary in lieu of notice.

On March 9, 2011, we entered into an employment agreement with Vaughan Bassett, our Senior Vice President, Sales and Logistics, setting forth the terms and conditions of his employment, which were effective May 2, 2011. The employment agreement provides for his base salary and annual bonus, and which includes, among other things, provisions regarding confidentiality, non-competition and non-solicitation, as well as eligibility for our benefit plans. In the case of termination of employment for cause, Mr. Bassett's employment agreement provides that he is not entitled to notice or any payment in lieu thereof. In the case of termination of employment without cause, Mr. Bassett will be entitled to 6 months' notice in writing or payment of 6 months' base salary in lieu thereof.

The table below shows the incremental payments that would be made to our NEOs under the terms of their employment agreements upon the occurrence of certain events.

Name and Principal Position	Event	Severance (\$) ⁽¹⁾	Options (\$) ⁽²⁾	Other Payments (\$) ⁽³⁾	Total (\$) ⁽⁴⁾
Robert McCurdy, <i>Chief Executive Officer</i>	Termination other than for cause	425,000	—	8,400	433,400
Leroy Reitsma, <i>President and Chief Operating Officer</i>	Termination other than for cause	600,000	—	16,800	616,800
Andrea Johnston, <i>Chief Financial Officer</i>	Termination other than for cause	275,000	—	4,200	279,200
Scott Bax, <i>Senior Vice President, Operations</i>	Termination other than for cause	245,000	—	—	245,000
Vaughan Bassett, <i>Senior Vice President, Sales and Logistics</i>	Termination other than for cause	100,000	—	—	100,000

Notes:

- (1) Severance payments are calculated based on the base salary and annual bonus we pay to our NEOs.
- (2) There is no accelerated vesting for options on cessation of employment.
- (3) Amounts represent benefits that continue post-termination for various lengths of time.
- (4) Amounts do not include any unpaid salary, *pro rata* bonus payments or continued participation in group benefit plans.

OTHER INFORMATION

Indebtedness of Directors and Executive Officers

No current or former director or executive officer of the Company, no proposed nominee for election as a director of the Company, and no associate of any such director, executive officer or proposed nominee, at any time during Fiscal 2017 has been indebted to the Company or any of our subsidiaries or had indebtedness to another entity that is, or has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of our subsidiaries.

Interest of Certain Persons in Matters to be Acted Upon

No person who has been a director or executive officer of the Company at any time since Fiscal 2017, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter scheduled to be acted upon at the Meeting other than the election of directors.

Interest of Informed Persons in Material Transactions

Other than (i) as described elsewhere in this Circular and (ii) transactions entered into in connection with our IPO as described in the final long form prospectus dated January 30, 2018 filed in connection with our IPO, no directors or officers of the Company, no director or officer of a body corporate that is itself an insider or a subsidiary of the Company, no person or company who beneficially owns, directly or indirectly, our voting securities or who exercised control or direction over our voting securities or a combination of both carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Company entitled to vote in connection with any matters being proposed for consideration at the Meeting, no proposed director or nominee for election as director of the Company, and no associate or affiliate of any of the foregoing has or had any material interest, direct or indirect, in any transaction or proposed transaction since the beginning of Fiscal 2017 that has materially affected or would materially affect the Company or any of our subsidiaries.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out information, as at the date of this Circular, on our compensation plans under which Common Shares are authorized for issuance.

Plan category	Number of Common Shares to be issued upon exercise of outstanding Options, warrants and rights (#)	Weighted-average exercise price of outstanding Options, warrants and rights (\$)	Number of Common Shares remaining available for future issuance under equity compensation plans (#)
Equity compensation plans approved by Shareholders	-	-	-
Equity compensation plans not approved by Shareholders	1,980,223	8.36	1,242,027
TOTAL	1,980,223	8.36	1,242,027

Our equity-based compensation plans – the Legacy Option Plan and the LTIP – were established prior to or at the closing of the IPO, respectively, and were adopted by the Board without approval by the Shareholders. For details on the key features of these plans, see “Compensation – Executive Compensation – Principal Elements of Compensation – Equity-Based Compensation”.

Shareholder Proposals

There are no shareholder proposals to be considered at the Meeting. The BCBCA permits certain eligible shareholders to submit shareholder proposals to us, which proposals may be included in a management information circular relating to an annual meeting of Shareholders. Shareholder proposals to be considered at the 2019 annual general meeting of Shareholders must be received at the principal executive offices of the Company no later than March 21, 2019 to be included in the information circular and form of proxy for such meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found under our profile on SEDAR at www.sedar.com and on our website at www.pinnaclepellet.com. Financial information of the Company is provided in our consolidated financial statements and management's discussion and analysis for Fiscal 2017 (the "**2017 Financial Statements and MD&A**"). Shareholders may contact the Company to request a copy of our 2017 Financial Statements and MD&A by submitting their request to:

Attn: Investor Relations
Pinnacle Renewable Holdings Inc.
350 - 3600 Lysander Lane
Richmond, British Columbia
V7B 1C3

Phone: 1-877-737-4344
Email: investors@pinnaclepellet.com

Copies of these documents can also be found under our profile on SEDAR at www.sedar.com and on our website at www.pinnaclepellet.com.

APPROVAL BY DIRECTORS

Our Board has approved the contents of this Circular and the delivery thereof to our Shareholders, directors and auditors.

Dated at Richmond, British Columbia, as of this 15th day of May, 2018.

By Order of the Board of Directors

"Andrea Johnston"

Andrea Johnston
Corporate Secretary

APPENDIX A — MANDATE OF THE BOARD OF DIRECTORS

PINNACLE RENEWABLE HOLDINGS INC. MANDATE OF THE BOARD OF DIRECTORS

1.0 Introduction

The members of the board of directors (respectively, the “**Directors**” and the “**Board**”) of Pinnacle Renewable Holdings Inc. (the “**Company**”) are elected by the shareholders of the Company and are responsible for the stewardship of the Company. The purpose of this mandate (the “**Board Mandate**”) is to describe the principal duties and responsibilities of the Board, as well as some of the policies and procedures that apply to the Board in discharging its duties and responsibilities.

Certain aspects of the composition and organization of the Board are prescribed and/or governed by the *Business Corporations Act* (British Columbia) and the constating documents of the Company, and applicable agreements, including the nomination rights agreement (the “**Nomination Rights Agreement**”). Certain of the provisions of this Board Mandate may be modified or superseded by the provisions of the Nomination Rights Agreement. In the event of a conflict between this Board Mandate and the Nomination Rights Agreement, the Nomination Rights Agreement shall prevail.

2.0 Chair of the Board

The chair of the Board (the “**Chair**”) will be appointed by the Board, after considering the recommendation of the Governance, Nominating and Compensation Committee, for such term as the Board may determine.

3.0 Independence

- (a) The Board shall be comprised of a minimum of three independent Directors. A Director shall be considered independent if he or she would be considered independent for the purposes of National Instrument 58-101 — *Disclosure of Corporate Governance Practices*.
- (b) Where the Chair is not independent, the independent directors will select one of their number to be appointed lead director of the Board for such term as the independent directors may determine. If the Company has a non-executive, independent Chair, then the role of the lead director will be filled by the non-executive Chair. The lead director or non-executive Chair will chair regular meetings of the independent directors and assume other responsibilities that the independent directors as a whole have designated.

4.0 Role and Responsibilities of the Board

The Board is responsible for supervising the management of the business and affairs of the Company and is expected to focus on guidance and strategic oversight with a view to increasing shareholder value.

In accordance with the *Business Corporations Act* (British Columbia), in discharging his or her duties, each Director must act honestly and in good faith, with a view to the best interests of the Company. Each Director must also exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

5.0 Board Meetings

- (a) In accordance with the constating documents of the Company, meetings of the Board may be held at such times and places as the Chair may determine and as many times per year as necessary to effectively carry out the Board’s responsibilities. The independent Directors may meet without senior executives of the Company or any non-Independent Directors, as required.

- (b) The Chair shall be responsible for establishing or causing to be established the agenda for each Board meeting, and for ensuring that regular minutes of Board proceedings are kept and circulated on a timely basis for review and approval.
- (c) The Board may invite, at its discretion, any other individuals to attend its meetings. Senior executives of the Company shall attend a meeting if invited by the Board.

6.0 Delegations and Approval Authorities

- (a) The Board shall appoint the chief executive officer of the Company (the “CEO”) and delegate to the CEO and other senior executives the authority over the day-to-day management of the business and affairs of Company.
- (b) The Board may delegate certain matters it is responsible for to the committees of the Board, currently consisting of the Audit Committee, the Governance, Nominating and Compensation Committee and the Risk Committee. The Board will, however, retain its oversight function and ultimate responsibility for such matters and associated delegated responsibilities.

7.0 Strategic Planning Process and Risk Management

- (a) The Board shall adopt a strategic planning process to establish objectives and goals for the Company’s business and shall review, approve and modify as appropriate the strategies proposed by senior executives to achieve such objectives and goals. The Board shall review and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Company’s business and affairs.
- (b) The Board, in conjunction with management, shall be responsible to identify the principal risks of the Company’s business and oversee management’s implementation of appropriate systems to seek to effectively monitor, manage and mitigate the impact of such risks. Pursuant to its duty to oversee the implementation of effective risk management policies and procedures, the Board may delegate to applicable Board committees the responsibility for assessing and implementing appropriate policies and procedures to address specified risks, including delegation of financial and related risk management to the Audit Committee and delegation of risks associated with compensation policies and practices to the Governance, Nominating and Compensation Committee.

8.0 Succession Planning, Appointment and Supervision of Senior Executives

- (a) The Board shall approve the corporate goals and objectives of the CEO and review the performance of the CEO against such corporate goals and objectives. The Board shall take steps to satisfy itself as to the integrity of the CEO and other senior executives of the Company and that the CEO and other senior executives create a culture of integrity throughout the organization.
- (b) The Board shall approve the succession plan for the Company, including the selection, appointment, supervision and evaluation of the senior executives of Company, and shall also approve the compensation of the senior executives of Company upon recommendation of the Governance, Nominating and Compensation Committee.

9.0 Financial Reporting and Internal Controls

The Board shall review and monitor, with the assistance of the Audit Committee, the adequacy and effectiveness of the Company’s system of internal control over financial reporting, including any significant deficiencies or changes in internal control and the quality and integrity of the Company’s external financial reporting processes.

10.0 Regulatory Filings

The Board shall approve applicable regulatory filings that require or are advisable for the Board to approve, which the Board may delegate in accordance with Section 6(b) of this mandate. These include, but are not limited to, the annual audited financial statements, interim financial statements and related management discussion and analysis accompanying such financial statements, management proxy circulars, annual information forms, offering documents and other applicable disclosure.

11.0 Corporate Disclosure and Communications

The Board will seek to ensure that corporate disclosure of the Company complies with all applicable laws, rules and regulations and the rules and regulations of the stock exchanges upon which Company's securities are listed. In addition, the Board shall adopt appropriate procedures designed to permit the Board to receive feedback from shareholders on material issues.

12.0 Corporate Policies

The Board shall adopt and periodically review policies and procedures designed to ensure that the Company and its Directors, officers and employees comply with all applicable laws, rules and regulations and conduct the Company's business ethically and with honesty and integrity.

13.0 Review of Mandate

The Board may, from time to time, permit departures from the terms of this Board Mandate, either prospectively or retrospectively. This Board Mandate is not intended to give rise to civil liability on the part of the Company or its Directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part. The Board may review and recommend changes to this Board Mandate from time to time and the Governance, Nominating and Compensation Committee may periodically review and assess the adequacy of this Board Mandate and recommend any proposed changes to the Board for consideration.

