

[Translation]

Company Name: Prospect Company Limited
Representative: President and CEO Curtis Freeze
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Announcement regarding renewable energy business progress

Progress (preliminary report) of renewable energy business as of the end of October 2018 are as follows.

Note

1. Acquisition of shares by subsidiary

As part of the Prospect Co., Ltd. (the "Company") strategy of expanding its renewable energy business, the Prospect Japan Fund Limited ("TPJF"), a wholly owned subsidiary of the Company has increased its holding in Pinnacle Renewable Holdings Inc. ("Pinnacle"*, traded in Toronto Stock Exchange under symbol PL) through purchases in the market since the previous Holding Announcement on September 3, 2018.

• Shares owned as of October 31, 2018	3,155,100
• Total shares outstanding	33,003,713
• % owned	9.56%

*Pinnacle is one of the world's leading manufacturers and distributors of industrial wood pellets for use by global utilities and large-scale power generators as a renewable fuel to produce reliable baseload power.

2. Wood pellet production facility project in Russia Far East (90k tons annual production)

- This is a joint investment with the Russia Forest Products Group (hereafter "RFP"**)
- Construction on the facility started in summer 2018, with planned completion in Autumn 2019
- Latest photo of the project site (Khabarovsk Krai, Russia)



**RFP is the largest forest industry holding of the Russian Far East and the Company believes that Russia has the potential to become Japan's fastest growing source of biomass fuel. RFP comprises a group of technologically-integrated companies from wood harvesting to wood processing. RFP holds forest lease rights for 4.5 million hectares of timberlands; annual harvesting volume exceeds 2.3 million m³ of industrial round wood. RFP operates the Russian Far East's largest wood processing complex in Amursk, Khabarovsk region. RFP leased forests and production facilities are certified according to FSC international standards.

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