

**Crossett Industrial Park  
117 Mac McGoogan Dr.  
P.O Box 905  
Crossett, AR 71653**

The world's thirst for fuel continues to grow annually. Industrialization in developing countries is growing at an exponential pace. More energy is being consumed with each passing year increasing the pressure on the world's oil reserves and production capacity. The world is running out of oil and new alternatives must be developed. The shareholders of Pinnacle Biofuels, Inc. recognize this problem and are positioned to be part of the solution.

Pinnacle Biofuels was organized by residents of agricultural-based Southeast Arkansas who saw the immediate and impending need to reduce production of greenhouse gases and dependency on foreign oil. The shareholders determined that entry into the biofuels market, specifically Biodiesel, would improve the local economy at the same time as contributing to energy independence and a cleaner environment. Energy demand is constantly increasing both domestically and internationally. The opportunity for integration of alternative energy supplies is extremely positive. International and domestic demand and pricing of fossil-based fuels continues to increase. Developing countries coupled with the growing economy in China are playing a major role in competition for fossil-based fuels and, more specifically, crude oil production from the Middle East and South America. Demand forecasts for energy show continuing growth trends supporting a long term, consistent need for alternate energy sources. Arkansas is well positioned to participate in the growth of alternative, renewable fuel production. Transportation is an essential element in developing and sustaining alternative fuel production and markets. Pinnacle Biofuels location in Crossett offers transportation options of rail, truck and water to help lower the costs of production, thus increasing Pinnacle's sustainability.

### **Ownership**

Pinnacle Biofuels, Inc. is wholly owned and financed by Arkansas residents. The Executive Management Team is comprised solely of Southeast Arkansas residents.

Pinnacle's Board of Directors are Steve Bolin, President; Larry W. Johnson, Vice President; Gregory Stanley, Secretary; Steve Richardson, Treasurer; and Mitchell Stanley.

### *Management Team*

Steve Bolin, President, is owner of several successful businesses, including Steve Bolin Logging, S & B Hauling, Ashley Land and Timber, Southark Timber and Bolin Equipment. These operations total approximately 60 employees. Previously, he owned JNS Equipment Company, a logging equipment sales company in Monticello, Arkansas, and Custom Fire Protection in Houston, Texas. JNS Equipment had an annual turnover of \$350,000 per year when he purchased the business. Turnover grew to \$9,400,000 per year in the two years under Mr. Bolin's leadership. He is a member of the Arkansas Timber Producers Association and maintains a lifetime seat on the Board of Directors. He has served on this Board for a total of eleven years, seven of which as an officer and two as Board President.

Larry W. Johnson, Vice President, owns and operates 160-unit Crossett Mini Storage, Pinedale Mobile Home Community, and assorted rental properties, both residential and commercial. He has 30 years experience as owner and publisher of the local newspaper with an employment of 20. Mr. Johnson has served on the Board of Directors of First State Bank of Crossett, is a member of the Crossett Area Chamber of Commerce and is involved with several civic organizations.

Gregory Stanley, Secretary, owns Stanley Brothers Farm and S & B Hauling. As a landowner and rancher, he buys and sells cattle and horses. Previously, he was a successful produce broker. Mr. Stanley is well connected throughout the agriculture community in Arkansas and neighboring states.

Steve Richardson, Treasurer, owns Richardson Wood Company, L.A. Wood Company, and AA Land & Timber Company. He is a timber manager, timber appraiser and a logging contractor, employing approximately 40 people. Mr. Richardson is a member of the Arkansas Timber Producers Association and the Arkansas Forestry Association and serves on the Board of Directors of both.

Pinnacle is actively engaged in hiring an experienced Management and Operations Team. The employment strategy includes engagement of a component of the group with experience in biodiesel production. Additionally, the operations team will include an individual with chemistry and laboratory experience.

### **Location**

The Pinnacle Biofuel facility is located at 117 Mac McGoogan Drive, Crossett Arkansas, inside the Crossett Industrial Park.

## **Current Operations**

Pinnacle Biofuels' state of the art biodiesel production facility is scheduled to begin operation on or before March 3, 2008. The facility is fully permitted by both the Arkansas Department of Environmental Quality and the Arkansas State Fire Marshal.

Extensive technology research resulted in the decision to purchase a Greenline Industries continuous-flow, fully-automated, waterless processing system capable of producing ten-million gallons per year. Greenline Industries also provided well designed support equipment and systems for Pinnacle's facility. The modular platform setup allows for ease in future expandability. The system has multiple feedstock capabilities, which will allow Pinnacle to capitalize on a variety of vegetable oils and animal fats. Pinnacle has integrated this processing system with an exceptional storage system, truck and railroad loading system and a pre-processing unit to allow the operation to optimize the feedstock mix, resulting in a more favorable cost structure to consumers. The processor design and capacity is based on a 350-day per year operation allowing for routine maintenance.

Pinnacle plans to utilize feedstock of soybean oil and chicken fat, which are available within the state. These volumes will be supplemented with material from alternate locations as required to remain operationally secure and viable. Contracts with various feedstock suppliers are currently being secured and structured to allow Pinnacle to maintain consistent supplies to support the production demands. Complimentary to the input contracts, output contracts for the biodiesel will be distributed between various users/purchasers. Pinnacle plans to maximize their potential customer base by targeting large distributors, small distributors and local distributors. This will assure that there is a consistent outlet for the product at a secure, competitive price.

All necessary permits have been acquired from the Arkansas Department of Environmental Quality, which include air quality, storm water prevention plan, and spill protection plan. In addition, the tanks have been permitted by the Arkansas State Fire Marshal.

### *Employment*

Pinnacle Biofuels, Inc. will create 15 to 18 new jobs in Crossett, Arkansas, including operations, maintenance and administrative positions. Operations are scheduled for 24 hours per day, 350 days per year.

### *Feedstock*

The operational strategy developed by Pinnacle's management team is to utilize a blended feedstock for the processor. Soy Oil and Chicken Fat will be blended to meet specification for Free Fatty Acid (FFA) value of 2.5 percent. This is typically 25 percent soy oil and 75 percent chicken fat blend. This mix would require that 25 percent (approximately 2,500,000 gallons) of the annual feedstock—soy oil—be generated from crops grown in Arkansas. The blended feedstock also creates a demand in excess of

7,500,000 gallons of chicken fat. This amount will vary depending on losses due to solids removal. Pinnacle anticipates being able to purchase adequate amounts of Arkansas grown and produced feedstock; however, plans are also being set forth to ship in feedstock from the surrounding areas to assure consistent availability of supplies.

### *Quality Standards and Practices*

Pinnacle has invested in state of the art refining technology to ensure the consistent production of quality biodiesel. The Greenline system that Pinnacle has chosen is guaranteed to produce biodiesel to meet or exceed all ASTM D6751 standards. Biodiesel meeting these standards can and has been used to fuel diesel powered equipment without blending.

Petroleum diesel blended with biodiesel is the mechanism most commonly used by distributors to introduce biodiesel into the fuel market. Original Equipment Manufacturers (OEM) of diesel engines recognize the growing popularity of biodiesel and have stated the blends containing 5 percent (B5) biodiesel will not affect the warranty. There are several OEMs that allow up to B20 blends, which are blends of 20 percent biodiesel, without affecting the warranty. In more than 50 million miles of in-field demonstration, B20 blend showed similar fuel consumption, horsepower, torque and haulage rates as conventional diesel fuel.

Quality of operations is a key priority of Pinnacle Biofuels and its management team. A fully functional laboratory is integrated in the facility. Fuel quality will be tested at key locations in the process. Testing protocol requires blank sample validation assuring accurate performance of the analytical equipment. The fuel will be tested for total glycerin, free glycerin, moisture and flash point prior to loading for delivery. Adequate storage capacity is available to allow fuel to be tested for compliance with specifications prior to shipment without interruption to routine operations. Provisions have been made in the design to allow introduction of off-spec fuel at various locations in the operation to assure that all fuel can be processed to specification. Additionally, Pinnacle will have the fuel analyzed by an independent third party every three months to validate the operation's continued quality performance.

### *Market for product*

The demand for diesel in North America is over 50 billion gallons and increasing every year. Biodiesel is an environmentally-friendly alternative that can be produced and sold for less than regular #2 petroleum diesel. Pinnacle predicts that the demand for biodiesel will grow as the trucking industry becomes further educated on not only its environmental benefits but also its mechanical benefits. Biodiesel provides much better lubrication and can greatly improve the life of an engine.

Pinnacle is currently working to secure contracts to provide a consistent outlet for their product. The strategy is to secure agreements with large consumers/distributors, such as World Energy and Marathon Petroleum, smaller consumers/distributors, such as Grow

Mark and Gulf Hydrocarbon, and local consumers/distributors, such as farm co-ops and a local fuel distributions company, Sewell Oil.

Pinnacle is strategically located near several manufacturers of forest products. The management team of Pinnacle plans to utilize their knowledge of the trucking industry to market biodiesel to short-haul logging companies. One local logging company has already committed to exclusively run Pinnacle biodiesel in their trucks. These local logging contractors have small tank farms on-site and would purchase the biodiesel wholesale from Pinnacle to use in their trucks. Pinnacle estimates a potential market of approximately two million gallons annually to these local logging operations.

### *Sustainability and Competitive Cost*

As the only alternative fuel approved for use in existing diesel engines, biodiesel is here to stay. Pinnacle Biofuels, Inc. plans to be, as well. The company has invested in technology to ensure consistent, high-quality and cost-effective production of biodiesel.

The biofuels industry has grown significantly in the last five years, largely due to the commitment the federal government has made to encourage development of alternative fuel production. The federal government realizes that the price of oil will continue to rise and wants to guarantee availability of the infrastructure to produce domestic biofuels, but the assistance the government is offering won't last forever. Pinnacle's strategy is to utilize available federal and state assistance to help secure their investment in the biofuels industry. The shareholders believe that participation in incentive programs offered for biofuels will significantly enhance the operations long term success. Pinnacle is currently participating in the Advantage Arkansas Program, Tax Back Incentive Program, Customized Training for Employees and other applicable federal and state biofuel incentive programs.

Pinnacle based its decision to locate in Crossett on several factors. Among these was the proximity to Georgia Pacific Pulp and Paper Operations and other forest products manufacturers. These industries have led to a large base of short-haul logging companies in the area. Pinnacle sees these companies as a viable market for their product. The availability of skilled labor in the area further enticed the shareholders to locate here.

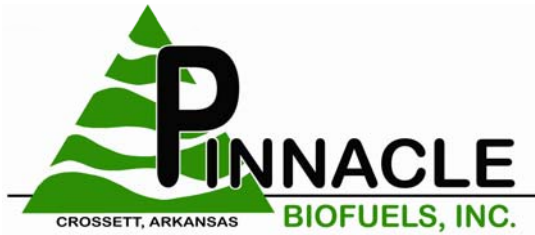
The shareholders of Pinnacle Biofuels, Inc. are dedicated not only to producing a quality product that will help lessen our country's reliance on foreign fuel sources and improve the environment, but also to helping bring jobs home to their community. The shareholders are vested in Southeast Arkansas. They make the area home not just for the their business interests but for their families as well. They are committed to the local economy and have dedicated significant personal financial resources to the success and growth of the economy.

The City of Crossett is excited about this new industry developing in the Industrial Park and is dedicated to helping them succeed. So much so, that the City secured \$750,000 in grant funds from the Arkansas Economic Development Commission to build a rail spur into the Industrial Park. This rail spur will allow Pinnacle to cut transportation costs on receiving raw materials and shipping their finished product to customers. Lower

production costs mean lower prices to the consumer. The Crossett Economic Development Foundation partnered with the Arkansas Natural Resources Commission to fund the extension of water and sewer lines in the Industrial Park to the Pinnacle site at an approximate cost of \$125,000.

After extensive research, Pinnacle opted to integrate a Greenline Industries Waterless Processing System in their facility. The waterless system eliminates the need of a water supply and a wastewater treatment system, thus reducing plant power requirements and eliminating potential permitting issues and water treatment costs. The system is a continuous flow operation, with short start-up and shutdown capability which will lower overhead costs spent on downtime. Another benefit of the Greenline System is the ability to allow for use of multiple feedstocks. This flexibility will allow Pinnacle the freedom to use the most cost-effective feedstock available as the market prices and product availability fluctuates. This feature also increases the guarantee that an adequate amount of raw materials will always be available to Pinnacle. The processing system offers minimal effort to change feedstocks, thus lessening production downtime.

By working with local, state and federal organizations, Pinnacle is constantly looking for other ways to lower production cost. By producing a quality product at a competitive cost, Pinnacle is assured a continuous market for their product.



## **Ownership Contact Information:**

### **Steve Bolin; President, Board Member**

3860 Hwy. 133 N.  
Hamburg, AR 71646  
(870) 853-4755 Office  
(870) 853-5166 Home  
(870) 510-6565 Cell

### **Larry W. Johnson; Vice President, Board Member**

P.O. Box 733  
Crossett, AR 71635  
(870) 304-2463 Office  
(870) 364-3237 Home  
(870) 510-5700 Cell

### **Gregory Stanley; Secretary, Board Member**

184 Stanley Road  
Hamburg, AR 71646  
(870) 304-2463 Office  
(870) 853-5848 Home  
(870) 814-7275 Cell

### **Steve Richardson; Treasurer, Board Member**

207 Bradley Rd.  
Warren, AR 71671  
(870) 304-2463 Office  
(870) 226-6672 Home  
(870) 866-0677 Cell

### **Mitchell Stanley; Board Member**

747 Hwy. 8 W  
Hamburg, AR 71646  
(870) 304-2463 Office  
(870) 853-2127 Home  
(870) 814-7295 Cell