FOR ACCREDITED INVESTORS ONLY

We are offering for sale:

Minimum Offering Amount: $65,000,000
Maximum Offering Amount: $96,000,000

Minimum Number of Units: 13,000 Units
Maximum Number of Units: 19,200 Units

Offering Price: $5,000 per Unit through December 15, 2015;
$5,500 after December 15, 2015
Minimum Investment: 10 Units

We are offering our units on a self-underwritten best-efforts basis through the members of our board of directors and our officers. There can be no assurance that all or any of the units offered will be subscribed. The offering will end no later than July 28, 2016. If we sell the maximum number of units prior to July 28, 2016, the offering will end on or about the date that we sell the maximum number of units. We may also end the offering any time after we sell the minimum number of units and prior to July 28, 2016. In addition, if we abandon the project for any reason prior to July 28, 2016, we will terminate the offering and return offering proceeds to investors, including nominal interest. Proceeds from subscriptions for the units will be deposited in an interest-bearing escrow account under a written escrow agreement. We will not release funds from the escrow account until specific conditions are satisfied, such as the requirement that cash proceeds in our escrow account equal $65.0 million (exclusive of interest) and the requirement that we receive a written debt financing commitment. The offer date for any remaining units to reach the maximum number of units to be sold until the offering closes. We reserve the right to cancel or modify the offering, to reject subscriptions for units in whole or in part, and to waive conditions to the purchase of units. There is no public market for the units, and there are substantial restrictions on transfers of the units. Investors may not be able to liquidate their investment freely or at all and should be able to bear the risk of an investment in the Company for an indefinite period.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS INVESTMENT INVOLVES A DEGREE OF RISK THAT MAY NOT BE SUITABLE FOR ALL PERSONS. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD PARTICIPATE IN THE INVESTMENT. SEE “RISK FACTORS”.

THE EFFECTIVE DATE OF THIS MEMORANDUM IS JULY 29, 2015.
FOOTNOTES TO COVER PAGE

1  We are raising a minimum of $65.0 million by selling a total of 13,000 units (assuming an offering price of $5,000 per unit). We determined the minimum offering amount based upon our independent analysis of our capitalization needs in relation to an estimated total project cost of approximately $140.0 million and anticipated amounts of debt financing, bond financing and grants for the project. Substantially all of the funds collected in this offering are expected to be used for the construction, ownership and operation of a 70 million gallon per year name plate dry mill corn-processing ethanol manufacturing plant.

2  We are raising a maximum of $96.0 million by selling a total of 19,200 units (assuming an offering price of $5,000 per unit). Depending on the level of equity raised in this offering and the amount of any bond financing and/or grants we may be awarded, we will need to obtain debt financing ranging from approximately $41.0 million to $72.0 million in order to supplement our seed capital proceeds and fully capitalize the project. We raised $1.0 million of seed capital equity from our founders and approximately $2.0 million in a private placement to our seed capital investors to fund our development, organizational and offering expenses. We estimated the range of debt financing we will need by subtracting the minimum and maximum amount of equity in this offering and the approximately $3.0 million we previously raised from the estimated total project cost. Based on our initial conversations with lenders, we anticipate that we will be able to obtain the necessary debt financing so long as we raise approximately 55% of the total project cost as equity in this offering.

3  The units are being offered at a price of $5,000 per unit for subscriptions received by Company on or prior to December 15, 2015. After December 15, 2015, the units will be offered at a price of $5,500 per unit. The offering prices were arbitrarily determined by the board of directors. There neither is, nor will be, a public market for the units and we make no representations, actual or implied, that any unit can be resold for the offering price.

4  The minimum purchase is 10 units. Accordingly, the minimum subscription amount for subscriptions received by the Company on or prior December 15, 2015 is $50,000. The minimum subscription after December 15, 2015 is $55,000. Our board of directors reserves the right, in its sole discretion, to accept subscriptions for less than 10 units. You will be required to complete an investor questionnaire and execute a subscription agreement and a promissory note and security agreement, which will obligate you to pay the total purchase price for the number of units purchased. Ten percent (10%) of the total purchase price will be payable upon the execution of the subscription agreement and the promissory note and security agreement. Once you have executed the subscription agreement, you will not be able to withdraw funds from escrow, sell or transfer your units or otherwise cancel this agreement. Any time after we sell the minimum aggregate offering amount of $65.0 million, we may give written demand for payment and you will have 20 days to pay the balance of the purchase price due pursuant to the promissory note and security agreement. If you fail to pay the balance of the purchase price, you will forfeit your 10% cash deposit and you will not be entitled to any ownership interest in Ringneck Energy. If we acquire sufficient equity cash proceeds to release funds from escrow prior to your initial investment, then you must pay the full purchase price at the time of subscription for the total number of units you wish to purchase.

5  We were originally formed as Ring-neck Energy & Feed, LLC on September 12, 2014. On July 15, 2015, we adopted the name and began doing business as Ringneck Energy LLC.

6  We are distributing this memorandum pursuant to Rule 506(c) of Regulation D. Accordingly, we may offer this investment by any means of “general solicitation” without having a prior relationship with you and others, so long as all of our investors in this offering adequately document and verify for us that they are “accredited investors” and we otherwise comply with the other requirements of Rule 506(c).

7  We will not pay any remuneration or sales commission of any kind to our directors and officers in connection with this offering, but we will reimburse their out-of-pocket expenses.
An investment in Ringneck Energy LLC is speculative and involves a high degree of risk. You should carefully consider the “RISK FACTORS” beginning on page 8 of this memorandum.
IMPORTANT NOTICES

You are urged to read this memorandum carefully. This memorandum is not all-inclusive and does not contain all the information that you may need or desire in considering whether to invest in the Company. This memorandum is supplemented by all of the exhibits listed above.

You must conduct and rely on your own evaluation of the Company and of the terms of this offering, including the merits and risks involved in making a decision to invest in us. You may, at any time prior to the sale of units described in this memorandum, ask questions of and receive answers concerning the terms and conditions of this offering, and obtain any additional information (including information made available to other investors), to the extent we possess it or can acquire it without unreasonable effort or expense, which may be necessary to verify the accuracy of the information in this memorandum or to answer any other questions or concerns you may have regarding a potential investment. You, and your representatives, if any, will be asked to acknowledge in the subscription agreement that you were given the opportunity to obtain additional information and that you did so or elected to waive the opportunity. We may require you to sign a confidentiality agreement if you wish to receive additional information that is deemed to be proprietary. You may mail questions, inquiries, and requests for information to our business office at: Ringneck Energy LLC, P.O. Box 68, 215A S. Main St., Onida, South Dakota 57564. Our office telephone number is (605) 258-2900. Additionally, you may contact our directors and officers who are offering our units on behalf of the Company at the telephone numbers listed below:

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<td>Director</td>
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No representations or warranties of any kind are intended nor should any be inferred with respect to the economic viability of this investment or with respect to any benefits that may accrue to an investment in the Company. We do not in any way represent, guarantee, or warrant an economic gain or profit with regard to our business or that favorable income tax consequences will flow therefrom. We do not in any way represent or warrant the advisability of buying the units.

You should not consider the contents of this memorandum as legal, business, or tax advice. Prior to making a decision to buy our units, you should carefully review and consider this memorandum and should consult your own attorneys, business advisors, and tax advisors as to legal, business, and tax related matters concerning this offering. In particular, you should read the section of this memorandum titled “RISK FACTORS” beginning on page 8.

RESTRICTIONS ON USE OF MEMORANDUM

This memorandum is for review by the recipient only. The recipient, by accepting delivery of this memorandum, agrees to return this memorandum, all enclosed or attached documents and all other documents, if any, provided in connection with the offering to the Company if the recipient does not undertake to purchase any of the securities offered hereby. This memorandum is furnished for the sole use of the recipient and for the sole purpose of providing information regarding the offer and sale of our units. We have not authorized any other use of this information. Any distribution of this memorandum to a person other than representatives of the person or entity identified by association to the number on the cover page is unauthorized, and any reproduction of this memorandum or the divulgence of any of its contents, without our prior written consent, is prohibited. The delivery of this memorandum or other information does not imply that the memorandum or other information is correct as of any time subsequent to the date appearing on the cover of this memorandum.

EXCLUSIVE NATURE OF PRIVATE PLACEMENT MEMORANDUM

The delivery of this memorandum does not constitute an offer in any jurisdiction to any person to whom such offer would be unlawful in such jurisdiction or to any person who is not an accredited investor. You should rely only on the information contained in this memorandum. The information contained in this memorandum supersedes any other information provided to potential investors. We have not authorized any person to provide any information or to make any
representations, except to the extent contained in this memorandum. If any such representations are given or made, such information and representations must not be relied upon as having been authorized by the Company. This memorandum is not an offer to sell, nor is it seeking an offer to buy, units of the Company in any state where the offer or sale is not permitted. The information in this memorandum is accurate as of the date on the front cover, but the information may have changed since that date.

RESTRICTED SECURITIES

We have not registered the units with the Securities and Exchange Commission. We are offering the units under exemptions from the registration requirements of the Securities Act and applicable state laws. The Securities and Exchange Commission and state securities regulators have not approved or disapproved of the units or determined if this memorandum is truthful or complete. It is illegal for any person to tell you otherwise.

No public market currently exists for any of our securities. The units sold in connection with this memorandum will be “restricted securities” for purposes of federal and state securities laws, and each investor who purchases such securities must do so for the investor’s own account and investment. Rule 144 under the Securities Act will not allow you to resell our units for one full year after their purchase. Thereafter, non-affiliate members may resell our units without complying with Rule 144. Affiliates will have to comply with the Rule 144 resale requirements, including certain volume limitations, current public information, manner of sale, and Form 144 filing requirements. Certificates representing the units, if any, will bear legends as shown in the subscription agreement attached hereto as Exhibit C and the operating agreement attached hereto as Exhibit B.

FORWARD-LOOKING STATEMENTS

Certain statements in this memorandum constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements that address expectations or projections about the future, including statements about product development, market position, expected expenditures, and financial results, are forward-looking statements. Some of the forward-looking statements may be identified by words like “believes”, “expects”, “anticipates”, “plans”, “intends”, “projects”, “estimates”, “indicates”, “hopes”, “will”, “shall”, “should”, “could”, “may”, “future”, “potential”, or the negatives of these words, and all similar expressions. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. These statements are not guarantees of future performance and involve a number of risks, uncertainties, and assumptions. Accordingly, actual results or performance of the Company may differ significantly, positively or negatively, from forward-looking statements made herein. Unanticipated events and circumstances are likely to occur. Factors that might cause such differences include, but are not limited to, those discussed under the heading, “RISK FACTORS”, which investors should carefully consider. This list of factors is not exclusive. We caution you not to put undue reliance on any forward-looking statements, which speak only as of the date of this document. We undertake no obligation to update any forward-looking statements to reflect future events or circumstances.

INDUSTRY AND MARKET DATA

The opinions, estimates and projections and other forward looking statements contained herein, as well as industry and market data and certain other information used throughout this prospectus are derived from a variety of sources, including independent industry publications, government publications or other published independent sources, which we did not participate in preparing. In particular, we have used information provided by trade organizations for the ethanol industry, which may present information in a manner that is more favorable to that industry than would be presented by an independent source. Although we have not independently verified the accuracy or completeness of the third-party information included in this memorandum, based on management’s knowledge and experience, we believe that these third-party sources are credible and reliable. However, we make no guarantees as to its accuracy or completeness. Investors are cautioned not to place undue reliance on such market and industry data, estimates, projections and opinions, which may be based on numerous assumptions and subject to change based on various factors, including those discussed under the section entitled “RISK FACTORS”.
OFFERING SUMMARY

In this memorandum, “Ringneck Energy”, “Company”, “we”, “our”, and “us” refer to Ringneck Energy LLC and its respective officers, directors, managers, employees, and agents. “You” refers to the reader of this memorandum. This summary highlights the information contained elsewhere in this memorandum. Because this is only a summary, it does not contain all of the information that may be important to you. For a more complete understanding of this offering, we encourage you to read this entire memorandum and the documents to which we refer you and to ask us questions about anything you do not fully understand. You should read the following memorandum together with the more detailed information and projected financial statements and the notes to those statements appearing as exhibits to this memorandum.

The Company

We were organized as a South Dakota limited liability company on September 12, 2014 as “Ring-neck Energy & Feed, LLC” for the purpose of developing a project to build and operate a 70 million gallon per year name plate dry mill corn-processing ethanol plant in Sully County, South Dakota just outside of Onida, South Dakota. On July 15, 2015, we adopted the name and began conducting business as Ringneck Energy LLC. Our business office address is P.O. Box 68, 215A S. Main St., Onida, South Dakota 57564. Our telephone number is (605) 258-2900.

We are a start-up development stage company that has yet to commence operations. We presently have no revenues, do not expect to generate any revenue until we begin operating the plant and may never become profitable.

The Offering

Securities offered.............................................. Units of our membership interests.
Minimum number of units offered ....................... 13,000 units.
Maximum number of units offered......................... 19,200 units.
Purchase price per unit ..................................... $5,000 per unit for subscriptions post-marked or received by the Company on or prior to December 15, 2015; $5,500 for subscriptions post-marked or received after December 15, 2015.

The offering prices were arbitrarily determined by the board of directors. There neither is nor will be a public market for the units and we make no representations, actual or implied, that any unit can be resold for the offering price.

Minimum purchase amount .............................. 10 units.

Accordingly, the minimum subscription amount for subscriptions post-marked or received by the Company on or prior December 15, 2015 is $50,000. The minimum subscription after December 15, 2015 is $55,000. Our board of directors reserves the right to selectively reduce this minimum at any time in its sole discretion.

Additional purchases ........................................ 1 unit increments.

Aggregate offering proceeds if min. sold ........... $65.0 million (assuming all units sold at $5,000 per unit).
Aggregate offering proceeds if max. sold .......... $96.0 million (assuming all units sold at $5,000 per unit).
Units issued and outstanding if min. sold.......... 14,200 units.
Units issued and outstanding if max. sold......... 19,400 units.

Use of proceeds ................................................ The purpose of this offering is to raise equity to help fund the construction and start-up costs of a 70.0 million gallon dry mill corn-processing ethanol plant which we expect to locate on site approximately thirty miles east of
the Missouri River in Sully County, South Dakota just outside the City of Onida, South Dakota.

Plan of Distribution ..........................................  We are distributing this memorandum pursuant to Rule 506(c) of Regulation D. Accordingly, we may offer this investment by any means of “general solicitation” without having a prior relationship with you and others, so long as all of our investors in this offering adequately document and verify for us that they are “accredited investors” and we otherwise comply with the other requirements of Rule 506(c).

The directors and officers identified beginning on page 3 of this memorandum will offer the units on our behalf directly to investors on a best efforts basis without the use of an underwriter. We are exempt from broker-dealer registration with the Securities and Exchange Commission and in states in which we intend to offer the securities. We will not pay any remuneration or sales commission of any kind to our directors and officers in connection with this offering, but we will reimburse their out-of-pocket expenses

Investor qualifications .................................  We are offering the units only to “accredited investors” (as that term is defined in Rule 501 of Regulation D under the Securities Act).

Investment in the units involves a high degree of risk and is suitable only for persons having substantial financial resources who understand the long term nature of, and risk factors associated with, this investment.

Investor qualification documentation ..........  Pursuant to Rule 506(c) of Regulation D, the “accredited investor” status of all subscribers must be verified. Rule 506(c) allows us to document your status in any one of three non-exclusive ways.

First, we may verify your accredited investor status based on income. You may provide us any IRS form that reports your income for the last two years (including Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040) and a written representation from you that you have a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year.

Second, we may verify your accredited investor status based on your net worth. You may provide one or more of the following types of documentation dated within three months prior to the date of this memorandum and a written representation that all liabilities necessary to make a determination of net worth have been disclosed: assets (bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments, and appraisal reports issued by independent third parties), and liabilities (a credit report from at least one of the nationwide consumer reporting agencies).

Third, we may verify your accredited investor status based on written confirmation from a third party. You may provide a written confirmation from a registered broker-dealer, a registered investment advisor, a licensed attorney, or a certified public accountant who has taken reasonable steps to verify that you are an accredited investor within the last three months. We have provided a sample letter for such person’s consideration attached as Exhibit G.

Subscription procedures ..............................  Before purchasing any units, you must read and complete the subscription and signature page of our operating agreement, pay 10% of your total investment into our escrow account and sign a promissory note and security agreement for the remaining 90% balance of the purchase price.

2
The subscription agreement (attached hereto as Exhibit C) is a contract between the Company and the investor. **Once you have executed the subscription agreement, you will not be able to withdraw funds from escrow, sell or transfer your units or otherwise cancel this agreement.**

The investor must make a deposit of 10% of the purchase price of the units with the Company at the time the investor submits a subscription agreement. This deposit is only refundable in the event the Company chooses not to accept the investor’s subscription. The Company may choose to accept or reject any subscription for any reason in its sole discretion and may not consider acceptance or rejection of an investor’s subscription until a future date near the end of this offering.

If you submit your subscription agreement before we have released funds from escrow, you are considered to have fully paid when payment in full is made under the promissory note. If you submit your subscription agreement after we have released funds from escrow, you must submit the full amount of your subscription with your subscription agreement, so you are considered to have fully paid upon acceptance by us of your subscription.

Any time after we sell the minimum aggregate offering amount of $65.0 million, we may give written demand for payment and you will have 20 calendar days to pay the balance of the purchase price. If you fail to pay the balance of the purchase price, we will either pursue collection under the promissory note, or we will not collect under the promissory note and you will forfeit your 10% cash deposit. If we collect under the promissory note, you would retain your ownership interest in the Company. However, if we do not collect under the promissory note and you forfeit your 10% cash deposit, you will not be entitled to any ownership interest in the Company. If we acquire sufficient equity cash proceeds to release funds from escrow prior to your initial investment, then you must pay the full purchase price at the time of subscription for the total number of units you wish to purchase.

**Escrow Procedures**

Proceeds from subscriptions for the units will be deposited in an interest-bearing escrow account that we have established with a banking institution. We have entered into an escrow agreement with BankWest in Onida, South Dakota.

We will not release funds from the escrow account until specific conditions are satisfied, such as the requirement that cash proceeds in our escrow account equal $65.0 million (exclusive of interest) and the requirement that we receive a written debt financing commitment.

**Offering period**

The offering will end no later than July 28, 2016. If we sell the maximum number of units prior to July 28, 2016, the offering will end on or about the date that we sell the maximum number of units. We may also end the offering any time after we sell the minimum number of units and prior to July 28, 2016. In addition, if we abandon the project for any reason prior to July 28, 2016, we will terminate the offering and return offering proceeds to investors, including nominal interest on your investment less fees. We may continue to offer any remaining units to reach the maximum number to be sold until the offering closes. We reserve the right to cancel or modify the offering and to reject subscriptions for units in whole or in part. Additionally, in our sole discretion, we may also determine that it is not necessary to sell all available units.

**Risk factors**

Investing in our units involves significant risk. Please see “**RISK FACTORS**” to read about important risks you should consider before purchasing units in us. No representations or warranties of any kind are
intended or should be inferred with respect to economic returns or tax benefits of any kind that may accrue to the investors of the securities.

During the course of the offering of the units and prior to the sale of the units, each prospective purchaser and his or her representatives, if any, are invited to ask questions of and obtain additional information from our representatives concerning the terms and conditions of this offering, us, our business, and other relevant matters. We will provide the requested information to the extent that we possess such information or can acquire it without unreasonable effort or expense.

Prospective purchasers or representatives having questions or desiring additional information should contact us (605) 258-2900, at our business office at: Ringneck Energy LLC, P.O. Box 68, 215A S. Main St., Onida, South Dakota 57564, or any of the following directors and officers at the telephone numbers below:

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Our Financing Plan

We estimate the total project will cost approximately $140.0 million. We expect that the design and construction of the plant will cost approximately $110.0 million, with additional start-up and development costs of approximately $30.0 million. This is a preliminary estimate based primarily upon the experience of our anticipated general contractor, Fagen, Inc. with other plants that it has built. We expect our estimate to change as we continue to develop the project. We expect to capitalize our project using a combination of equity and debt to supplement our seed capital proceeds. We raised $1.0 million from our founding members and $2.0 million of seed capital equity in a private placement to our seed capital investors to fund our development, organizational and offering expenses. We intend to raise a minimum of $65.0 million and a maximum of $96.0 million of additional equity through this offering.

Our financing plan will require a significant amount of debt. Depending on the level of equity raised in this offering and the amount of any bond financing and/or grants we may be awarded, we will need to obtain debt financing ranging from approximately $41.0 million to $72.0 million in order to supplement our founder and seed capital proceeds of $3.0 million and fully capitalize the project. We do not currently have a debt commitment from any financial institution or other lender for our debt financing. We have started identifying and interviewing potential lenders, however, we have not signed any commitment for debt financing. We have received a term sheet for senior debt financing from Home Federal Savings Bank totaling approximately $60.0 million. The proposed debt financing would consist of approximately $40.0 million dollars of USDA guaranteed term loans for construction of the plant and approximately $20.0 million of loans for operating activities. Although we have received a term sheet for senior debt financing, there is no guarantee that we will execute a debt commitment with a senior lender or be able to reach financial closing on such debt financing or if we do, that it will be on terms favorable to us.

We estimated the range of debt financing we will need by subtracting the minimum and maximum amount of equity in this offering and the $3.0 million we raised as seed and founder capital from the estimated total project cost. We have no contracts or commitments with any bank, lender or financial institution for debt financing. We may not be able to obtain the necessary debt financing or grants sufficient to capitalize the project. The level of debt we require may be reduced by any grants awarded to us. Depending on the number of units sold, we may also seek third party credit providers to provide subordinate debt for the construction and initial operating expenses of the project.

We intend to secure a written debt financing commitment. You should be aware that a commitment for debt financing is not a binding loan agreement and the lender may not be required to provide us the debt financing as set forth in the commitment. A commitment is an agreement to lend, subject to certain terms and conditions and subject to the negotiation, execution and delivery of loan and loan-related documentation satisfactory to the lender. The agreement is conditional and a lender could later decline the loan if the terms and conditions set forth in the debt financing commitment letter are not satisfied. Therefore, even if we receive a debt financing commitment, we may not satisfy the loan commitment conditions before the offering closes, or at all.
Summary of Plan of Operations

We are still in the development phase, and until the proposed ethanol plant is operational, we will generate no revenue. We anticipate that accumulated losses will continue to increase until the ethanol plant is operational.

If we are able to fully capitalize the project as described below, we will use the offering proceeds to develop, finance, construct, own, and operate a dry mill fuel manufacturing plant near Onida, South Dakota. If we succeed, our principal products will be ethanol, distillers’ grains, and corn oil. We plan to build an ethanol plant with a name plate capacity of 70 million gallons of denatured ethanol (fuel-grade) per year. Although the name plate capacity would be 70 million gallons per year, it is not unusual for plants to produce in excess of this capacity and we expect our plant to do the same. According to the engineering specifications from our anticipated design-builder, Fagen, we anticipate that on an annual basis the plant may be able to produce slightly more than 70 million gallons of ethanol, approximately 212,500 tons of distillers’ grains and approximately 12.5 million pounds of corn oil annually. While we believe our production estimates are reasonable, we can offer no assurances that our plant will produce in excess of 70 million gallons of ethanol per year.

Additionally, once operations commence and if we determine it will be profitable to do so, we expect to expand the production capacity of the ethanol plant by approximately 10 million gallons per year during each of the years two, three and four of plant operations through fine tuning plant operation, maximizing efficiencies and implement technical or design upgrades or improvements, so that by the end of our fourth year of operation our annual production capacity will be approximately 97.5 million un-denatured gallons per year. While we believe the timelines for our expansion plans are reasonable, we can offer no assurances that we will be able to complete the necessary plant improvements to increase our plant production capacity on the schedule we anticipate, if at all. Further, even if we successfully complete our expansion plans, we may experience unfavorable operating conditions in the ethanol industry that negatively affect our profitability and could cause us to temporarily lower our production to levels below our available capacity or suspend production.

Based on our financial forecasts and plans for operations for our, we anticipate that we will have sufficient cash to finance our expansion plans from our anticipated credit facilities and cash from our planned operations. Presently, we do not anticipate seeking additional equity or debt financing to finance the planned production expansions. However, should we experience unfavorable operating conditions, we may have to secure additional debt or equity sources for these expansions or delay or abandon our expansion plans.

We expect the plant will be designed by ICM, Inc. of Colwich, Kansas (“ICM”) and constructed by Fagen of Granite Falls, Minnesota (“Fagen”). Except for a Limited Notice to Proceed Agreement with Fagen, we do not have any binding or non-binding agreements with any contractor for the labor or materials necessary to build the plant. As a result, our anticipated total project cost is not a firm estimate and is expected to change from time to time as the project progresses. We expect to execute definitive design-build agreements with Fagen prior to the start of construction which will set forth in detail the design and construction services provided by Fagen and establish a fixed price for construction of the plant, subject to any change orders, or increases in the costs of materials provided by the CCI costs escalator provision that may be contained in the design-build agreement.

We have entered into a limited notice to proceed agreement with Fagen for certain preconstruction design, engineering and procurement services. Any sums we pay to Fagen for these preconstruction services will reduce the lump sum fee we owe to Fagen under our anticipated design-build agreement. See “DESCRIPTION OF BUSINESS – Design-Build Team” for detailed information about our limited notice to proceed agreement with Fagen.

Our Anticipated Construction Schedule

Construction of the project is expected to take 14-16 months, depending on construction contingencies, after construction commences. We anticipate that construction will commence in late fall or winter 2015. Therefore, depending on any unforeseen construction contingencies, our anticipated completion date is currently scheduled for spring 2017. Below is our anticipated development and construction schedule:

- August – early Fall 2015 – Conduct equity drive
- Fall 2015 – Negotiate and close debt financing
- Fall 2015 – Site Preparation
- Fall/Winter 2015 – Commence plant construction
- Fall/Winter 2015 to Spring 2017 - Manage plant construction
- Spring 2017 – Plant completion and commencement of operations.

The anticipated completion date in spring 2017 assumes that we are able to complete the organization of our financing arrangements, including this offering and debt financing prior to the offering termination date. If we are not able to
complete the equity offering and arrange debt financing prior to the offering termination date, our plant will likely not be complete by spring 2017. Fagen’s commitments to build other projects may also delay construction of our plant and postpone our start-up date.

Our Principal Products

Ethanol is an alcohol that can be burned in engines like gasoline. Ethanol can be blended with gasoline as an oxygenate to decrease harmful emissions and meet clean air standards. Ethanol plants grind up the entire corn kernel, sending the non-fermentable corn oil, protein and fiber to the distillery along with the starch. These components, which make up one third of the kernel, remain after the starch is converted to alcohol and are dried and sold as distillers’ grains. Distillers’ grains are typically sold as a nutrient-rich ingredient for animal feed. Corn oil is produced by processing evaporated thin stillage through a disk stack style centrifuge which will allow us to sell some of the corn oil separately from our distillers’ grains. The primary uses of the corn oil that we produce are for animal feed, industrial uses and biodiesel production.

Once the plant is operational, we intend to sell all of the ethanol, distillers’ grains and corn oil produced at the facility. We intend to use professional third party marketers to sell our ethanol to wholesale blenders that will, in turn, sell the blended unleaded gasoline to retailers. We expect to be reliant on both domestic and foreign ethanol sales. Distillers’ grains are a livestock feed that can be sold wet, modified wet, or dry. We intend to use third party marketers to sell our distillers’ grains to local and distant livestock producers. We similarly intend to use third party marketers to sell our non-food grade corn oil for industrial purposes including biodiesel manufacturing.

Ethanol Industry Overview

In addition to demand for ethanol as an oxygenate, ethanol demand has increased because of the adoption of federal ethanol supports. The primary federal ethanol support is the federal Renewable Fuels Standard ("RFS"), which mandates the minimum amount of ethanol, as well as certain “advanced” renewable fuels, that must be blended annually into U.S. transportation fuels. Under the RFS, the Environmental Protection Agency ("EPA") is authorized to assign the renewable volume obligation ("RVO") that individual domestic obligated parties (fuel refiners, blenders and importers) must blend into transportation fuel. The RVO for each party is the volume of renewable fuels it is obligated to sell, based on a percentage of its total fuel sales. The EPA uses renewable identification numbers ("RINs") to track renewable transportation fuels and to monitor compliance with the RFS RVOs. Parties that produce or own RINs must register with the EPA and comply with RINs record and reporting guidelines on a quarterly basis. Obligated parties may satisfy their RVOs by purchasing renewable fuels with attached RINs and blending the renewable fuels into domestic transportation fuel, such as blending ethanol with attached RINs into gasoline. Once the renewable fuel is blended into transportation fuel, the RINs are detached and may be retired by the obligated party to satisfy their RVOs or sold in an established RIN trading market. Detached RINs bought and sold among obligated parties through established RIN trading markets also may be to fulfill their RVOs.

The RFS, and the EPA’s regulations implementing the RFS, specify that renewable fuel producers and importers may generate RINs for the renewable fuels they produce only if they qualify through one of the existing EPA approved fuel pathways. On September 30, 2014, the EPA announced a new expedited “efficient producer” petition process for corn starch and grain sorghum dry mill ethanol plants, like our proposed plant, to demonstrate our plant meets a minimum 20% reduction in greenhouse gas ("GHG") emissions, based on a lifecycle assessment, in comparison to the petroleum fuels displaced.

In February 2015, we engaged a third-party consultant to assist the Company with preparing and filing an efficient producer petition under the new EPA efficient producer pathway program. On March 23, 2015, we completed and submitted our efficient producer petition. On June 15, 2015, the EPA awarded us efficient producer pathway approval for our dry-mill process. Further, under our EPA approval, we are only authorized to generate RINs for the ethanol we produce if we can demonstrate that all ethanol produced at the plant during an averaging period (defined as the prior 365 days or the number of days since the date EPA efficient producer pathway approval) meets the 20% GHG reduction requirement. To make this demonstration, we must keep certain records specified in the approval. We will also be required to register with the EPA as a renewable fuel producer for our ethanol production and satisfy the registration requirements, which include completing an engineering review by an independent engineer.

In order to achieve and maintain the required 20% reduction in GHG emissions, we expect that at our initial production capacity of just over 70 million gallons per year, we will be required to reduce the amount of dried distillers’ grains we dry to 80% of the total amount of distillers’ grains we produce in order to help reduce our energy usage. However, once operations commence and if we determine it is profitable to do so, we expect to expand the production capacity of the ethanol plant to up to approximately 97.5 million un-denatured gallons per year by the end of our fourth year of operation. If we complete this expansion as planned, the total number of distillers’ grains we produce will also increase. Accordingly, as we increase production capacity, we will likely be required to further reduce the amount of distillers’ grains we dry by as
much as 50% of the total amount of distillers’ grains we produce to protect our ability to generate RINs.

In addition to constraining our ability to dry distillers’ grains, to comply with our “efficient producer” status, we must sell our distillers’ grains for animal feed only. Therefore, we expect to be dependent on local dairy, beef, and poultry operations and feedlot markets for sales of our wet and modified wet distillers’ grains. Assuming we expand the plant’s production capacity as presently anticipated, the amount wet and modified wet distillers’ grains we expect to produce will also increase. Thus, our reliance on the local markets for sales of our wet and modified wet distillers’ grains will increase as our plant capacity increases. Presently, the bulk of the current demand for distillers’ grains is for dried distillers’ grains in regional, national and international export markets. If we, or our third party distillers’ grains marketer, is unable to develop a sufficient local market for our wet and/or modified wet distillers’ grains, we may be forced to sell our wet and/or modified wet distillers’ grains below cost or incur significant transportation costs to transport the wet and modified wet distillers’ grains to buyers outside of the local market. Either of these situations could reduce our profitability and reduce or eliminate the value of your investment.

Although we believe we will be able to satisfactorily complete the registration process, there is no guarantee that we will complete registration timely or at all, or, even if we do, that our proposed plant will be able to maintain continuous compliance with the 20% reduction in GHG emissions requirement. If we are unable to timely complete the required registration or maintain continuous compliance with the 20% reduction in GHG emissions requirement, we will not be able issue RINs for the ethanol we expect to produce. As a result, we may be forced to rely on exports sales for these non-grandfathered volumes ethanol, which may reduce our profitability, which, in turn could result in the loss of some or all of your investment.

Annually, the EPA is supposed to pass a rule that establishes the number of gallons of different types of renewable fuels that must be used in the United States which is called the renewable volume obligations. However, the EPA decided to delay finalizing the rule on the 2014 and 2015 RFS standards until after the end of 2014. On May 29, 2015, the EPA released proposed rules for the 2014, 2015 and 2016 renewable volume obligations. The EPA proposes to reduce the RFS levels for 2014 to 15.93 billion gallons of which corn based ethanol could be used to satisfy 13.25 billion gallons. The RFS levels for 2015 would be reduced to 16.30 billion gallons of which corn based ethanol could be used to satisfy 13.40 billion gallons. Finally, the EPA proposal would reduce the RFS levels for 2016 to 17.40 billion gallons of which corn based ethanol could be used to satisfy 14.00 billion gallons. The EPA held a public hearing on the proposals on June 25, 2015 and the public comment period was open through July 27, 2015. If the volume requirements under the RFS are reduced or if the RFS were to be otherwise reduced or eliminated by the exercise of the EPA waiver authority or by Congress, the market price and demand for ethanol could decrease which will negatively impact our ability to successfully develop, construct and operate the plant and/or limit our profits.

Our Operating Agreement

The Company is a limited liability company ("LLC") organized under South Dakota Limited Liability Company Act (Chapter 47-34A), which governs limited liability companies (the "South Dakota Act"). A LLC is a form of business organization that combines the features of limited partnerships and corporations. The members of an LLC receive the limited liability structure offered by a corporate form of ownership and the tax advantages of a partnership. In addition, the LLC offers flexible management and capital structures without the complicated requirements of S corporations or the restrictions of limited partnerships. We chose the LLC structure to provide us flexibility in project capitalization, as we can issue equity interests similar to stock in a corporation, our members are not generally liable for certain obligations of the Company and we can elect to be taxed as a pass-through entity.

The operation of the Company and the rights, obligations and responsibilities of the directors and investors are governed by our Certificate of Organization dated September 14, 2015, our Amended and Restated Operating Agreement dated March 20, 2015 (the “operating agreement”) and the South Dakota Act. Among other items, our operating agreement contains provisions relating to the election of directors, the rights and obligations of units, restrictions on transfers, member voting, and other company governance matters. Each investor will be required to sign our operating agreement as a condition to our acceptance of an investment and becoming a member of the Company ("member"). You should read the operating agreement carefully and understand the provisions fully as part of decision to invest in us.
Company Governance

Pursuant to our operating agreement, we are managed by our board of directors. Investors purchasing 1,500 or more units in this offering will be entitled to appoint a director to our board of directors. Additionally, Walt Wendland, our founder, Chairman, President, and CEO, will be entitled to appoint one director to our board so long as he owns at least 300 or more units.

In addition to appointed directors, we expect our board will also include elected at-large directors. These at-large directors will be elected by our members that do hold special appointment rights. Although, we expect the number of appointed directors will exceed the number of elected directors, our operating agreement requires that our board of directors include at least one at-large director to represent the interests of electing members. Our board of directors will hire our executive officers. As of the date of this memorandum, Walt Wendland serves as our Chairman, President and CEO, and Janet Wendland serves as our Secretary and Treasurer.

Description of Units

Capital Structure. A member’s “interest” in the Company means a member’s rights in us collectively, including the member’s share of profits and losses, the right to receive distributions of assets, any right to vote on or participate in management, and the right to information concerning the business and affairs of the Company provided by the South Dakota Act. A member’s interest in us is quantified herein and in the operating agreement as “units”. We have only one class of units. Units may only be issued in consideration of capital contributions, on terms and conditions as agreed to between our board of directors on behalf of the Company and the person acquiring the units.

Voting Rights. Except for certain specified circumstances identified in the operating agreement, members have limited voting rights and will not take part in, participate in, or have any control over, our business. For those matters for which members may vote, members are generally entitled to one vote per unit.

Distributions. Under the operating agreement, operating distributions may only be made if and at the times authorized by our board of directors, in their absolute and sole discretion. However, we expect to be subject to a master loan agreement with a senior lender which will likely include covenants limiting our ability to distribute cash profits to our members. Therefore, any distributions authorized by the board of directors, other than liquidating distributions as provided in our operating agreement, will be distributed to members in proportion to units held, subject to and to the extent permitted by restrictions on such distributions agreed to by us in any loan agreement our lenders from time to time in effect.

We plan to make distributions to our members, in accordance with our operating agreement and loan covenants, when sufficient funds are available after taking into account various factors, including our financial condition, operating results, debt service requirements, and current and anticipated cash needs. However, there is no guarantee that sufficient cash will be available to distribute to the members. We will be completely dependent upon our sales of ethanol, distillers’ grains, and corn oil for all of our revenue. We do not expect to have sales revenue before the spring of 2017. Therefore, cash distributions are not assured, and we may never be in a position to make distributions.

Upon dissolution, as further provided in our operating agreement, liquidating distributions following discharge of all debts, obligations and liabilities of the Company are made to members in accordance with their capital account balances.

Transferability. There is currently no established public market for the units and no public market is expected to develop by reason of this offering or our expected subsequent equity offering. The operating agreement contains substantial restrictions on transfer on the units that you should read carefully.

To maintain partnership tax status, our units may not be traded on an established securities market or readily traded on a secondary market or the subsequent equivalent thereof. We will not apply for listing of the units on any unit exchange or on the NASDAQ Stock Market. We do expect to utilize a unit trading bulletin board system in the future, which is such unit trading bulletin board is permissible under the partnership tax rules. However, despite the anticipated unit trading bulletin board, there will not be a liquid market for your units.

Moreover, the units sold in this offering have not been registered under the Securities Act or any state securities laws. Therefore, the units are restricted securities under the Securities Act, and may not be offered, sold, or transferable except in compliance with the Securities Act and applicable state securities laws.
Income Tax Treatment

We plan to continue to utilize “partnership” status for federal income tax purposes, which means the Company’s income tax liabilities and attributes will be passed through to members of the Company. Although we plan to make distributions to our Members to reimburse them for their proportionate share of the Company’s tax liability, when sufficient funds are available and in accordance with our operating agreement, there is no guarantee that sufficient cash will be available to distribute to the members, and you will be responsible for paying the taxes due on your proportionate share of our income regardless of whether you receive any cash distributions from the Company. Therefore you may be forced to pay tax liabilities out of your personal funds. Please see Exhibit D, “Certain Tax Aspects” attached to this memorandum.

RISK FACTORS

The purchase of units involves substantial risks and the investment is suitable only for persons with the financial capability to make and hold long-term investments not readily converted into cash. Investors must, therefore, have adequate means of providing for their current and future needs and personal contingencies. Prospective purchasers of the units should carefully consider the risk factors set forth below, as well as the other information appearing in this memorandum, before making any investment in the units. Investors should understand that there is a possibility that they could lose their entire investment in us.

Risks Related to the Offering

If we fail to sell the minimum number of units, the offering will fail and your investment may be returned to you with nominal interest or no interest.

We may not be able to sell the minimum amount of units required to close on this offering. We must sell at least $65.0 million worth of units to close the offering. If we do not sell units with a purchase price of at least $65.0 million by July 28, 2016, we cannot close the offering and must return investors’ money with nominal interest, less expenses for escrow agency fees. This means that from the date of your investment, you may earn a nominal rate of return on the money you deposit with us in escrow. If escrow fees exceed interest, investments may be returned without interest, but you will receive no less than the purchase price you paid for the units. We do not expect the termination date to be later than July 28, 2016.

Proceeds of this offering are subject to promissory notes due after the offering is closed and investors unable to pay the 90% balance on their investment may have to forfeit their 10% cash deposit.

As much as 90% of the total offering proceeds of this offering could be subject to promissory notes that may not be due until after the offering is closed. If we sell the minimum number of units by July 28, 2016, we may be able to break escrow without closing the offering. The promissory note will become due within 20 days of the subscribers receipt of written notice from Ringneck Energy. Nonetheless, we will not be able to release funds from escrow until the notes are paid off and the cash proceeds in escrow equal or exceed $65.0 million and we have received a written debt financing commitment.

The success of our offering will depend on the investors’ ability to pay the outstanding balances on these promissory notes. We may choose to wait to call the balance on the notes for a variety of reasons related to construction and development of the project. Under the terms of the offering, we may wait until the tenth day of the eleventh month to call the balance. If we wait to call the balance on the notes for a significant period of time after we sell the minimum, the risk of nonpayment on the notes may increase. In order to become a member in Ringneck Energy, each investor must, among other requirements, submit a check in the amount of 10% of the total amount due for the number of units for which subscription is sought, and a promissory note for the remaining 90% of the total amount due for the units. That balance will become due within 20 days of the date of our notice that our sales of units, including the amounts owed under the promissory notes, have exceeded the minimum escrow deposit of $65.0 million. We will take a security interest in the units. We intend to retain the initial payment and to seek damages from any investor who defaults on the promissory note obligation. This means that if you are unable to pay the 90% balance of your investment within 20 days of our notice, you may have to forfeit your 10% cash deposit. Accordingly, the success of the offering depends on the payment of these amounts by the obligors.
Investors will not be allowed to withdraw their investment, which means that you should invest only if you are willing to have your investment unavailable to you for an indefinite period of time.

Investors will not be allowed to withdraw their investment for any reason, absent a rescission offer tendered by Ringneck Energy. We do not anticipate making a rescission offer. You should only invest in us if you are willing to have your investment be unavailable until we break escrow, which could be up to one year after the effective date of this memorandum. If our offering succeeds, and we convert your cash investment into units of Ringneck Energy, your investment will be denominated in our units until you transfer those units. There are significant transfer restrictions on our units. You will not have a right to withdraw from Ringneck Energy and demand a cash payment from us. Therefore, your investment may be unavailable to you for an indefinite period of time.

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

Our management will have broad discretion in the application of the net proceeds, including for any of the purposes described in the section entitled “Use of Proceeds”, and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these funds effectively could harm our business.

Our pro forma financial statements and projections set forth in Exhibit F are based on the present assumptions and the experience of our management team and may be incorrect.

We are a development stage company with limited historical financial information. Our forecasted financial statements and related summaries set forth in Exhibit F were prepared by Christianson & Associates, PLLP, a third party consultant based in Willmar, Minnesota (“Christianson”) and are based on assumptions made and information gathered by us. The analysis and forecasts included in the forecasted financial statements are not based on actual operating history. The forecasted financial statements are a compilation only, which means that a certified public accountant has not examined or independently reviewed or audited the forecasted financial statements, and there is no assurance from a qualified, independent third party that the assumptions underlying the forecasts are reasonable. The estimates and assumptions underlying the forecasted financial statements are subject to significant economic and competitive uncertainties and contingencies that are beyond our control. Therefore, any projections or opinions that are included in this memorandum or in the forecasted financial statements, or that may separately be provided to prospective investors in this offering, should not be interpreted as statements of fact.

The forecasted financial statements and the assumptions may prove to be materially inaccurate, and our actual results may materially differ, either negatively or positively, from the projected results. We anticipate differences between the projected and actual results because currently available information may be incomplete or materially different from the actual factors affecting future cash flows and profitability. Further, events and circumstances frequently do not occur as expected, and those differences may be material. Accordingly, you must not place undue reliance on the forecasted financial statements. You may lose some or all of your investment in us if our assumptions or financial projections prove to be materially incorrect.

We are not experienced in selling securities and no one has agreed to assist us or purchase any units that we cannot sell ourselves, which may result in the failure of this offering.

We are making this offering as a direct offering on a “best efforts” basis, which means that we will not use an underwriter or placement agent. We have no firm commitment from any prospective buyer to purchase our units and there can be no assurance that the offering will be successful. We plan to offer the units directly to investors through private placement in the states of Illinois, Iowa, Minnesota, South Dakota, Nebraska, North Dakota and potentially others. We plan to advertise in local media in these states and by mailing information to area residents. We may also hold informational meetings throughout these states.

Our directors and officers identified beginning on page 3 of this memorandum will be offering the securities on our behalf directly to investors. These individuals have no broker-dealer experience or any experience with offerings of securities. Our directors have significant responsibilities in their primary occupations in addition to trying to raise capital. Each of the directors and officers involved in the sale of our units believes that he will be able to devote a significant portion (10-20 hours per week) of his time to the offering. Nonetheless, the time that these directors spend on our activities may prove insufficient to result in a successful equity offering. There can be no assurance that our directors and officers will be successful in securing investors for the offering.
This offering is being made pursuant to certain exemptions from state and federal registration requirements, which may result in the failure of this offering.

We do not plan to register the offering with either the U.S. Securities and Exchange Commission or any state securities commission. Rather we will rely on the private offering exemptions from registration provided by Section 4(2) of the Act and Rule 506(c) of Regulation D promulgated thereto and applicable state exemptions or notice filing provisions related to private offerings. Under Rule 506(d), issuers can offer securities through means of general solicitation, provided that: (a) all purchasers in the offering are accredited investors, (b) the issuer takes reasonable steps to verify their accredited investor status, and (c) certain other conditions in Regulation D are satisfied. Issuers wishing to engage in general solicitation also need to take “reasonable steps” to verify the accredited investor status of purchasers. These limitations and requirements may result in this offering being unsuccessful. Additionally, should the SEC determine that the offering was not in compliance with Rule 506(c), the Company could be forced to refund all purchases by investors, which could occur after the Company has broken escrow and spent some or all of the proceeds of the offering. In such an event, you could lose some or all of your investment in us.

Risks Related to Our Financing Plan

Agreements with large investors may require significant amendments to our operating agreement, which may be more beneficial to them than to other investors.

We anticipate that we will receive investments from several large investors in this offering. As a condition of investment by these parties, we may be required to amend our operating agreement to provide such investors with rights that are more beneficial to them than other investors such as requiring such investor’s approval before taking certain actions or control of our board of directors and your rights as a member would be significantly limited. In order to amend the operating agreement to accommodate such investor’s investment conditions, we would need approval of such amendments by our members as provided in the operating agreement; provided, that no amendment may modify the liability or economic interest of a member, without that member’s consent. If we were not able to obtain the requisite approval for such potential amendments, we may not be able to satisfy the conditions for the investor’s investment, which would result in the loss of such investment in us. The loss of any such investments may result in the failure of our subsequent general equity offering and cause us to abandon the project. If we abandon the project, you may lose some or all of your investment as a result.

Even if we raise sufficient equity proceeds, we may not obtain the debt financing necessary to construct and operate our ethanol plant, which would result in the failure of the project and the Company and the potential loss of your investment.

Our financing plan requires a significant amount of debt financing. We do not have contracts or commitments with any bank, lender, governmental entity, underwriter or financial institution for debt financing. We have not yet obtained any commitments for equity, debt or bond financing and there are no guarantees that we will be able to secure sufficient capital for the project. We have, however, received a term sheet for senior debt financing from Home Federal Savings Bank totaling approximately $60.0 million. The proposed debt financing would consist of approximately $40.0 million dollars of USDA guaranteed term loans for construction of the plant and approximately $20.0 million of loans for operating activities. Although we have received a term sheet for senior debt financing, there is no guarantee that we will execute a debt commitment with a senior lender or be able to reach financial closing on such debt financing or if we do, that it will be on terms favorable to us.

We will not release funds from escrow until we secure a written debt financing commitment sufficient to construct and operate the ethanol plant. If debt financing on acceptable terms is not available for any reason, we will be forced to abandon our business plan and return your investment from escrow plus nominal interest less deduction for escrow agency fees. Depending on the level of equity raised in this offering, we expect to require approximately $41.1 million to $65.0 million (less any grants we are awarded and any bond financing we can procure) in senior or subordinated long term debt from one or more commercial banks or other lenders. Because the amounts of equity, bond financing and grant funding are not yet known, the exact amount and nature of total debt is also unknown. If we do not sell the minimum amount of units, the offering will not close. Even though we must receive a debt financing commitment as a condition of closing escrow, the agreements to obtain debt financing may not be fully negotiated when we close on escrow. Therefore, there is no assurance that such commitment will be received, or if it is received, that it will be on terms acceptable to us. If agreements to obtain debt financing are arranged and executed, we expect that we will be required to use the funds raised from this offering prior to receiving the debt financing funds.
If we decide to spend equity proceeds and begin plant construction before we have fulfilled all of the loan commitment conditions, signed binding loan agreements or received loan proceeds, we may be unable to close the loan and you may lose all of your investment.

If we sell the aggregate minimum number of units prior to July 28, 2016, and satisfy the other conditions of releasing funds from escrow, including our receipt of a written debt financing commitment, we may decide to begin spending the equity proceeds to begin plant construction or for other project-related expenses. If, after we begin spending equity proceeds, we are unable to close the loan, we may have to seek another debt financing source or abandon the project. If that happens, you could lose some or all of your investment.

If we successfully release funds from escrow but are unable to close our loan, we may decide to hold your investment while we search for alternative debt financing sources, which means your investment will continue to be unavailable to you and may decline in value.

We must obtain a written debt financing commitment prior to releasing funds from escrow. However, a debt financing commitment does not guarantee that we will be able to successfully close the loan. If we fail to close the loan, we may choose to seek alternative debt financing sources. While we search for alternative debt financing, we may continue to hold your investment in another interest-bearing account. Your investment will continue to be unavailable while we search for alternative debt financing. It is possible that your investment will decline in value while we search for the debt financing necessary to complete our project.

Future loan agreements with lenders may hinder our ability to operate the business by imposing restrictive loan covenants, which could delay or prohibit us from making cash distributions to our unit holders.

Our debt load and service requirements necessary to implement our business plan will result in substantial debt service requirements. Our debt load and service requirements could have important consequences which could hinder our ability to operate, including our ability to:

- Incur additional indebtedness;
- Make capital expenditures or enter into lease arrangements in excess of prescribed thresholds;
- Make distributions to unit holders, or redeem or repurchase units;
- Make certain types of investments;
- Create liens on our assets;
- Utilize the proceeds of asset sales; and
- Merge or consolidate or dispose of all, or substantially all, of our assets.

In the event that we are unable to pay our debt service obligations, our creditors could force us to (1) reduce or eliminate distributions to unit holders (even for tax purposes); or (2) reduce or eliminate needed capital expenditures. It is possible that we could be forced to sell assets, seek to obtain additional equity capital or refinance or restructure all or a portion of our debt. In the event that we would be unable to refinance our indebtedness or raise funds through asset sales, sales of equity or otherwise, our ability to operate our plant would be greatly affected and we may be forced to liquidate.

**Risks Related to Our Status as a Development-Stage Company**

*We have a history of losses and may not ever operate profitably.*

From our inception on September 14, 2014 through June 30, 2015, we incurred losses. We will continue to incur significant losses until we successfully complete construction and commence operations of the plant. There is no assurance that we will be successful in completing this offering and/or in our efforts to build and operate an ethanol plant. Even if we successfully meet all of these objectives and begin operations at the ethanol plant, there is no assurance that we will be able to operate profitably.

*We may seek to establish business relationship with existing entities operating or servicing ethanol plants, and there is no guarantee that such arrangement would be successful, causing a reduction in the value of your investment.*

We may seek business relationship with established companies, such as marketing, commodity procurement, management, unit train staging or other agreements. One such entity with whom we may seek such a relationship is Oahe Grain Corporation in Onida, South Dakota. Some of our directors are also present and former officers, and directors of and investors in other operating ethanol plants. We may seek a relationship with ethanol companies and/or other ethanol projects. We do not have any strategic agreement commitments, understandings or other arrangement with any other entity at this
time. We will continue to monitor and evaluate these opportunities as they present themselves to determine if participation in any other project is in our best interests. It is possible that there may be advantages to such an arrangement due to various synergies such as resource pooling, cost sharing and purchasing and marketing discounts, but there is not guarantee or assurance that we will enter into such an arrangement or that such an arrangement will be on terms we expect or would produce benefits for our Company. If such a relationship was unsuccessful, you could lose all or a substantial part of your investment.

We have no operating history, which could result in errors in management and operations causing a reduction in the value of your investment.

We were recently formed and have no history of operations. We cannot provide assurance that we can manage start-up effectively and properly staff operations, and any failure to manage our start-up effectively could delay the commencement of plant operations. A delay in start-up operations is likely to further delay our ability to generate revenue and satisfy our debt obligations. We anticipate a period of significant growth, involving the construction and start-up of operations of the plant. This period of growth and the start-up of the plant are likely to be a substantial challenge to us. If we fail to manage start-up effectively, you could lose all or a substantial part of your investment.

We will be dependent on our managers and our board of directors.

Our affairs are managed by a seven member board of directors. Our board of directors has the authority granted to “managers” under our operating agreement and the South Dakota Act. We use the term “director” in our operating agreement as an equivalent of “manager” under the South Dakota Limited Liability Company Act. Our directors also serve as our officers. Walt Wendland is our Chairman, President and CEO. Janet Wendland is our Treasurer and Secretary. They have the customary authorities of their respective officer titles as defined in our operating agreement and industry practice. The loss of services of any of the directors and officers may have an adverse effect on the operations of the Company. Future success and profitability is substantially dependent upon the management skills of our directors and officers. The unanticipated loss or unavailability of key individuals could harm our ability to operate our business or execute our business strategy. No assurance can be given that the Company will succeed in retaining these key employees or finding suitable successors in the event of their loss or unavailability.

Our success is dependent in large part on the ability of our officers and directors to execute our business strategy of manufacturing and selling ethanol, distillers’ grains, and corn oil. If our officers and directors fail to perform their job functions in a satisfactory manner, it would have a material adverse effect on our ability to make distributions to our members and could result in the complete loss of the value of your investment in us.

Our directors are experienced in business generally and some have experience in the ethanol industry, but have limited experience in raising capital from the public, which could result in errors in management, causing a reduction in the value of your investment.

We are presently, and are likely for some time to continue to be, dependent upon our initial directors. Most of these individuals are experienced in business generally but have limited experience in raising capital from the public and developing, building and operating an ethanol plant. Our success will largely be dependent upon the management capabilities of our directors and our ability to successfully raise the equity and debt capital that we need to complete our project. Once we have raised our necessary capital, we will also be dependent upon our directors to effectively operate the Company. If our directors fail to operate the Company effectively, you could lose all or a substantial part of your investment. You should not purchase units unless you are willing to entrust all aspects of our management to our board of directors.

Our present directors, and likely many of our future directors, are and will be involved with other commercial activities, which may limit the amount of time they will be able to devote to us.

Our directors are currently involved in or have been involved other business and commercial pursuits, as well as some past and present involvement with other ethanol plants. These directors’ relationships with other companies will impose substantial demand on the time these directors will be able to devote to us. Thus, if these directors are not able to devote the necessary time to ensure the success of our project, you could lose all or a substantial part of your investment. In addition, certain directors on our board are presently engaged in business and other activities which impose substantial demand on the time and attention of such directors. You should not purchase units unless you are willing to entrust all aspects of our management to our board of directors.
We will depend on Fagen, Inc. for expertise in beginning operations in the ethanol industry and any loss of this relationship could cause us delay and added expense, placing us at a competitive disadvantage.

We expect to contract with Fagen to design and build the plant. We will be dependent on our relationship with Fagen and its employees. Any loss of this relationship with Fagen, particularly during the construction and start-up period for the plant, may prevent us from commencing operations and result in the failure of our business. The time and expense of locating new consultants and contractors would result in unforeseen expenses and delays. Unforeseen expenses and delays may reduce our ability to generate revenue and profits and significantly damage our competitive position in the ethanol industry such that you could lose some or all of your investment.

If we fail to finalize critical agreements, such as the design-build agreement, ethanol and co-product marketing agreements and utility supply agreements, or the final agreements are unfavorable compared to what we currently anticipate, our project may fail or be harmed in ways that significantly reduce the value of your investment.

You should be aware that this memorandum makes reference to documents or agreements that are not yet final or executed, and plans that have not been implemented. In some instances such documents or agreements are not even in draft form. The definitive versions of those agreements, documents, plans or proposals may contain terms or conditions that vary significantly from the terms and conditions described. These tentative agreements, documents, plans or proposals may not materialize or, if they do materialize, may not prove to be profitable.

Our lack of business diversification could result in the devaluation of our units if our revenues from our primary products decrease.

We expect our business to solely consist of ethanol and its co-products. We do not have any other lines of business or other sources of revenue if we are unable to complete the construction and operation of the plant. Our lack of business diversification could cause you to lose all or some of your investment if we are unable to generate revenue by the production and sale of ethanol and its co-products, since we do not expect to have any other lines of business or alternative revenue sources.

Your investment may decline in value due to decisions made by our initial board of directors, and until the plant is built, you may have no recourse to replace these directors.

Our board of directors currently consists of seven directors, including one of our founders, Walt Wendland. Our operating agreement provides that Mr. Wendland may appoint a representative to fill one seat on our board so long as he owns or controls at least 300 units. The remaining six members of our board of directors were appointed to our board by Mr. Wendland following the closing of our seed capital offering. We anticipate that these initial at-large directors will serve until next election of at-large directors following commencement of substantial operations at the proposed plant, subject to any reduction of the number of at-large directors necessary to accommodated appointed directors following the close of our general equity offering.

Investors acquiring and holding more than 1,500 units in this offering will acquire the right to appoint one director each to our board of directors. As a result, the majority of our directors following the closing of this offering may be appointed by appointing members and members holding special appointment rights may control our board of directors. Elected at-large directors could be a minority of our board, as our operating agreement only ensures the election of one at-large director. Moreover, subject to the requirement that there be at least one at-large director, the number of at-large directors may be reduced after the closing of our subsequent equity offering to accommodate appointed directors appointed by members holding special appointment rights.

The development phase of our project is critical to the overall success of the plant and may last for a substantial amount of time, especially if our project suffers delays due to financing or construction. In that event, if you have significant disagreements with our initial directors, you may not have any recourse to remove appointed directors and may only have limited recourse to remove the initial at-large directors. Your only recourse will be through an amendment to our operating agreement which could be difficult to accomplish. Our operating agreement does not provide for the next election of at-large directors until after substantial operations of the plant commence, which is expected in spring 2017. As a result, you should not purchase units unless you are willing to entrust all aspects of management of our project throughout this development phase to our board of directors.
Confidential Private Placement Memorandum of Ringneck Energy LLC Dated July 29, 2015

We may not be able to hire employees capable of effectively operating the ethanol plant, which may hinder our ability to operate profitably.

Because we are a development-stage company, we do not have any full-time employees. If we are not able to hire employees who can effectively operate the plant. We may find it difficult to recruit qualified personnel to our expected plant location near Onida, South Dakota. Our ability to generate revenue will be significantly reduced or prevented altogether and you could lose all or a substantial portion of your investment.

Risks Related to Construction of the Ethanol Plant

We will depend on Fagen, Inc. to design and build our ethanol plant using ICM, Inc.’s technology; however, we currently have no binding agreement with either Fagen, Inc. or ICM, Inc. and our failure to enter into binding agreements with either could force us to abandon our business or hinder our ability to operate profitably which could decrease the value of your investment.

We will be highly dependent upon Fagen to design and build the plant using technology provided by ICM, but we have no definitive binding agreement with either company. Fagen has indicated its intention to deliver to us a proposed design-build agreement, in which Fagen will serve as our general contractor and will engage ICM to provide design and engineering services. We anticipate that we will execute a definitive binding design-build agreement with Fagen to construct the plant. However, we have not yet negotiated, reviewed or executed the design-build agreement and there is no assurance that such an agreement will be executed.

If we do not execute a definitive, binding design-build agreement with Fagen, or if Fagen terminates its relationship with us after initiating construction, there is no assurance that we would be able to obtain a replacement general contractor. Any such event may force us to abandon our business.

We are relying on Fagen, Inc. and ICM, Inc. to supply all of the technology necessary for the construction of our plant and the production of fuel-grade ethanol and distillers’ grains and we expect they will either own this technology or obtain a license to utilize it.

We will be dependent upon Fagen and ICM for all of the technology used in our plant that relates to construction of the plant and the plant’s production of fuel-grade ethanol and distillers’ grains. We expect our dependency on the Fagen/ICM technology to be the most critical to construction of the plant, plant operations and our financial performance. We expect that Fagen and ICM will either own the technology or obtain a license necessary for its use. If either Fagen or ICM fails to provide us with the necessary technology, we may not be able to build our plant or successfully operate it.

We do not yet have effective cost estimates for construction of the ethanol plant, and once known, the final price could result in devaluation of our units if ethanol plant construction requires more capital than originally anticipated.

We anticipate that Fagen will construct the plant for a fixed contract price, based on the plans and specifications in the anticipated design-build agreement; however, we have not yet agreed upon pricing. Once we have identified a price, it may vary upward based upon factors outside of our control. We intend to base our capital needs on a design for the plant plus additional start-up and development costs plus construction period interest. The estimated cost of the plant will be based on preliminary discussions, and there is no assurance that the final cost of the plant will not be higher.

We intend to also budget for contingencies. This contingency may not be sufficient to offset any upward adjustment in our construction cost. In addition, shortages of steel and other commodities could affect the final cost and final completion date of the project. Any significant increase in the estimated construction cost of the plant could delay our ability to generate revenues and reduce the value of your units because our revenue stream may not be able to adequately support the increased cost and expense attributable to increased construction costs.

Construction delays could result in devaluation of our units if our production and sale of ethanol and its co-products are similarly delayed.

We currently expect our plant to be complete and operating by spring 2017; however, construction projects often involve delays in obtaining permits, construction delays due to weather conditions, or other events that delay the construction schedule. In addition, Fagen’s involvement in the construction of other construction projects while constructing our plant could cause delays in our construction schedule. Also, any changes in interest rates or the credit environment or any changes in political administrations at the federal, state or local level that result in policy change towards ethanol or this project, could also cause construction and operation delays. If it takes longer to construct the plant than we anticipate, it would delay our
ability to generate revenue and make it difficult for us to meet our debt service obligations. This could reduce the value of the units.

Fagen, Inc. and ICM, Inc. may have current or future commitments to design and build other facilities and those commitments could delay construction of our plant and our ability to generate revenues.

We do not know how many facilities or other construction projects Fagen and ICM have currently contracted to design or build. It is possible that Fagen and ICM have outstanding commitments to other projects that cause the construction of our plant to be delayed. It is also possible that Fagen and ICM will continue to contract with other entities for plant construction and/or with operating facilities for expansion construction. These current and future building commitments may reduce the resources of Fagen and ICM to such an extent that construction of our plant is significantly delayed. If this occurs, our ability to generate revenue will also be delayed and the value of your investment will be reduced.

Defects in plant construction could result in devaluation of our units if our plant does not produce ethanol and its co-products as anticipated or could put us at increased risk for fire, leak or explosion.

There is no assurance that defects in materials and/or workmanship in the plant will not occur. Under the expected terms of the anticipated design-build agreement with Fagen, Fagen would warrant that the material and equipment furnished to build the plant will be new, of good quality, and free from material defects in material or workmanship at the time of delivery. Though we expect the design-build agreement to require Fagen to correct all defects in material or workmanship for a period of one year after substantial completion of the plant, material defects in material or workmanship may still occur. Such defects could delay the commencement of operations of the plant, or, if such defects are discovered after operations have commenced, could cause us to halt or discontinue the plant’s operation. Halting or discontinuing plant operations could delay our ability to generate revenues and reduce the value or your units. In addition, defects in materials or workmanship could put us at an increased risk of loss due to fire, explosion or leak. Ethanol is a flammable substance and if there is a defect in the production process we could be at increased risk of an ethanol leak, which could lead to fire or explosion. Further, with natural gas as our energy source for ethanol production, there is a risk of fire or explosion due to a defect in materials and/or workmanship in the plant. A loss due to fire, explosion or leak could cause us to slow or halt production which could reduce the value of your investment.

The plant site may have unknown environmental problems or be subject to litigation that could be expensive and time consuming to correct or defend, which may delay or halt plant construction and delay our ability to generate revenue.

We have acquired a 42.5 acre plant site in Sully County, South Dakota outside of Onida, South Dakota. We anticipate locating our plant on this site; however, our board of directors reserves the right to change the location of the plant site, in their sole discretion, for any reason.

Our selection of our proposed plant site has not been without controversy. The historical use of the site has been rural agriculture. However, on March 24, 2015, the Sully County Commissioners voted unanimously to approve the ordinance which changed the zoning of our proposed plant site to allow the use of the property to include commercial crop processing such as ethanol production. The Sully County rezoning action was opposed by a small but vocal group of local Onida, South Dakota residents that were concerned with the traffic volume, noise and potential environmental issues associated with an ethanol plant due to the proposed site’s proximity to town and residential housing. As a result, a request for a public vote was filed. A public vote on the rezoning action was held on June 16, 2015, and was approved by approximately 80% of the county residents that voted. Although we do not anticipate any litigation about the site, there can assurance that there won’t litigation over the proposed site and should any such litigation occur, it could delay the construction of the plant and may require significant expenditure of our resources to defend.

Before we can commence construction on the proposed site, we also had to obtain approval from the Sully County Board of Adjustment to allow operation of our plant as a conditional use under the existing zoning or rezoning of the sites. The conditional use permit was granted on July 20, 2015, subject to certain conditions requiring the Company to contribute to the cost of certain improvements to the road and enter into a road maintenance agreement with Sully County. We anticipate that we will qualify for certain grants from the South Dakota Department of Transportation and the South Dakota Governor’s Office of Economic Development which will cover a substantial portion of our anticipated road construction costs. However, there is no guarantee that we will be successful in our efforts to obtain these grants or that the road construction costs will not exceed the amounts we have budgeted.

Given the historical agricultural use of the property, we have no reason to believe that there is a material risk of environmental problems. Nonetheless, there can be no assurance that we will not encounter hazardous environmental conditions at these sites or any alternative site that may delay the construction of the plant. We do not anticipate Fagen being
responsible for any hazardous environmental conditions encountered at the plant site. Upon encountering a hazardous environmental condition, Fagen may suspend work in the affected area. If we receive notice of a hazardous environmental condition, we may be required to correct the condition prior to continuing construction. The presence of a hazardous environmental condition will likely delay construction of the plant and may require significant expenditure of our resources to correct the condition. In addition, Fagen will be entitled to an adjustment in price and time of performance if it has been adversely affected by the hazardous environmental condition. If we encounter any hazardous environmental conditions during construction that require time or money to correct, such event could delay our ability to generate revenues and reduce the value or your units.

*We have not received certain necessary permits and failure to obtain these permits would prevent operation of the plant.*

Before we can begin operation of our plant, we must also obtain an industrial storm water discharge permit. This general permit requires preparation of a storm water pollution prevention plan that outlines various measures we plan to implement to prevent storm water pollution. Other compliance and reporting requirements would also apply.

Prior to the commencement of construction of the plant, we must file a notice of intent and application for a construction site storm water discharge permit. As part of the application for the construction site storm water discharge permit, we will need to prepare a construction site erosion control plan. We would also be subject to certain reporting and monitoring requirements. We anticipate, but there can be no assurances that we will be able to obtain these permits.

We anticipate that we will obtain a number of other permits related to air emissions and water discharges. While we anticipate receiving these permits, there is no assurance that we will obtain all of the necessary permits.

*Once operations commence, we may not be able to implement our expansion strategy as planned if at all.*

We plan to build an ethanol plant with a name plate capacity of 70 million gallons of denatured ethanol (fuel-grade) per year. Although the name plate capacity would be 70 million gallons per year, it is not unusual for plants to produce in excess of this capacity and we expect our plant to do the same. According to the engineering specifications from our anticipated design-builder, Fagen, we anticipate that on an annual basis, the plant may be able to produce a little over 70 million gallons of ethanol. Additionally, once operations commence and if we determine it will be profitable to do so, we expect to expand the production capacity of the ethanol plant by approximately 10 million gallons per year during each of the years two, three and four of plant operations through fine tuning plant operation, maximizing efficiencies and implementing technical or design upgrades or improvements. As a result, if these expansions are completed as planned, by the end of our fourth year of operation our annual production capacity will be approximately 97.5 million un-denatured gallons per year. While we believe our production estimates and expansion plans are reasonable, we can offer no assurances that our plant will produce in excess of 70 million gallons of ethanol per year nameplate capacity or that we will be able to complete the necessary plant improvements to increase our plant production capacity on the schedule we anticipate, if at all. Further, we may experience unfavorable operating conditions in the ethanol industry that negatively affect our profitability and could cause us to temporarily lower our production to levels below our available capacity or suspend production.

Based on our financial forecasts and plans for operations, we anticipate that we will have sufficient cash to finance our expansion plans from our anticipated credit facilities and cash from our planned operations. We do not anticipate seeking additional equity or debt financing to finance the planned production expansions. However, should we experience unfavorable operating conditions, we may have to secure additional debt or equity sources for these expansions or delay or abandon our expansion plans.

**Risks Related to the Units**

*There has been no independent valuation of the units, which means that the units may be worth less than the purchase price.*

The per unit purchase price has been determined by us without independent valuation of the units. We established the offering prices based on our estimate of capital and expense requirements, not based on perceived market value, book value, or other established criteria. We did not obtain an independent appraisal opinion on the valuation of the units. The units may have a value significantly less than the offering prices and there is no guarantee that the units will ever obtain a
value equal to or greater than the offering price.

No public trading market exists for our units and we do not anticipate the creation of such a market, which means that it will be difficult for you to liquidate your investment.

There is currently no established public trading market for our units and an active trading market will not develop despite this offering. To maintain partnership tax status, you may not trade the units on an established securities market or readily trade the units on a secondary market (or the substantial equivalent thereof). We therefore, will not apply for listing of the units on any national securities exchange or on the NASDAQ Stock Market. As a result, you will not be able to readily sell your units.

You will experience immediate and substantial dilution as a result of this offering.

Our founders and seed capital investors paid substantially less per unit for our membership units than the current offering price. Accordingly, if you purchase units in this offering, you will experience immediate and substantial dilution of your investment. We sold 600 units to our founders, at a price of $1,666.67 per unit and 600 units to our seed capital investors at a price of $3,333.34 per unit. Based upon the issuance and sale of the minimum number of units (13,000) at a price of $5,000 per unit, you will incur immediate dilution of $86.08 in the net tangible book value per unit if you purchase units in this offering. If we sell the maximum number of units (19,200) at a price of $5,000 per unit, you will incur immediate dilution of $59.92 in the net tangible book value per unit if you purchase units in this offering. Alternatively, if we sell the minimum number of units (13,000) at a price of $5,500, you will incur immediate dilution of $128.33 in the net tangible book value per unit if you purchase units in this offering. If we sell the maximum number of units (19,200) at a price of $5,500, you will incur immediate dilution of $89.33 in the net tangible book value per unit if you purchase units in this offering.

We have placed significant restrictions on transferability of the units, limiting an investor’s ability to withdraw from the Company.

The units are subject to substantial transfer restrictions pursuant to our operating agreement. In addition, transfers of the units may be restricted by state securities laws. As a result, you may not be able to liquidate your investment in the units and, therefore, may be required to assume the risks of investment in us for an indefinite period of time.

To help ensure that a secondary market does not develop, our operating agreement prohibits transfers without the approval of our board of directors. The board of directors will not approve transfers unless they fall within “safe harbors” contained in the publicly-traded partnership rules under the tax code, which include, without limitation, the following:

- transfers by gift to the member’s spouse or descendants;
- transfer upon the death of a member;
- transfers between family members; and
- transfers that comply with the “qualifying matching services” requirements.

There is no assurance that an investor will receive cash distributions which could result in an investor receiving little or no return on his or her investment.

Distributions are payable at the sole discretion of our board of directors, subject to the provisions of the South Dakota Act, our operating agreement and the requirements of our creditors. We do not know the amount of cash that we will generate, if any, once we begin operations. Cash distributions are not assured, and we may never be in a position to make distributions. Our board may elect to retain future profits to provide operational financing for the plant, debt retirement and possible plant expansion or the construction of additional plants. This means that you may receive little or no return on your investment and be unable to liquidate your investment due to transfer restrictions and lack of a public trading market. This could result in the loss of your entire investment.

These units will be subordinate to company debts and other liabilities, resulting in a greater risk of loss for investors.

The units are unsecured equity interests and are subordinate in right of payment to all our current and future debt. In the event of our insolvency, liquidation, dissolution or other winding up of our affairs, all of our debts, including winding-up expenses, must be paid in full before any payment is made to the holders of the units. In the event of our bankruptcy, liquidation, or reorganization, all units will be paid ratably with all our other equity holders, and there is no assurance that there would be any remaining funds after the payment of all our debts for any distribution to the holders of the units.
You may have limited access to information regarding our business because our operating agreement does not require us to deliver an annual report to security holders, we will not be required to furnish proxy statements, our directors, and officers and beneficial owners will not be required to report their ownership of units.

Except for our duty to deliver audited annual financial statements to our members pursuant to our operating agreement, we are not required to deliver an annual report to security holders and currently have no plan to do so. We also will not be required to furnish proxy statements to security holders and our directors, officers and beneficial owners will not be required to report their beneficial ownership of units to the Securities and Exchange Commission pursuant to Section 16 of the Securities Exchange Act of 1934. This means that your access to information regarding our business will be limited.

The presence of members holding 30% or more of the outstanding units is required to take action at a meeting of our members.

In order to take action at a meeting, a quorum of members holding at least 30% of the outstanding units must be represented in person, by proxy or by mail ballot. Assuming a quorum is present, members take action by a vote of the majority of the units represented at the meeting and entitled to vote on the matter. The requirement of a 30% quorum protects the company from actions being taken when less than 30% of the members have not considered the matter being voted upon. However, this also means that the unit holders of a minority of outstanding units could pass a vote and take an action which would then bind all unit holders. Conversely, the requirement of a 30% quorum also means that members will not be able to take actions which may be in the best interests of the Company if we cannot secure the presence in person, by proxy, or by mail ballot of members holding 30% or more of the outstanding units.

Certain investors eligible to appoint directors to our board may seek to influence our business in a manner more beneficial to them than to other investors.

Our operating agreement provides that each member who holds one thousand five hundred (1,500) or more units acquired in our anticipated general equity offering is entitled to appoint one (1) director to our board of directors. These investors may seek to influence our business in a manner more beneficial to them than to other investors. Directors appointed by these investors may constitute a majority of our directors and thereby collectively control the Company to the detriment of smaller investors.

After the plant is substantially operational, our operating agreement provides for staggered terms for our directors.

The terms of our initial at-large directors, other than appointed directors, expire at our first annual meeting of the Company. At that time, our members will elect at-large directors for staggered three-year terms. Because our at-large elected directors will serve on the board for staggered terms and we expect to have a majority of appointed directors, it will be difficult for our members to replace our board of directors. In that event, your only recourse to replace the elected at-large directors would be through an amendment to our operating agreement which could be difficult to accomplish.

Risks Related to Conflicts of Interest

We will have no independent directors, which mean that the agreements we enter into may not be negotiated on as favorable terms as they might have been if we had independent directors.

Our board will have no independent directors as defined by the North American Securities Administrators Association, as all of our initial directors were directly or indirectly involved in founding or organizing our Company. Accordingly, any contracts or agreements we enter into, including those with Fagen, will not be approved by independent directors since there are none at this time.

Our directors and officers have other business and management responsibilities which may cause conflicts of interest in the allocation of their time and services to our project.

Since our project is currently managed by the board of directors rather than a professional management group, the devotion of the directors’ time to the project is critical. However, the directors and officers have other management responsibilities and business interests apart from our project. As a result, our directors and officers may experience conflicts of interest in allocating their time and services between us and their other business responsibilities. In addition, conflicts of interest may arise if the directors and officers, either individually or collectively, hold a substantial percentage of the units because of their position to substantially influence our business and management.
We may have conflicting financial interests with Fagen, Inc., and ICM, Inc., which could cause Fagen, Inc. and ICM, Inc. to put their financial interests ahead of ours.

Fagen and ICM and their respective affiliates may have conflicts of interest because Fagen, ICM and their respective employees or agents are involved as owners, creditors and in other capacities with other ethanol plants in the United States. We cannot require Fagen or ICM to devote their full time or attention to our activities. As a result, Fagen and ICM may have, or come to have, a conflict of interest in allocating personnel, materials and other resources to our plant.

Our directors may have a conflict of interest arising from their involvement with other ethanol plants and related businesses in the region.

Walt Wendland previously served as the President and CEO of, and is a current unit holder in, Golden Grain Energy, LLC and Homeland Energy Solutions, LLC, both SEC reporting ethanol plants located in Iowa. Mr. Wendland is also a unit holder in Absolute Energy, LLC, an Iowa ethanol plant. Kenton Johnson, one of our at-large directors, is a member of the board of directors of Granite Falls Energy, LLC and Heron Lake BioEnergy, LLC, both SEC reporting ethanol plants located in Minnesota. At some level, we expect to compete in the marketplace with all operating ethanol plants, including these plants. Edward Eller, one of our at-large directors, is a member of the board of directors of Oahe Grain Corporation located in Onida, South Dakota. Prior to Mr. Eller’s appointment to our board, we acquired our proposed site from Oahe Grain Corporation. We expect to have other business relationship and agreements with Oahe Grain Corporation in the future, including entering into an agreement for the staging of our unit trains on rail siding owned by Oahe Grain Corporation. We also anticipate that we may purchase corn from Oahe Grain Corporation once the plant is operational. Additionally, Kenton Johnson, one of our at-large directors, is a member of the board of directors of Bushmills Ethanol, Inc., which is another ethanol producer, as an appointee of our general contractor Fagen, and is a farmland tenant on real estate owned by an affiliate of Fagen. These relationships could cause a conflict of interest if our directors put the interests of these or other companies ahead of our best interests.

Additionally, we may sell some of our wet or modified wet distillers’ grains to affiliates and related parties, including new or existing businesses owned or controlled by our directors and officers. These persons may capture value from the product by feeding it to livestock or further drying and pelleting the wet or modified wet distillers’ grains for sale to other end users. There is a potential that we may sell wet distillers’ grains to these and other customers at a discount relative to other proteins in order to help reduce our energy usage and protect our ability to generate RINs. There is an additional potential risk that any energy used offsite by an affiliated or related party purchaser to dry our wet or modified wet distillers’ grains before it is sold to the ultimate consumer could be attributed to us, which in turn could cause our failure to meet the required 20% reduction in GHG and negatively impact our ability to generate RINs.

We do not have a formal policy for handling conflicts of interest that may arise as a result of our directors’ relationships with other ethanol plants and entities with which we may do business, which may negatively impact your investment.

While we expect to fully disclose all conflicts of interest that may arise in our business transactions as a result of our directors’ existing relationships with other ethanol plants and entities with which we may do business, we do not have a formal policy in place for handling such conflicts of interest should they arise in any business transaction. Thus, our directors will not be bound by any formal procedures for handling such conflicts of interest and as a result, you should not purchase units unless you are willing to entrust all aspects of management of our project throughout this development phase to our board of directors.

Affiliated investors may purchase additional units and influence decisions in their favor.

We may sell units to affiliated or institutional investors and they may acquire enough units to influence the manner in which we are managed. These investors may influence our business in a manner more beneficial to themselves than to our other investors. For example, these investors may own enough units to establish quorum for any membership meeting at which they wish to vote on transactions in which they are financially interested. In addition, it is possible that these investors would have the voting power necessary to amend our operating agreement so that its provisions would be more beneficial to themselves than to our other investors. This may reduce the value of your units, impair the liquidity of your units and/or reduce our profitability.
Risks Related to the Production of Ethanol

Our business is not diversified, and we may not be able to adapt to changing market conditions or endure any decline in the ethanol industry.

Our success depends on our ability to efficiently produce and sell ethanol, and, to a lesser extent, distillers' grains and corn oil. We do not expect to have any other lines of business or other sources of revenue if we are unable to operate our ethanol plant and manufacture ethanol and its related co-products. If economic or political factors adversely affect the market for ethanol and its co-products, we will have no other line of business to fall back on. Our lack of diversification means that we may not be able to adapt to changing market conditions, changes in regulation, increased competition or any significant decline in the ethanol industry. Our business would also be significantly harmed if the ethanol plant could not operate at full capacity for any extended period of time.

If we do not achieve or maintain the 20% reduction in GHG emissions requirement required under our “efficient producer” approval from the EPA, we will not be able to generate RINs, which could adversely affect our operating margins.

We expect that nearly all of the anticipated demand for our ethanol production will be by customers obligated to comply with the RFS. The EPA's approval of our efficient producer petition requires that our proposed plant achieve and demonstrate continuous compliance with the 20% reduction in GHG emissions for all volumes of ethanol produced. If our plant cannot achieve and show continuous compliance with the requirement for all volumes of ethanol, we will not be able issue RINs for the ethanol we produce. If our ethanol production does not meet the requirements for RIN generation as administered by the EPA, we may be required to sell those gallons of ethanol without RINs at lower prices in the domestic market to compensate for the lack of RINs or sell these gallons of ethanol in the export market where RINs are not required, which could adversely affect our results of operations, cash flows and financial condition.

Because of uncertainty surrounding how the EPA will implement proposed regulations, RIN prices have remained volatile and increased in 2014. In 2013 and 2014, prices for RINs were significantly higher than in prior periods. However, in response to the EPA's May 2015 proposal reducing RVOs from the RFS2 statutory volumes, OPIS reported that RIN prices declined precipitously, with the value of D-6 RINs, which can be generated by corn ethanol producers, settling $0.20 per RIN lower the day of the EPA announcement compared to the prior day. If changes to the required RVOs for RFS2 result in further declines in the price of various types of RINs, and in particular D-6 RINs, it could negatively affect the price of ethanol, which could adversely affect our operations. We cannot predict the future prices of RINs as the cost of RINs is dependent upon a variety of factors, which include the availability of qualifying biofuels, the availability of RINs for purchase, the price at which RINs can be purchased, and transportation fuel production levels. If we generate invalid RINs, we could be subject to fines and penalties imposed by the EPA. The costs to generate or obtain the necessary number of RINs and any fines imposed for a failure to do so, could adversely affect our operating margins, which, in turn could adversely affect our results of operations, cash flows and financial condition and value of your investment.

Our profitability depends upon purchasing corn at lower prices and selling ethanol at higher prices and because the difference between ethanol and corn prices can vary significantly, our financial results may also fluctuate significantly.

The results of our business will be highly impacted by commodity prices. We anticipate that a substantial majority of our revenues are derived from the sale of ethanol. Our results of operations and financial condition will be significantly affected by the cost and supply of corn and natural gas as our gross profit relating to the sale of ethanol will be principally dependent on the difference between the price we receive for the ethanol we produce and the cost of corn and natural gas that we must purchase. Changes in the price and supply of corn and natural gas are subject to and determined by market forces over which we have no control, such as weather, domestic and global demand, shortages, export prices, and various governmental policies in the United States and around the world. As a result of price volatility for these commodities, our operating results may fluctuate substantially. Increases in corn or natural gas prices or decreases in ethanol, distillers' grains and corn oil prices may make it unprofitable to operate our plant. No assurance can be given that we will be able to purchase corn and natural gas at, or near, current prices and that we will be able to sell ethanol, distillers' grains and corn oil at, or near, current prices. Consequently, our results of operations and financial position may be adversely affected by increases in the price of corn or natural gas or decreases in the price of ethanol, distillers' grains and corn oil. If we were to experience relatively higher corn and natural gas costs compared to the selling prices of our products for an extended period of time, the value of your units may be reduced.
A hyper-competitive corn market might develop in our local market requiring us to source corn from outside the local market thereby increasing our corn costs which may reduce our profitability.

We anticipate that we will require approximately 25 million bushels of corn per year for our plant to produce approximately 70 million gallons of ethanol per year. Additionally, if we successfully complete our expansion plans, we will require even greater quantities of corn feedstock for our plant. We believe that there will be sufficient corn supplies in the local markets surrounding our proposed plant site; however, in drought and stressed crop years, we may face intense competition for local corn supplies. If there is insufficient local corn production to meet all of the corn supply needs of our local market, the local price per bushel may increase and we may be required to source corn for our operations from outside of the local market or use grain sorghum to produce our ethanol. Sourcing corn from outside our local markets may require us to incur additional corn procurement costs. Alternatively, using grain sorghum to produce our ethanol may result in less efficient and/or reduced ethanol production. Either of these situations could reduce our profitability and decrease or eliminate the value of your investment.

If the supply of ethanol and distillers’ grains exceeds the demand for ethanol or distillers’ grains’, the market price we receive for our products may decrease.

Domestic ethanol production capacity has increased substantially over the past decade. Excess ethanol production capacity may result from decreases in the demand for ethanol or increased domestic production or imported supply. There are many factors affecting demand for ethanol, including regulatory developments and reduced gasoline consumption as a result of increased prices for gasoline or crude oil. Higher gasoline prices could cause businesses and consumers to reduce driving or acquire vehicles with more favorable gasoline mileage, or higher prices could spur technological advances, such as the commercialization of engines utilizing hydrogen fuel-cells, which could supplant gasoline-powered engines. There are a number of governmental initiatives designed to reduce gasoline consumption, including tax credits for hybrid vehicles and consumer education programs.

If ethanol prices decline for any reason, including excess production capacity in the ethanol industry or decreased demand for ethanol or distillers’ grains, our business, results of operations and financial condition could be materially and adversely affected, especially if such declines coincide with increases in corn and natural gas prices.

In addition, because ethanol production produces distillers’ grains as a co-product, increased ethanol production will also lead to increased production of distillers’ grains. An increase in the supply of distillers’ grains, without corresponding increases in demand, could lead to lower prices or an inability to sell our distillers' grains production. A decline in the price of distillers’ grains or the distillers’ grains market generally could have a material adverse effect on our business, results of operations and financial condition.

The price of distillers' grains is affected by the price of other commodity products, such as soybeans, and decreases in the price of these commodities could decrease the price of distillers’ grains.

Distillers' grains compete with other protein-based animal feed products. The price of distillers' grains may decrease when the price of competing feed products decrease. The prices of competing animal feed products are based in part on the prices of the commodities from which they are derived. Downward pressure on commodity prices, such as soybeans, will generally cause the price of competing animal feed products to decline, resulting in downward pressure on the price of distillers' grains. The price of distillers' grains is not tied to production costs. However, decreases in the price of distillers' grains would result in less revenue from the sale of distillers' grains and could result in lower profit margins.

If we achieve “efficient producer” status, we will likely be dependent upon the local livestock market for sales of our wet and modified wet distillers’ grains, which may reduce our profitability.

In order to achieve and maintain the required 20% reduction in GHG emissions, we expect that at our initial production capacity of just over 70 million gallons per year, we will be required to reduce the amount of dried distillers’ grains we dry to 80% of the total amount of distillers’ grains we produce in order to help reduce our energy usage. However, once operations commence and if we determine it will be profitable to do so, we expect to expand the production capacity of the ethanol plant, so that by the end of our fourth year of operation our annual production capacity will be approximately 97.5 million un-denatured gallons per year. As a result of this expansion, the total number of distillers’ grains we produce will also increase. Accordingly, as we increase production capacity, we will likely be required to further reduce the amount of distillers’ grains we dry by as much as 50% of the total amount of distillers’ grains we produce to protect our ability to generate RINs.
In addition to constraining our ability to dry distillers’ grains, to comply with our “efficient producer” status, we must sell our distillers’ grains for animal feed only. As a result, we expect to be dependent on local dairy, beef, and poultry operations and feedlot markets for sales of our wet and modified wet distillers’ grains. Assuming we expand the plant’s production capacity as presently anticipated, the amount wet and modified wet distillers’ grains we expect to produce will also increase. Therefore, our reliance on the local markets for sales of our wet and modified wet distillers’ grains will increase as we increase our plant capacity. If we, or our third party distillers’ grains marketer, are unable to develop a sufficient local market for our wet and/or modified wet distillers’ grains or if demand exceeds supply in the local market, we may be forced to sell our wet and/or modified wet distillers’ grains at lower prices, or below cost, in the local market to compensate for oversupply, or incur significant transportation costs to transport the wet and modified wet distillers’ grains to buyers outside of the local market. Either of these situations could reduce our profitability and decrease or eliminate the value of your investment.

Our revenue from the sale of distillers’ grains depends upon its continued market acceptance as an animal feed.

Distillers’ grains are a co-product from the fermentation of various crops, including corn, to produce ethanol. Antibiotics may be utilized during the fermentation process to control bacterial contamination; therefore antibiotics may be present in small quantities in distillers’ grains marketed as animal feed. The U.S. Food and Drug Administration’s, or FDA’s, Center for Veterinary Medicine has expressed concern about potential animal and human health hazards from the use of distillers grains as an animal feed due to the possibility of antibiotic residues. As a result, the market value of this co-product could be diminished if the FDA were to introduce regulations that limit the sale of distillers’ grains in the domestic market or for export to international markets, which in turn would have a negative impact on our profitability. If public perception of distillers’ grains as an acceptable animal feed were to change or if the public became concerned about the impact of distillers’ grains in the food supply, the market for distillers’ grains would be negatively impacted, which would have a negative impact on our profitability.

We extract non-edible corn oil from the whole stillage process immediately prior to the production of distillers’ grains. Several universities are trying to determine how corn oil extraction may affect nutritional energy values of the resulting distillers’ grains. If it is determined that corn oil extraction adversely affects the digestible energy content of distillers’ grains, the value of our distillers’ grains may be affected, which could have a negative impact on our profitability.

The prices of ethanol and distillers' grains may decline as a result of trade barriers imposed by foreign countries with respect to ethanol and distillers' grains originating in the United States and negatively affect our profitability.

An increasing amount of the ethanol industry's products are being exported. If producers and exporters of ethanol and distillers' grains are subjected to trade barriers when selling products to foreign customers there may be a reduction in the price of these products in the United States. Declines in the price we receive for our products will lead to decreased revenues and may result in our inability to operate the ethanol plant profitably.

China, the largest buyer of distillers' grains in the world, announced in June 2014, announced that it would stop issuing import permits for United States distillers' grains due to the presence of a genetically modified trait, MIR 162, which is found in Syngenta AG's Agrisure Viptera corn and was not approved by China for import. As a result, China has not approved United States distillers' grains imports since June 2014 and caused a drop in distillers' grains prices. However, on December 17, 2014, the United States Secretary of Agriculture announced that Chinese officials had advised him that China would be lifting the ban on MIR 162. Subsequently, Syngenta has publicly confirmed that it received the safety certificate for its Agrisure Viptera trait from China's regulatory authorities, formally granting import approval for distillers' grains made from Agrisure Viptera corn. Following the Chinese announcement, China began again accepting shipments of U.S. distillers' grains which helped to stabilize the export market and had a positive effect on the domestic price of distillers’ grains. However, the recent outbreak of avian flu impacting millions of birds in the U.S. is expected to put downward pressure on distillers’ grains prices. In addition, if China were to reinstate the ban on, or and place additional restrictions on, imports of U.S. distillers grains, export demand of distillers grains may be significantly reduced which would negatively affect the price of distillers grains in the U.S.

Separately, Turkey, the sixth largest buyer of United States distillers' grains according to the United States Grains Council, has also rejected several shipments of distillers' grains due to the presence of genetically modified corn traits. Turkey previously rejected distillers' grains shipments resulting in a near halt of United States distillers' grains imports by Turkey in 2011 when Turkey tightened quality standards and imposed labeling and packaging requirements. If United States producers can not satisfy import requirements imposed due to the presence of genetically modified corn traits, export demand of distillers' grains could be significantly reduced as a result. If export demand of distillers' grains is significantly reduced as a result, the price of distillers' grains in the United States would likely continue to decline which would have a negative effect on our revenue and could impact our ability to profitably operate which could in turn reduce the value of our units.
We face intense competition that may result in reductions in the price we receive for our ethanol, increases in the prices we pay for our corn, or lower gross profits.

Competition in the ethanol industry is intense. We face formidable competition in every aspect of our business from both larger and smaller producers of ethanol and distillers’ grains. Some larger producers of ethanol, such as Archer Daniels Midland Company, Cargill, Inc., Valero Energy Corporation, have substantially greater financial, operational, procurement, marketing, distribution and technical resources than we have. Additionally, smaller competitors, such as farmer-owned cooperatives and independent companies owned by farmers and investors, have business advantages, such as the ability to more favorably procure corn by operating smaller plants that may not affect the local price of corn as much as larger-scale plants like ours or requiring their farmer-owners to sell them corn as a requirement of ownership.

We also face increasing competition from international ethanol suppliers. Most international ethanol producers have cost structures that can be substantially lower than ours and therefore can sell their ethanol for substantially less than we can. While ethanol imported to the United States was subject to an ad valorem tax and a per gallon surcharge that helped mitigate the effects of international competition for United States ethanol producers, the tax and per gallon surcharge expired on December 31, 2011. Because the tax and surcharge on imported ethanol was not extended beyond December 31, 2011, we will face increased competition from imported ethanol and foreign producers of ethanol. In addition, ethanol imports from certain countries are exempted from these tariffs under the Caribbean Basin Initiative to spur economic development in Central America and the Caribbean.

Competing ethanol producers may introduce competitive pricing pressures that may adversely affect our sales levels and margins or our ability to procure corn at favorable prices. As a result, we cannot assure you that we will be able to compete successfully with existing or new competitors.

We may engage in hedging transactions which involve risks that could harm our business.

We will be exposed to market risk from changes in commodity prices. Exposure to commodity price risk results from our dependence on corn and natural gas in the ethanol production process. We expect to minimize the risks from fluctuations in the prices of corn, natural gas and ethanol through the use of hedging instruments. The effectiveness of our hedging strategies will be dependent on the price of corn, natural gas and ethanol and our ability to sell sufficient products to use all of the corn and natural gas for which we have futures contracts. Our hedging activities may not successfully reduce the risk caused by price fluctuation which may leave us vulnerable to high corn and natural gas prices, as well as low ethanol prices.

Our operations and financial performance could be adversely affected by infrastructure disruptions and lack of adequate transportation and storage infrastructure in certain areas.

We expect to ship our ethanol to customers primarily by the railroad adjacent to our anticipated plant site. We also expect to have the ability to receive inbound corn via the railroad. Our customers will require appropriate transportation and storage capacity to take delivery of the products we produce. Without the appropriate flow of natural gas to our plant, we may not be able to run at desired production levels or at all. Therefore, our business will be dependent on the continuing availability of rail, highway and related infrastructure. Any disruptions in this infrastructure network, whether caused by labor difficulties, earthquakes, storms, other natural disasters, human error or malfeasance or other reasons, could have a material adverse effect on our business. We expect to rely upon third-parties to maintain the rail lines from our plant to the national rail network, and any failure on their part to maintain the lines could impede our delivery of products, impose additional costs on us and could have a material adverse effect on our business, results of operations and financial condition.

In addition, lack of infrastructure prevents the use of ethanol in certain areas where there might otherwise be demand and results in excess ethanol supply in areas with more established ethanol infrastructure, depressing ethanol prices in those areas. In order for the ethanol industry to grow and expand into additional markets and for ethanol to be sold in these new markets, there must be substantial development of infrastructure including:

- additional rail capacity;
- additional storage facilities for ethanol;
- increases in truck fleets capable of transporting ethanol within localized markets;
- expansion of refining and blending facilities to handle ethanol; and
- growth in service stations equipped to handle ethanol fuels.

The substantial investments that will be required for these infrastructure changes and expansions may not be made on a timely basis, if at all, and decisions regarding these infrastructure improvements are outside of our control. Significant
delay or failure to improve the infrastructure that facilitates the distribution could curtail more widespread ethanol demand or reduce prices for our products in certain areas, which would have a material adverse effect on our business, results of operations or financial condition.

	Rail logistical problems persist. We may face delays in shipments of our products which could negatively impact our financial performance.

There has been an increase in rail traffic congestion throughout the United States primarily due to the increase in cargo trains carrying shale oil. High demand and an unusually harsh winter resulted in significant rail delays and rail logistical problems during most of 2014. Rail delays caused some ethanol plants to slow or suspend production. If inadequate rail logistics persist once we are operational, we may face delays in returning rail cars to our plant which may affect our ability to operate our plant at full capacity due to ethanol storage capacity constraints, which in turn could have a negative effect on our financial performance.

If sufficient quantities of energy sources are not available at a reasonable price, we might be unable to operate profitably.

The plant will require a significant and uninterrupted supply of electricity, natural gas, and water to operate. We plan to enter into agreements with gas, electric, and water utilities to provide our needed energy and water, but there can be no assurance that those utilities will be able to reliably supply the gas, electricity, and water that we need. If there is an interruption in the supply of energy for any reason, such as supply, delivery or mechanical problems, we may be required to halt production. If production is halted for an extended period of time, we would cease to generate revenue, which could result in our defaulting on a debt service or other financial obligations.

At the present time, we have no contracts, commitments or understandings with any natural gas supplier. Based on preliminary discussions, we anticipate entering into an agreement with a natural gas supplier before we begin construction of the ethanol plant and that the natural gas supply will be sufficient to meet our needs; however, we do not anticipate that our natural gas supplier will guarantee that the natural gas supply will be uninterrupted. We intend to purchase a propane tank to serve as a back-up energy source in the event of interruption of our natural gas supply. Therefore, there is no assurance that we will be able to obtain a sufficient supply of natural gas or that we will be able to procure propane on terms that are attractive to us. We have not entered into any agreements for the construction of the pipeline and there can be no assurance that we will be able to procure an agreement on terms acceptable to us, or if at all.

We do not anticipate that using propane as our back-up energy source will require any adjustments to plant operations as we plan to install use a single package boiler, capable of supplementing our natural gas supply with propane or, if need be, burning propane alone. However, there is no guarantee that plant adjustments will not be required and that such adjustments may result in temporary production interruptions which may hinder our ability to operate the plant efficiently.

We intend to enter into an energy management services agreement with a third-party service provider. Such a service provider will assist us with electric energy, natural gas and propane management and procurement. Its responsibilities will include administration of our gas supply contracts, nomination, scheduling and other logistical issues such as storage and transportation, negotiation and delivery.

We will also need to purchase significant amounts of electricity to operate the proposed ethanol plant. We intend to enter into an electrical services agreement with the local electric utility, Oahe Electric Cooperative, to supply all of the electricity necessary to operate the ethanol plant. There can be no assurance that our anticipated supplier will enter into an agreement on terms that are acceptable to us. If we cannot reach an acceptable agreement with an electricity supplier, we will be required to explore other, possibly very expensive, alternatives. Such event would have a material adverse effect on our financial performance. In addition, electricity prices have historically fluctuated significantly. Sustained increases in the price of electricity would increase our cost of production and such additional costs could limit our ability to operate profitably.

	Our ability to successfully operate is dependent on the availability of water at anticipated prices.

Water supply and water quality are important requirements to operate the ethanol plant. If we are unable to obtain a sufficient supply of water to sustain the ethanol plant in the future, our ability to make a profit may decline.

We have not yet entered into any definitive agreements to obtain water resources and we may have to pay more than we expect to access efficient water resources. Prior to commencement of construction, we anticipate entering into an agreement with Mid Dakota Rural Water System to obtain our plant’s water requirements. However, we have no contracts, commitments or understandings with Mid Dakota Rural Water System or any other supplier at this time. In the event we are
not able to reach an agreement with Mid Dakota Rural Water System approved, we would need to explore alternative water supply sources, such as high capacity wells; however, the cost of alternative water supply sources could prohibit their use.

**Operational difficulties at our plant could negatively impact our sales volumes and could cause us to incur substantial losses.**

We may experience operational difficulties at our plant that results in scheduled and unscheduled downtime or reductions in the number of gallons of ethanol we produce. Our revenues are driven in large part by the number of gallons of ethanol and the number of tons of distillers' grains we produce. If our ethanol plant does not efficiently produce our products in high volumes, our business, results of operations, and financial condition may be materially adversely affected.

Our operations will also be subject to operational hazards inherent in our industry and to manufacturing in general, such as equipment failures, fires, explosions, abnormal pressures, blowouts, pipeline ruptures, transportation accidents and natural disasters. Some of these operational hazards may cause personal injury or loss of life, severe damage to or destruction of property and equipment or environmental damage, and may result in suspension of operations and the imposition of civil or criminal penalties. The occurrence of any of these operational hazards may materially adversely affect our business, results of operations and financial condition. We expect to acquire appropriate insurance coverage to protect in such events. However, there is no assurance that our insurance will be adequate to fully cover the potential operational hazards described above or we may not be able to obtain or renew this insurance on commercially reasonable terms or at all.

**Our business will be materially harmed if our third party marketers do not effectively market or sell the ethanol, distillers' grains and corn oil we produce or if there is a significant reduction or delay in orders from our marketers.**

We expect to enter into agreements with third parties to market our supply of ethanol, distillers' grains and corn oil. We cannot be certain that our marketers will market or sell our ethanol, distillers' grains and corn oil effectively. Our success in achieving revenue from the sale of ethanol, distillers' grains and corn oil will depend upon the viability and financial stability of our marketers. Our marketers may choose to devote their efforts to other producers or reduce or fail to devote the necessary resources to provide effective sales and marketing support of our products. We believe that our financial success will depend in large part upon the success of our marketers in operating their businesses. If our marketers do not effectively market and sell our ethanol, distillers' grains and corn oil, our business will be harmed and you could lose your entire investment.

**Railcars currently used to transport ethanol and other fuels may need to be retrofitted or replaced to meet potential new rail safety standards.**

The U.S. ethanol industry has long relied on railroads to deliver its product to market. On May 1, 2015, the U.S. Department of Transportation ("DOT"), through its Pipeline and Hazardous Materials Safety Administration ("PHMSA") and Federal Railroad Administration ("FRA"), and in coordination with Transport Canada, announced the final rule, "Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains". The rule calls for an enhanced tank car standard known as the DOT specification 117, or DOT-117 tank car, and establishes a schedule for retrofitting or replacing older tank cars carrying crude oil and ethanol. The rule also establishes new braking standards that are intended to reduce the severity of accidents and the so-called “pile-up effect”. Under prescribed circumstances, new operational protocols apply including reduced speed, routing requirements and local government notifications. In addition, persons that offer hazardous material for transportation must develop more accurate classification protocols. These regulations will result in upgrades or replacements of railcars currently in use, and may likely have an adverse effect on our operations as lease costs for railcars will likely increase. Additionally, existing railcars could be out of service for a period of time while such upgrades are made, tightening supply in an industry that is highly dependent on such railcars to transport its products. As a result it may be difficult for us to secure leasing arrangements for the rail cars we will need to transport our products once operational.

**We will not own our railcar fleet and our railcar assets will be subject to lease agreements with railcar lessors. If we are unable to enter into lease agreements on suitable terms, our ability to operate profitably may be negatively impacted.**

We anticipate that we will require a fleet of railcars that we will lease from one or more lessors pursuant to lease agreements. If we are unable to find lessors willing to extend lease arrangements to us, we may be unable to transport our products by rail, which in turn could significantly reduce our ability to operate profitably. Furthermore, there is no guarantee that any such lease agreements will be on favorable commercial terms. To the extent we are unable to enter into lease agreements on terms that are favorable to us, our revenues and cash flows could decline and the value of your units could be materially and adversely affected.
Risks Related to Ethanol Industry

Declining oil prices and resultant lower gas prices may materially affect ethanol pricing and demand.

Ethanol has historically traded at a discount to gasoline; however, with the recent decline in oil prices, ethanol is currently trading at a premium to gasoline causing a disincentive for blending of ethanol beyond the required 10% blend rate. Consequently, there may be a negative impact on ethanol pricing and demand, which could result in a material adverse effect on our financial prospects and negatively affect our ability to successfully complete our project.

We expect to operate in an intensely competitive industry and compete with larger, better financed entities which could impact our ability to operate profitably.

There is significant competition among ethanol producers. There are numerous producer-owned and privately-owned ethanol plants planned and operating throughout the Midwest and elsewhere in the United States. We will also face competition from outside of the United States. The largest ethanol producers include Archer Daniels Midland, POET, Valero Renewable Fuels, and Green Plains Renewable Energy, each of which are each capable of producing significantly more ethanol than we anticipate producing. Further, many believe that there will be further consolidation in the ethanol industry in the future, which will likely lead to a few companies who control a significant portion of the ethanol production market. We may not be able to compete with these larger entities. These larger ethanol producers may be able to affect the ethanol market in ways that are not beneficial to us which could negatively impact our financial performance.

Competition from the advancement of alternative fuels may lessen the demand for ethanol.

Alternative fuels, gasoline oxygenates, and ethanol production methods are continually under development. A number of automotive, industrial and power generation manufacturers are developing alternative clean power systems using fuel cells, plug-in hybrids or clean burning gaseous fuels. Like ethanol, these emerging technologies offer an option to address worldwide energy costs, the long-term availability of petroleum reserves, and environmental concerns. If these alternative technologies continue to expand and gain broad acceptance and become readily available to consumers for motor vehicle use, we may not be able to compete effectively. This additional competition could reduce the demand for ethanol, resulting in lower ethanol prices that might adversely affect our ability to generate revenues.

Consumer resistance to the use of ethanol based on the belief that ethanol is expensive, adds to air pollution, harms engines and/or takes more energy to produce than it contributes may affect the demand for ethanol.

Certain individuals believe that the use of ethanol will have a negative impact on gasoline prices at the pump. Some also believe that ethanol adds to air pollution and harms car and truck engines. Still other consumers believe that the process of producing ethanol actually uses more fossil energy, such as oil and natural gas, than the amount of energy that is produced. These consumer beliefs could potentially be wide-spread and may be increasing as a result of recent efforts to increase the allowable percentage of ethanol that may be blended for use in conventional automobiles. If consumers choose not to buy ethanol based on these beliefs, it would affect the demand for the ethanol we expect to produce which could negatively affect our profitability and your investment in us.

Sustained negative operating margins may require some ethanol producers to temporarily limit or cease production.

Our ability and the ability of other ethanol producers, to operate profitably are largely determined by the spread between the price paid for corn and the price received for ethanol. If this spread is narrow or is negative for a sustained period, some ethanol producers may elect to temporarily limit or cease production until their possibility for profitability returns. If we successfully construct our proposed plant, we may be required to temporarily limit or cease production if we experience a period of sustained negative operating margins. In such an event, we would still incur certain fixed costs, which could impact our financial performance and the value of your units.

The EPA imposed E10 “blend wall” if not overcome will have an adverse effect on demand for ethanol.

In recent years, the demand for ethanol has increased, particularly in the upper Midwest, in part because of two major programs established by the Clean Air Act Amendments of 1990: the Oxygenated Gasoline Program and the Reformulated Gasoline Program. Under these programs, an additive (oxygenate) is required to be blended with gasoline used in areas with excessive carbon monoxide or ozone pollution to help mitigate these conditions. Because of the potential health and environmental issues associated with MTBE and the actions of the EPA, ethanol is now used as the primary oxygenate in those areas requiring an oxygenate additive pursuant to state or federal law. A clean air additive is a substance that, when added to gasoline, reduces tailpipe emissions, resulting in improved air quality characteristics. Ethanol contains 35% oxygen,
approximately twice that of MTBE, a historically used oxygenate. The additional oxygen found in ethanol results in more complete combustion of the fuel in the engine cylinder, which reduces tailpipe emissions by as much as 30%, including a 12% reduction in volatile organic compound emissions when blended at a 10% level. Pure ethanol, which is non-toxic, water soluble and biodegradable, replaces some of the harmful gasoline components, including benzene. The United States consumes approximately 135-140 billion gallons of gasoline a year. More than 95% of those gallons were blended with ethanol, predominantly at the E10 level.

Many in the ethanol industry believe that it will be difficult to meet the federal RFS renewable volume obligations in future years without an increase in the percentage of ethanol that can be blended with gasoline for use in standard (non-flex fuel) vehicles. This is commonly referred to as the “blend wall,” which represents a theoretical limit where more ethanol cannot be blended into the national gasoline pool. This is a theoretical limit because it is believed that it would not be possible to blend ethanol into every gallon of gasoline that is being used in the United States and it discounts the possibility of additional ethanol used in higher percentage blends such as E85 used in flex fuel vehicles.

We believe that the “blend wall” is one of the most critical governmental policies currently facing the ethanol industry. The “blend wall” arises because of several conflicting requirements. First, the RFS dictates a continuing increase in the amount of ethanol blended into the national gasoline supply requiring 36 billion gallons of renewable fuels be used annually by 2022. Second, the EPA mandates a limit of 10% ethanol inclusion in non-flex fuel vehicles. E10 is the most common ethanol blend sold and the only blend the EPA has approved for use in all American automobiles. There is growing availability of E85 (85% ethanol and 15% gasoline) for use in flexible fuel vehicles, however it is limited due to lacking infrastructure. In addition, the industry has been working to introduce E15 to the retail market since the EPA issued final approval in 2012 for the sale and use of E15 ethanol blends in light duty passenger vehicles model year 2001 and newer. According to EPA data, since that time, approximately 80 fuel manufacturers have registered and been approved by the EPA to produce and sell ethanol for use in making E15. However, wide spread adoption of E15 is hampered by regulatory and infrastructure hurdles in many states, as well as consumer acceptance. To date only thirteen states have approved the commercial sale of E15. As such, we do not anticipate that E15 will impact ethanol demand or pricing in the near term. Additionally, sales of E15 may be limited because: (i) it is not approved for use in all vehicles; (ii) the EPA requires a label that management believes may discourage consumers from using E15; and (iii) retailers may choose not to sell E15 due to concerns regarding liability. In addition, different gasoline blendstocks may be required at certain times of the year in order to use E15 due to federal regulations related to fuel evaporative emissions. This may prevent E15 from being used during certain times of the year in various states. As a result, we believe that E15 may not have an immediate impact on ethanol demand in the United States. Rather, consumer acceptance of E15 and flex fuel vehicles, along with continued growth of E85, is necessary before ethanol can achieve any market growth beyond the blend wall. As industry production capacity reaches the blend wall, the supply of ethanol in the market may surpass the demand which in turn may negatively impact ethanol prices and our ability to operate profitability or at all.

Risks Related to Regulation and Governmental Action

A change in government policies unfavorable to ethanol may cause demand for ethanol to decline, which could reduce the value of your investment.

Growth and demand for ethanol may be driven primarily by federal and state government policies, including the RFS and state level incentives. The continuation of these policies is uncertain, which means that demand for ethanol may decline if these policies change or are discontinued. A decline in the demand for ethanol is likely to cause a reduction in the value of your investment.

Loss of favorable incentives for the ethanol industry as a whole could hinder our ability to operate at a profit and reduce the value of your investment in us.

In addition to demand for ethanol as an oxygenate, ethanol demand has increased because of the adoption of federal ethanol supports. The primary federal ethanol support is the federal RFS. The RFS requires that in each year, a certain amount of renewable fuels must be blended into transportation fuels in the United States. The RFS is a national program that does not require that any renewable fuels be used in any particular area or state, allowing refiners to use renewable fuel blends in those areas where it is most cost-effective. The RFS statutory mandate level for conventional biofuels, like cornstarch based ethanol, for 2014 is 14.4 billion gallons. Future demand will be largely dependent upon the economic incentives to blend based upon the relative value of gasoline versus ethanol, taking into consideration the relative octane value of ethanol, environmental requirements and the RFS mandate. Any significant increase in production capacity beyond the RFS mandated level may have an adverse impact on ethanol prices.
Annually, the EPA passes a rule that establishes the RVO of different types of renewable fuels that must be used in the United States by individual obligated parties (fuel refiners, blenders and importers). In November 2013, the EPA issued a proposed rule that would reduce the total 2014 RVO to 13.0 billion gallons of corn-based renewable fuel; marking the first time the corn-based renewable fuel and total renewable fuel RVOs have been set below the legislated target. On November 21, 2014, the EPA announced that it would not finalize the 2014 RVOs until sometime in 2015 to allow them time to set RVOs for 2014 through 2016. In April 2015, the EPA reached a settlement in connection with a lawsuit filed against the agency in March 2015 by the American Petroleum Institute and the American Fuel and Petrochemical Manufacturers which requires the EPA to issue volume requirements for 2015 by June 1, 2015 and finalize requirements for 2014 and 2015 by November 30, 2015. Outside the scope of the consent decree, the EPA also committed to propose RFS volume requirements for 2016 by June 1, 2015 and to finalize those requirements by November 30, 2015.

On May 29, 2015, the EPA sent its proposal to the White House Office of Management and Budget for regulatory review. The May 2015 proposed rule would reduce the RFS2 levels for 2014, 2015, and 2016 to approximately 15.9 billion gallons, 16.3 billion gallons, and 17.4 billion gallons, respectively, and reduced the renewable volume obligations that can be satisfied by corn-based ethanol to 13.3 billion gallons, 13.4 billion gallons, and 14.0 billion gallons, respectively. While the EPA’s May 2015 proposed RVO standards do increase over time, they also fall significantly short of statutory requirements and the reductions from the statutory volumes were greater than many in the industry anticipated. If the EPA’s proposal becomes a final rule, the market price and demand for ethanol will likely decrease which will negatively impact our financial performance.

To measure compliance with the RFS, RINs are generated and attached to each gallon of renewable fuels, such as the ethanol we produce, and detached when the renewable fuel is blended into the transportation fuel supply. Detached RINs may be retired by obligated parties to demonstrate compliance with RFS or may be separately traded in the market. The market price of detached RINs may affect the price of ethanol in certain U.S. markets as obligated parties may factor these costs into their purchasing decisions. Moreover, at certain price levels for various types of RINs, it becomes more economical to import foreign sugar cane ethanol. If changes to RFS result in significant changes in the price of various types of RINs, it could negatively affect the price of ethanol, which could adversely affect our operations.

In order to generate RINs and sell ethanol eligible to meet RFS RVO, we must achieve “efficient producer” status and register with the EPA, which may impose requirements on how we operate our ethanol plant, which in turn, may adversely impact our ability to operate profitably.

The RFS, and the EPA’s regulations implementing the RFS, specify that renewable fuel producers and importers may generate RINs for the renewable fuels they produce only if they qualify through one of the existing EPA approved fuel pathways. On September 30, 2014, the EPA announced a new expedited “efficient producer” petition process for corn starch and grain sorghum dry mill ethanol plants, like our proposed plant, to demonstrate the producer meets a minimum 20% reduction in GHG emissions, based on a lifecycle assessment, in comparison to the petroleum fuels its ethanol will displace. In March 2015, we filed a petition requesting EPA approval for “efficient producer” status. On June 15, 2015, the EPA awarded our proposed plant “efficient producer” status for the volumes of ethanol we expect to produce at our plant from corn feedstock.

Pursuant to our “efficient producer” status approval, we are authorized to generate RINs for our ethanol if we can demonstrate that all ethanol produced at the plant (from both corn and grain sorghum feedstock) during an averaging period (defined as the prior 365 days or the number of days since the date EPA efficient producer pathway approval) meets the 20% GHG reduction requirement. Although we believe our plant, if operated as presently contemplated, will be able to achieve and maintain continuous compliance with the 20% reduction in GHG emissions requirement, there is no guarantee that we will be able to do so. If we cannot achieve and/or maintain continuous compliance with the 20% reduction in GHG emissions requirement, we may be required to purchase additional RINs in the open market, sell our ethanol production at lower prices in the domestic market to compensate for the lack of RINs or sell our ethanol in the export market where RINs are not required. Any of the foregoing events, may adversely impact our ability to operate profitability and may result in the loss of some or all of your investment.

In order to achieve and maintain the required 20% reduction in GHG emissions, we expect that at our initial production capacity of just over 70 million gallons per year, we will be required to reduce the amount of dried distillers’ grains we dry to 80% of the total amount of distillers’ grains we produce in order to help reduce our energy usage. Additionally, we must sell our distillers’ grains for animal feed only. Once operations commence and if we determine it is profitable to do so, we expect to expand the production capacity of the ethanol plant to up to approximately 97.5 million un-denatured gallons per year by the end of our fourth year of operation. Therefore, as we increase production capacity, we will likely be required to further reduce the amount of distillers’ grains we dry by as much as 50% of the total amount of distillers’ grains we produce to protect our ability to generate RINs.
In addition to constraining our ability to dry distillers’ grains, to comply with our “efficient producer” status, we must sell our distillers’ grains for animal feed only. Accordingly, we expect to be dependent on local dairy, beef, and poultry operations and feedlot markets for sales of wet and modified wet distillers’ grains. As a result, our ability to adjust our distillers’ grains product mix and access to diversified markets may be limited. Assuming we expand the plant’s production capacity as presently anticipated, the number of tons of distillers’ grains will increase and the amount of wet and modified wet distillers’ grains we expect to produce and sell to maintain continuous compliance with the GHG emissions reduction requirement will also increase. Therefore, our reliance on the local markets for sales of our wet and modified wet distillers’ grains will be further exacerbated. Presently, the bulk of the current demand for distillers’ grains is for dried distillers’ grains in regional, national and international export markets. If we, or our third party distillers’ grains marketer, is unable to develop a sufficient local market for our wet and/or modified wet distillers’ grains, we may be forced to sell our wet and/or modified wet distillers’ grains below cost or incur significant transportation costs to transport the wet and modified wet distillers’ grains to buyers outside of the local market. Either of these situations could reduce our profitability and decrease or eliminate the value of your investment.

Alternatively, we may be required to install advanced technology or limit drying of certain amounts of distillers’ grains to achieve “efficient producer” status. If we are required to install advanced technology, our estimated total project could materially increase. Any significant increase in the estimated construction cost of the plant could delay our ability to generate revenues and reduce the value of your units because our revenue stream may not be able to adequately support the increased cost and expense attributable to increased construction costs.

We may be required to pay substantial penalties if we inadvertently sell ethanol with invalid RINs to an obligated party.

If we achieve “efficient producer” status, we will be required to maintain continuous on-going compliance with the 20% reduction in GHG emissions requirement to generate RINs for our ethanol. If we sell ethanol that is ultimately determined to have invalid ethanol RINs due to failure to comply with the 20% reduction in GHG emissions requirement, albeit unknowingly or unintentionally, we could be subject to penalties. If assessed at the maximum amount allowed by law, such penalties could be substantial. If we were subject to such penalties, it could have an adverse impact on our profitability and the value of your investment.

Changes in environmental regulations or violations of the regulations could be expensive and reduce our profit and the value of your investment.

We will be subject to extensive air, water and other environmental regulations and we will need to obtain a number of environmental permits to construct and operate the plant. In addition, it is likely that our senior debt financing will be contingent on our ability to obtain the various environmental permits that we will require. If for any reason, any of these permits are not granted, construction costs for the plant may increase, or the plant may not be constructed at all. Additionally, any changes in environmental laws and regulations, both at the federal and state level, could require us to invest or spend considerable resources in order to comply with future environmental regulations. The expense of compliance could be significant enough to reduce our profit and the value of your investment.

Risks Related to Tax Issues

EACH PROSPECTIVE MEMBER SHOULD CONSULT HIS OR HER OWN TAX ADVISOR CONCERNING THE IMPACT THAT HIS OR HER PARTICIPATION IN THE COMPANY MAY HAVE ON HIS OR HER FEDERAL INCOME TAX LIABILITY AND THE APPLICATION OF STATE AND LOCAL INCOME AND OTHER TAX LAWS TO HIS OR HER PARTICIPATION IN THIS OFFERING.

IRS classification of the company as a corporation rather than as a partnership would result in higher taxation and reduced profits, which could reduce the value of your investment in us.

We are a South Dakota limited liability company that has elected to be taxed as a partnership for federal and state income tax purposes, with income, gain, loss, deduction and credit passed through to the holders of the units. However, if for any reason the IRS would successfully determine that we should be taxed as a corporation rather than as a partnership, we would be taxed on our net income at rates of up to 35% for federal income tax purposes, and all items of our income, gain, loss, deduction and credit would be reflected only on our tax returns and would not be passed through to the holders of the units. If we were to be taxed as a corporation for any reason, distributions we make to investors will be treated as ordinary dividend income to the extent of our earnings and profits, and the payment of dividends would not be deductible by us, thus resulting in double taxation of our earnings and profits. If we pay taxes as a corporation, we will have less cash to distribute
to our unit holders.

*Your investment may be classified as passive activity income, resulting in your inability to deduct losses associated with your investment.*

If you are not involved in our operations on a regular, continuing and substantial basis, it is likely that the Internal Revenue Service will classify your interest in us as a passive activity. If an investor is either an individual or a closely held corporation, and if the investor’s interest is deemed to be “passive activity,” then the investor’s allocated share of any loss we incur will be deductible only against income or gains the investor has earned from other passive activities. Passive activity losses that are disallowed in any taxable year are suspended and may be carried forward and used as an offset against passive activity income in future years. These rules could restrict an investor’s ability to currently deduct any of our losses that are passed through to such investor.

*Income allocations assigned to an investor’s units may result in taxable income in excess of cash distributions, which means you may have to pay income tax on your investment with personal funds.*

Investors will pay tax on their allocated shares of our taxable income. An investor may receive allocations of taxable income that result in a tax liability that is in excess of any cash distributions we may make to the investor. Among other things, this result might occur due to accounting methodology, lending covenants that restrict our ability to pay cash distributions or our decision to retain the cash generated by the business to fund our operating activities and obligations. Accordingly, investors may be required to pay some or all of the income tax on their allocated shares of our taxable income with personal funds.

*An IRS audit could result in adjustments to our allocations of income, gain, loss and deduction causing additional tax liability to our members.*

The IRS may audit our income tax returns and may challenge positions taken for tax purposes and allocations of income, gain, loss and deduction to investors. If the IRS were successful in challenging our allocations in a manner that reduces loss or increases income allocable to investors, you may have additional tax liabilities. In addition, such an audit could lead to separate audits of an investor’s tax returns, especially if adjustments are required, which could result in adjustments on your tax returns. Any of these events could result in additional tax liabilities, penalties and interest to you, and the cost of filing amended tax returns.

*Before making any decision to invest in us, you should read this entire memorandum, including all of its exhibits, including the “Certain Tax Aspects” attached hereto as Exhibit D. You should consult with your own investment, legal, tax and other professional advisors to determine how ownership of our units will affect your personal investment, legal, and tax situation. In addition to the above risks, businesses are often subject to risks not foreseen or fully appreciated by management. In reviewing this memorandum, you should keep in mind that other possible risks could be or become important.*

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**DETERMINATION OF OFFERING PRICE**

There is no established market for our units. We established the offering prices without an independent valuation of the units. We established the offering prices based on our estimate of capital and expense requirements, not based on perceived market value, book value, or other established criteria. In considering our capitalization requirements, we determined the minimum and maximum aggregate offering amounts based upon our cost of capital analysis and debt to equity ratios generally acceptable in the industry. In determining the offering prices per unit we considered the additional administrative expense which would likely result from a lower offering price per unit. If we were to offer a lower price per unit, we would likely have an increase in the number of members which would increase our administrative expenses, such as printing expenses and the costs associated with increased unit trading. We also considered the dilution impact of our recent private placement offering prices of $1,666.67 per unit to our founders and $3,333.34 per unit to our seed capital investors in determining an appropriate public offering price per unit. The units may have a value significantly less than the offering prices and there is no guarantee that the units will ever obtain a value equal to or greater than the offering prices.
We have previously issued 600 units to our founders at a price of $1,666.67 per unit and 600 units to our seed capital investors at a price of $3,333.34 per unit. We received total proceeds from our previous private placements of $3.0 million. If the minimum offering amount of $65.0 million is attained, we will have total membership proceeds of $71.5 million at the end of this offering, less offering expenses, assuming all units in this offering are sold at a price of $5,000 per unit. If the maximum offering of $96.0 million is attained, we will have total membership proceeds of $98.9 million at the end of this offering, less offering expenses, assuming all units in this offering are sold at a price of $5,000 per unit.

Capitalization Table

The following table sets forth our capitalization at June 30, 2015, which is unaudited, on an actual and pro forma basis to reflect the units offered in this offering.

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Pro Forma(1)</th>
<th>Pro Forma(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Minimum(2)</td>
<td>Maximum(2)</td>
</tr>
<tr>
<td>Unit holders' equity</td>
<td>$3,000,000</td>
<td>$68,000,000</td>
<td>$99,000,000</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>$(222,317)</td>
<td>$(222,317)</td>
<td>$(222,317)</td>
</tr>
<tr>
<td>Total unit holders equity</td>
<td>$2,777,683</td>
<td>$67,777,683</td>
<td>$98,722,683</td>
</tr>
<tr>
<td>Total Capitalization</td>
<td>$2,777,683</td>
<td>$67,777,683</td>
<td>$98,722,683</td>
</tr>
</tbody>
</table>

(1) As adjusted to reflect receipt of gross proceeds from this offering prior to deducting offering expenses and prior to securing a debt financing commitment.
(2) Assumes all units sold in this offering are sold at a purchase price of $5,000 per unit. The units are being offered at a price of $5,000 per unit for subscriptions post-marked or received by Company on or prior to December 15, 2015. After December 15, 2015, the units will be offered at a price of $5,500 per unit.
(3) In order to fully capitalize the project, we will also need to obtain debt financing ranging from approximately $41.1 million to $65.0 million depending on the amount raised in this offering and less any grants we are awarded and any bond financing we can obtain. Our estimated long-term debt requirements are based upon our anticipated equity investments, preliminary discussions with lenders and our independent research regarding capitalization requirements for ethanol plants of similar size.

Dilution

As of June 30, 2015, we had 1,200 outstanding units. We sold 600 units to our founders for $1,666.67 per unit. We sold an additional 600 units to our seed capital investors for $3,333.34 per unit. The units, as of June 30, 2015, had a net tangible book value of $2,777,687 or $2,314.74 per unit. The net tangible book value per unit represents members’ equity less intangible assets which includes, divided by the number of units outstanding. The offering price of $5,000 (or $5,500 after December 15, 2015) per unit exceeds the net tangible book value per unit of our outstanding units. Therefore, all current holders will realize, on average, an immediate increase of at least $2,599.18 per unit in the pro forma net tangible book value of their units if the minimum is sold at a price of $5,000 per unit, and an increase of at least $2,625.34 per unit if the maximum is sold at a price of $5,000 per unit. Purchasers of units in this offering will realize an immediate dilution of at least $86.08 per unit in the net tangible book value of their units if the minimum is sold at a price of $5,000 per unit, and a decrease of at least $59.92 per unit if the maximum is sold at a price of $5,000 per unit. Any investor purchasing units after December 15, 2015 at a purchase price of $5,500 per unit will experience even greater dilution.

An investor purchasing units in this offering will receive units diluted by the prior purchase of units by our founders and our seed capital investors in our previous private placement offerings. We have sold units to our founders at prices below the price at which we are currently selling units. The presence of these previously sold units will dilute the relative ownership interests of the units sold in this offering because these earlier investors received a relatively greater share of our equity for less consideration than investors are paying for units issued in this offering. Generally, all investors in this offering will notice immediate dilution. We have and will continue to use this previously contributed capital to finance development costs and for initial working capital purposes. We intend to use any remaining balance for the same purposes as those of this offering.
The following table illustrates the increase to existing unit holders and the dilution to purchasers in the offering in the net tangible book value per unit assuming the minimum or the maximum number of units is sold. The table does not take into account any other changes in the net tangible book value of our units occurring after June 30, 2015, or offering expenses related to this offering.

<table>
<thead>
<tr>
<th>Pro forma net tangible book value per unit at June 30, 2015</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in pro forma net tangible book value per unit attributable to the sale of 13,000 (minimum) and 19,200 (maximum) units at $5,000 per unit</td>
<td>$2,599.18</td>
<td>$2,625.34</td>
</tr>
<tr>
<td>Net tangible book value per unit at June 30, 2015, as adjusted for the sale of units</td>
<td>$4,913.92</td>
<td>$4,940.08</td>
</tr>
<tr>
<td>Dilution per unit to new investors in this offering</td>
<td>$(86.08)</td>
<td>$(59.92)</td>
</tr>
</tbody>
</table>

(1) The units are being offered at a price of $5,000 per unit for subscriptions post-marked or received by Company on or prior to December 15, 2015. After December 15, 2015, the units will be offered at a price of $5,500 per unit.

We may seek additional equity financing in the future, which may cause additional dilution to investors in this offering, and a reduction in their equity interest. The holders of the units purchased in this offering will have no preemptive rights on any units to be issued by us in the future in connection with any such additional equity financing. We could be required to issue warrants to purchase additional units to a lender in connection with our debt financing. If we sell additional units or warrants to purchase additional units, the sale or exercise price could be higher or lower than what investors are paying in this offering. If we sell additional units at a lower price it could lower the value of an existing investor’s units.

The tables below set forth as of June 30, 2015, on an “as-if-converted” basis, the difference between the number of units purchased, and total consideration paid for those units, by existing unit holders, compared to units purchased by new investors in this offering without taking into account any offering expenses.

<table>
<thead>
<tr>
<th>Total Number of Units Purchased</th>
<th>Min. Number</th>
<th>%</th>
<th>Max. Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing unit holders (As of June 30, 2015)</td>
<td>1,200</td>
<td>8.5%</td>
<td>1,200</td>
<td>5.9%</td>
</tr>
<tr>
<td>New investors</td>
<td>13,000</td>
<td>91.5%</td>
<td>19,200</td>
<td>94.1%</td>
</tr>
<tr>
<td>Total</td>
<td>14,200</td>
<td>100.0%</td>
<td>20,400</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

(1) Assumes no purchases by existing unit holders in the current offering.

<table>
<thead>
<tr>
<th>If Minimum Offering Sold</th>
<th>Amount</th>
<th>Min. %</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing unit holders (As of June 30, 2015)</td>
<td>$3,000,000</td>
<td>4.4%</td>
<td>$2,500</td>
</tr>
<tr>
<td>New investors</td>
<td>$65,000,000</td>
<td>95.6%</td>
<td>$5,000</td>
</tr>
<tr>
<td>Total</td>
<td>$68,000,000</td>
<td>100.0%</td>
<td>$4,788.73</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>If Maximum Offering Sold</th>
<th>Amount</th>
<th>Max. %</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing unit holders (As of June 30, 2015)</td>
<td>$3,000,000</td>
<td>3.0%</td>
<td>$2,500</td>
</tr>
<tr>
<td>New investors</td>
<td>$96,000,000</td>
<td>97.0%</td>
<td>$5,000</td>
</tr>
<tr>
<td>Total</td>
<td>$99,000,000</td>
<td>100.0%</td>
<td>$4,852.94</td>
</tr>
</tbody>
</table>

(1) Assumes all units sold in this offering are sold at a purchase price of $5,000 per unit. The units are being offered at a price of $5,000 per unit for subscriptions post-marked or received by Company on or prior to December 15, 2015. After December 15, 2015, the units will be offered at a price of $5,500 per unit.

**DISTRIBUTION POLICY**

Decisions related to distributions will be entirely within the board of directors’ discretion, taking into account various factors, including our financial condition, operating results and current and anticipated cash needs, and subject to certain financial covenants required by our senior credit facility and restrictions under South Dakota law. Our operating agreement requires the board of directors to endeavor to make cash distributions at such times and in such amounts as will permit our unit holders to satisfy their income tax liability in a timely fashion. In the event our board of directors declares a distribution, such distributions will be allocated and paid to members based upon their respective percentage of our total issued and outstanding units.

We anticipate that, subject to any loan covenants or restrictions with any senior and term lenders, we will distribute “net cash flow” to our members in proportion to the units that each member holds relative to the total number of units outstanding. “Net cash flow” means our gross cash proceeds less any portion, as determined by the board of directors in their
sole discretion, used to pay or establish reserves for operating expenses, debt payments, capital improvements, replacements, contingencies and other business purposes. However, we may not ever be able to pay any additional distributions to the unit holders including you. The Company will be completely dependent upon revenues generated from the sale of ethanol, distillers’ grains, and corn oil. If no revenues are generated from sales of ethanol, distillers’ grains, and corn oil, there will be no funds available for distributions to Members.

The amount of our taxable income allocated to you for any tax year could exceed any cash distributions you may receive for that year. It is possible that you may not receive any distributions, or that distributions received may be less than the tax liability attributed to you, and, therefore, you may be forced to pay tax liabilities out of your personal funds.

MANAGEMENT’S PLAN OF OPERATIONS

Overview

This memorandum contains forward-looking statements that involve risks and uncertainties. Actual events or results may differ materially from those indicated in such forward-looking statements. These forward-looking statements are only our predictions and involve numerous assumptions, risks and uncertainties, including, but not limited to those risk factors described elsewhere in this memorandum. The following discussion of the financial condition and results of our operations should be read in conjunction with the financial statements and related notes thereto included elsewhere in this memorandum.

We are a development-stage South Dakota limited liability company formed on September 14, 2014, for the purpose of constructing a 70 million gallon per year ethanol plant in south central South Dakota 30 miles east of the Missouri River in Sully County near the City of Onida. We do not expect to generate any revenue until the plant is completely constructed and operational. For more information about our potential plant site, please refer to “Description of Business — Project Location and Proximity to Markets.” Our board of directors reserves the right to change the location of the plant site, in their sole discretion, for any reason. We anticipate the final plant site will have access to both truck and rail transportation.

We expect that it will cost approximately $140.0 million to construct our plant with a 70 million gallon name plate capacity. This includes approximately $110.0 million to build the plant and an additional $30.0 million in other capital expenditures and working capital. We do not have a binding letter of intent with Fagen, nor do we have any binding or non-binding agreements with any contractor for the labor or materials necessary to build the plant. As a result, our anticipated total project cost is not a firm estimate and is expected to change from time to time as the project progresses. We are still in the development phase, and until the proposed ethanol plant is operational, we will generate no revenue. We anticipate that accumulated losses will continue to increase until the ethanol plant is operational.

Based upon engineering specifications produced by Fagen, we expect the plant to annually consume approximately 25 million bushels of corn and annually produce approximately 70 million gallons of fuel grade ethanol, approximately 212,500 tons distillers’ grain, and approximately 12.5 million pounds of corn oil. We currently estimate that it will take 14 to 16 months after construction commences to complete plant construction. Currently, we anticipate that construction will commence on or about late fall or early winter 2015, with completion in spring 2017. Once operations commence and if we believe it will be profitable to do so, we expect to expand the production capacity of the ethanol plant by approximately 10 million gallons per year during each of years two, three and four of plant operations by fine tuning plant operation and maximizing efficiencies and implementing smaller capital improvement projects. If we complete our expansion plans as anticipated, by the end of our fourth year of operation our annual production capacity will be approximately 97.5 million gallons of un-denatured ethanol per year. While we believe our production estimates are reasonable, we can offer no assurances that our plant will produce in excess of 70 million gallons of ethanol per year nameplate capacity or that we will be able to complete the necessary plant improvements to increase our plant production capacity on the schedule we anticipate, if at all. Further, we may experience unfavorable operating conditions in the ethanol industry that negatively affect our profitability and could cause us to temporarily lower to levels less than our available capacity or suspend production.

Plan of Operations Until Start-Up of Ethanol Plant

We expect to spend at least the next 12 months focused on three primary activities: (1) project capitalization; (2) site development; and (3) plant construction and start-up operations. Assuming the successful completion of this offering and the related debt financing, we expect to have sufficient cash on hand to cover all costs associated with construction of the project,
including, but not limited to, site acquisition and development, utilities, construction and equipment acquisition. In addition, we expect our seed capital proceeds to supply us with enough cash to cover our costs through this period, including staffing, office costs, audit, legal, compliance and staff training.

**Project Capitalization**

We will not close the offering until we have raised the minimum offering amount of $65.0 million. We have until July 28, 2016 to sell the minimum number of units required to raise the minimum offering amount. If we sell the minimum number of units prior to July 28, 2016, we may decide to continue selling units until we sell the maximum number of units or July 28, 2016, whichever occurs first. Even if we successfully close the offering by selling at least the minimum number of units by July 28, 2016, we will not release the offering proceeds from escrow until the cash proceeds in escrow equal $65.0 million or more and we secure a written debt financing commitment for debt financing ranging from a minimum of $41.1 million to a maximum of $65.0 million depending on the level of equity raised and the amount of bond financing and any grant funding we may receive. We estimated the range of debt financing we will need by subtracting the minimum and maximum amount of equity in this offering and the $3.0 million contributed by our founders and seed capital investors from the estimated total project cost of $140 million.

We have not yet obtained any commitments for equity, senior debt or bond financing. We have started identifying and interviewing potential lenders, however, we have not signed any commitment or contract for senior debt financing. Completion of the project relies entirely on our ability to attract these loans and close on this offering. We have, however, received a term sheet for senior debt financing from Home Federal Savings Bank totaling approximately $60.0 million. The proposed debt financing would consist of approximately $40.0 million dollars of USDA guaranteed term loans for construction of the plant and approximately $20.0 million of loans for operating activities. Although we have received a term sheet for senior debt financing, there is no guarantee that we will be able to reach financial closing on such debt financing or if we do, that it will be on terms favorable to us.

A senior debt financing commitment only obligates the lender to lend us the debt financing that we need if we satisfy all the conditions of the commitment. These conditions may include, among others, the total cost of the project being within a specified amount, the receipt of engineering and construction contracts acceptable to the lender, evidence of the issuance of all permits, acceptable insurance coverage and title commitment, the contribution of a specified amount of equity and attorney opinions. At this time, we do not know what business and financial conditions will be imposed on us. We may not satisfy the loan commitment conditions before closing, or at all. If this occurs we may:

- commence construction of the plant using all or a part of the equity funds raised while we seek another debt financing source;
- hold the equity funds raised indefinitely in an interest-bearing account while we seek another debt financing source; or
- return the equity funds, if any, to investors with accrued interest, after deducting the currently indeterminate expenses of operating our business or partially constructing the plant before we return the funds.

While the foregoing alternatives may be available, we do not expect to begin substantial plant construction activity before satisfying the loan commitment conditions or closing the loan transaction because it is very likely that Fagen will not begin any substantial plant construction and any lending institution will prohibit substantial plant construction activity until satisfaction of loan commitment conditions or loan closing. However, in the unlikely event that the loan commitment and Fagen permit us to spend equity proceeds prior to closing the loan and obtaining loan proceeds, we may decide to spend equity proceeds on project development expenses, such as securing critical operating contracts or owner’s construction costs such as site development expenses. If we decide to proceed in that manner, we expect the minimum aggregate offering amount would satisfy our cash requirements for approximately three to four months and the maximum aggregate offering amount would satisfy our cash requirements for approximately six to seven months. We expect that proceeding with plant construction prior to satisfaction of the loan commitment conditions or closing the loan transaction could cause us to abandon the project or terminate operations. As a result, you could lose all or part of your investment.

As part of our senior debt financing, we also expect to execute a mortgage and a security agreement in favor of the lender creating a senior lien on substantially all of our assets. In connection with the master loan agreement, we expect that we will be required to comply with certain debt covenants and financial ratios. Failure to comply with the loan covenants or to maintain the required financial ratios may cause acceleration of the outstanding principal balances on the loans and/or the imposition of fees, charges or penalties. Any acceleration of the debt financing or imposition of the fees, charges or penalties may restrict or limit our access to the capital resources necessary to continue plant construction or operations.
We may also obtain subordinated debt or bond financing for our project. We have not yet obtained any commitments for subordinated debt or bond financing. There is no guarantee that we will be able to conduct a successful offering or that we will be able to obtain the necessary senior debt (or subordinated debt financing and grants) to fully fund our project or if we do, that it will be on terms favorable to us.

In addition to senior debt and subordinated debt financing, we also expect to apply for and obtain grant financing for our project. To date, we have received a $50,000 grant from the South Dakota Corn Growers Association to assist us with development costs. Additionally, we expect to apply and qualify for additional approximately $700,000 to $900,000 in grant financing through following USDA grants:

- **REAP.** The Rural Energy for America Program (REAP) provides grants for renewable energy system (RES). We anticipate that we will be eligible for up to $500,000 under this program.
- **VAPG.** The Value Added Producer Grant provides grant funds that may be used towards development costs. We have applied for and anticipate that we will be eligible for up to $250,000 of funds under this program.
- **RBDG.** The Rural Business Development Grant (RBDG) program has not released funding announcement at this time. However, based on historical funding announcements, we anticipate that we will be eligible for up to $100,000 of funds under this program once the funding announcement is released.

We have not yet obtained any commitments or other definitive documents for the above identified USDA grants. As a result, there is no guarantee that will receive such grants or that the amount of grants awarded, if any, will be as we anticipate.

We may also use forgivable loans or other state or county financing incentives to finance our project. We have been awarded a $22,250 forgivable loan from the South Dakota Value Added Committee; however, we do not presently have any other economic commitment from the state of South Dakota. However, we have had preliminary discussions with the state regarding a declining five year property tax rebate, a sales tax refund for certain taxable construction period purchases, and a state financed hard surface county road. Additionally, we are exploring potential tax-increment bond financing as an alternative the declining five year property tax rebate. There are no assurances that we will be able to obtain the necessary tax increment financing, property tax rebates, sales tax refunds, or other financing or grants. Moreover, the mixture of state offered economic benefits that we ultimately receive, if any, may vary based upon the specific plant site that we chose and other factors beyond our control.

**Site Acquisition and Development**

During and after the offering, we expect to continue working principally on the preliminary design and development of our proposed ethanol plant, the acquisition and development of a plant site in just outside Onida, South Dakota in Sully County, obtaining the necessary construction permits, identifying potential sources of debt financing and negotiating the corn supply, ethanol and co-product marketing, utility and other contracts. We plan to fund these activities and initiatives using the $3.0 million of seed and founder capital. We believe that our existing funds will permit us to continue our preliminary activities through the end of this offering. If we are unable to close on this offering by that time or otherwise obtain other funds, we may need to delay or abandon operations.

In June 2015 we closed on the 42.5 acre parcel of real estate for which we had exercised our option. We paid $425,000 for the site, less $1,000, the amount we paid for the option on the real estate. We selected this plant site because of its close proximity to feedstock resources, access to required utilities capable of meeting plant consumption needs including natural gas, power and water, as well as its access to transportation infrastructure including Class A roadways and rail access. In addition, the level topography of the site should minimize land and dirt work required to support development. **However, we reserve the right, in the sole discretion of our board of directors, to select a different location for the plant.**

**Plant Construction and Start-up of Plant Operations**

We expect to complete construction of the proposed plant and commence operations approximately 14 to 16 months after construction commences. Our work will include completion of the final design and development of the plant. We also plan to negotiate and execute finalized contracts concerning the construction of the plant, provision of necessary electricity, natural gas and other power sources and marketing agreements for ethanol and co-products. Assuming the successful completion of this offering and our obtaining the necessary debt financing, we expect to have sufficient cash on hand to cover construction and related start-up costs necessary to make the plant operational. We estimate that we will need approximately

36
$110.0 million to construct the plant and a total of approximately $30.0 million to cover all capital expenditures necessary to complete the project, make the plant operational and produce revenue.

Future Plans to Expand Our Production Capacity

Once operations commence and if we determine it will be profitable to do so, we expect to expand the production capacity of the ethanol plant by approximately 10 million gallons per year during each of years two, three and four of plant operations by fine tuning plant operation and maximizing efficiencies and implementing smaller capital improvement projects. If we complete our expansion plans as anticipated, by the end of our fourth year of operation our annual production capacity will be approximately 97.5 million gallons of un-denatured ethanol per year. While we believe our production estimates are reasonable, we can offer no assurances that our plant will produce in excess of 70 million gallons of ethanol per year nameplate capacity or that we will be able to complete the necessary plant improvements to increase our plant production capacity on the schedule we anticipate, if at all. Further, even if we successfully complete our expansion plans, we may experience unfavorable operating conditions in the ethanol industry that negatively affect our profitability and could cause us to temporarily lower our production to levels less than our available capacity or suspend production.

Based on our financial forecasts and plans for operations for our, we anticipate that we will have sufficient cash to finance our expansion plans from our anticipated credit facilities and cash from our planned operations. We do not anticipate seeking additional equity or debt financing to finance the planned production expansions. However, should we experience unfavorable operating conditions, we may have to secure additional debt or equity sources for these expansions or delay or abandon our expansion plans.

Employees

We expect to hire approximately 40 full-time employees before commencing plant operations. We anticipate that 34 of these employees will be in ethanol production operations and 6 will be in general management and administration. As of the date of this memorandum, we have hired one full-time office employee.

A construction manager is expected to be hired just prior to the start of construction and is expected to remain on as the Company’s representative throughout construction. Walt Wendland, our CEO, will be working with the Company during construction and remain active during operations. We also anticipate that a general manager and plant manager with experience in ethanol production will be hired approximately several months before plant operations begin. Additionally, we expect to hire a commodities manager prior to the plant commencing operations.

ESTIMATED SOURCES OF FUNDS

The following tables set forth various estimates of our sources of funds, depending upon the amount of units sold to investors and based upon various levels of equity that our lenders may require. The information set forth below represents estimates only and actual sources of funds could vary significantly due to a number of factors, including those described in the section entitled “RISK FACTORS” and elsewhere in this prospectus.

<table>
<thead>
<tr>
<th>Sources of Funds(1)</th>
<th>Max. Units (19,200) Sold</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Proceeds(2)</td>
<td>$ 96,000,000</td>
<td>68.57%</td>
</tr>
<tr>
<td>Founder Proceeds</td>
<td>1,000,000</td>
<td>0.71%</td>
</tr>
<tr>
<td>Seed Capital Proceeds</td>
<td>2,000,000</td>
<td>1.43%</td>
</tr>
<tr>
<td>Senior Debt Financing</td>
<td>41,000,000</td>
<td>29.29%</td>
</tr>
<tr>
<td><strong>Total Sources of Funds</strong></td>
<td>$140,000,000</td>
<td>100.00%</td>
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</table>

<table>
<thead>
<tr>
<th>Sources of Funds(1)</th>
<th>If 14,900 Units Sold</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Proceeds(2)</td>
<td>$ 74,500,000</td>
<td>53.22%</td>
</tr>
<tr>
<td>Founder Proceeds</td>
<td>1,000,000</td>
<td>0.71%</td>
</tr>
<tr>
<td>Seed Capital Proceeds</td>
<td>2,000,000</td>
<td>1.43%</td>
</tr>
<tr>
<td>Senior Debt Financing</td>
<td>62,500,000</td>
<td>44.64%</td>
</tr>
<tr>
<td><strong>Total Sources of Funds</strong></td>
<td>$140,000,000</td>
<td>100.00%</td>
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Sources of Funds

<table>
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<tr>
<th>Sources of Funds</th>
<th>Min. Units (13,000) Sold</th>
<th>Percent of Total</th>
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<tbody>
<tr>
<td>Unit Proceeds (1)</td>
<td>$65,000,000</td>
<td>46.43%</td>
</tr>
<tr>
<td>Founder Proceeds</td>
<td>1,000,000</td>
<td>0.71%</td>
</tr>
<tr>
<td>Seed Capital Proceeds</td>
<td>2,000,000</td>
<td>1.43%</td>
</tr>
<tr>
<td>Senior Debt Financing</td>
<td>72,000,000</td>
<td>51.43%</td>
</tr>
<tr>
<td><strong>Total Sources of Funds</strong></td>
<td>$140,000,000</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

(1) We may receive federal and state grants. Additionally, we may receive bond financing. If we receive grants or bond financing, we expect to reduce the amount of equity proceeds or senior debt financing necessary for our capitalization by the same or similar amount.

(2) Assumes all units sold in this offering are sold at a purchase price of $5,000 per unit. The units are being offered at a price of $5,000 per unit for subscriptions post-marked or received by Company on or prior to December 15, 2015. After December 15, 2015, the units will be offered at a price of $5,500 per unit.

(3) We have used 14,900 units as a mid-point because based on our directors’ preliminary discussions with lenders and our directors past experience, financing our project with approximately 55% in equity financing and the balance in senior debt financing is a feasible capitalization ratio.

ESTIMATED USE OF PROCEEDS

The gross proceeds from this offering, before deducting offering expenses, will be $65.0 million if the minimum amount of equity offered is sold (assuming all units are sold for a purchase price of $5,000), and $96.0 million if the maximum number of units offered is sold (assuming all units are sold for a purchase price of $5,000). We estimate the offering expenses to be approximately $105,000. Therefore, we estimate the net proceeds of the offering to be approximately $95.8 million if the maximum amount of equity is raised, and approximately $68.4 million if the minimum number of units offered is sold.

We intend to use the net proceeds of the offering to construct and operate an ethanol plant with a 70 million gallon per year nameplate manufacturing capacity. We must supplement the proceeds of this offering with debt financing to meet our stated goals. We estimate that the total capital expenditures for the construction of the plant will be approximately $140,000,000. The total project cost is a preliminary estimate primarily based upon the experience of our general contractor, Fagen, with ethanol plants similar to the plant we intend to construct and operate. We expect the total project cost will change from time to time as the project progresses.

The following table describes our proposed use of proceeds. The actual use of funds is based upon contingencies, such as the estimated cost of plant construction, the suitability and cost of the proposed site, the regulatory permits required and the cost of debt financing and inventory costs, which are driven by the market. Therefore, the following figures are intended to be estimates only, and the actual use of funds may vary significantly from the descriptions given below depending on contingencies such as those described above.

<table>
<thead>
<tr>
<th>Use of Proceeds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant design-build</td>
<td>$110,000,000</td>
</tr>
<tr>
<td>Corn oil extraction</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Rail infrastructure</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Land Costs</td>
<td>$425,000</td>
</tr>
<tr>
<td>Site development costs</td>
<td>$4,090,000</td>
</tr>
<tr>
<td>Construction insurance</td>
<td>$130,000</td>
</tr>
<tr>
<td>Fire protection, water supply and water pretreatment</td>
<td>$2,260,000</td>
</tr>
<tr>
<td>Construction manager</td>
<td>$120,000</td>
</tr>
<tr>
<td>Administrative building</td>
<td>$300,000</td>
</tr>
<tr>
<td>Capitalized interest</td>
<td>$1,250,000</td>
</tr>
<tr>
<td>Office equipment/computer, software, network</td>
<td>$200,000</td>
</tr>
<tr>
<td>Rolling stock</td>
<td>$655,000</td>
</tr>
<tr>
<td>Construction contingency</td>
<td>$2,550,000</td>
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</table>
### Start up costs:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Financing costs</td>
<td>$750,000</td>
</tr>
<tr>
<td>Cost of raising capital</td>
<td>$105,000</td>
</tr>
<tr>
<td>Organizational costs</td>
<td>$1,265,000</td>
</tr>
<tr>
<td>Pre-production period costs</td>
<td>$400,000</td>
</tr>
<tr>
<td>Working capital</td>
<td>$10,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$140,000,000</strong></td>
</tr>
</tbody>
</table>

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**Plant Construction.** The construction of the plant itself is by far the single largest expense at approximately $110.0 million. We have executed a limited notice to proceed agreement with Fagen, but we have not yet signed a binding letter of intent or definitive agreement for plant construction. See “Design-Build Team; Limited Notice to Proceed Agreement with Fagen, Inc.”

**Corn Oil Extraction.** We estimate that corn oil extraction equipment will cost approximately $1.5 million. Presently, we anticipate that we will lease the corn oil extraction system and purchase this equipment at the end of the lease term. Alternatively, as the project develops, if we determine we have sufficient construction contingency to allow for the purchase of corn oil extraction system, we may opt, in our sole discretion, to purchase the equipment instead.

**Land Cost.** In September 2014, we obtained the exclusive right and option to purchase a parcel of land, consisting of approximately 42.5 acres of land, in Sully County, South Dakota. We paid $1,000 for the exclusive right and option. The purchase price is $10,000 per acre, which is equivalent to $425,000 for the parcel. We exercised our option to purchase and closed on this parcel in June 2015. It may be necessary to purchase an alternative site if unforeseen circumstances make this particular site unusable.

**Site Development.** We estimate that site development costs will be approximately $4.1 million. These costs include leveling and grading the site, general site work to prepare for construction of the ethanol plant, preparing and pouring foundations, and material and labor.

**Construction Contingency.** We project approximately $2.6 million for unanticipated expenditures in connection with the construction of our plant. We plan to use excess funds for our general working capital.

**Construction Insurance Costs.** We have budgeted approximately $130,000 for builder’s risk insurance, general liability insurance, workers’ compensation and property insurance. We have not yet determined our actual costs and they may exceed this estimate.

**Administration Building, Furnishings, Office and Computer Equipment.** We anticipate spending approximately $300,000 to build our administration building on the plant site. We expect to spend an additional $200,000 on our computers, software and network, furniture and other office equipment.

**Rail Infrastructure and Rolling Stock.** If the plant is constructed near Onida, South Dakota, rail improvements, such as siding and switches may need to be installed at an estimated cost of $4.0 million. We anticipate the need to purchase rolling stock at an estimated cost of $655,000.

**Fire Protection and Water Supply.** We anticipate spending approximately $2.3 million to equip the plant with adequate fire protection and water supply.

**Capitalized Interest.** This consists of the interest we anticipate incurring during the development and construction period of our project. For purposes of estimating capitalized interest and financing costs, we have assumed senior debt financing of approximately $62.5 million. We determined this amount of debt financing based upon an assumed equity amount of $74.5 million and proceeds from our prior private placements of $3.0 million. If any of these assumptions changed, we would need to revise the level of term debt accordingly. Loan interest during construction will be capitalized and is estimated to be $1,250,000, based upon senior debt of $62.5 million. We have estimated our financing costs of $750,000 based upon this same level of term debt.

**Organizational Costs.** We have budgeted approximately $1.3 million for developmental, organizational, consulting, legal, accounting and other costs associated with our organization and operation as an entity, including, but not limited to estimated offering expenses of $105,000.
**Pre-Production Period Costs.** We project $400,000 of pre-production period costs. These represent costs of beginning production after the plant construction is finished, but before we begin generating income. Pre-production period costs are comprised of start-up costs, administrative labor, production labor and utilities. We do not anticipate compensating our directors during this period.

**Working Capital.** We project $10.0 million will be required for inventory and working capital for the period between the completion of construction and our beginning generation of income. This will include $4.0 million in initial inventories of corn and other ingredients, initial ethanol and dried distillers grain work in process inventories, spare parts for our process equipment, chemicals and other ingredients and $6.0 million of available working capital.

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**DESCRIPTION OF THE BUSINESS**

Ring-neck Energy & Feed, LLC is a new venture. The Company was organized as a South Dakota limited liability on September 12, 2014. We intend to develop, construct, own, and operate a 70 million gallon per year dry mill fuel ethanol manufacturing plant near Onida, South Dakota.

The following diagram from Fagen depicts the 70 million gallon per year ethanol plant we anticipate building:

- A. Ethanol Storage Tanks: Two ethanol storage tanks. Three tanks used for 190-proof ethanol and 200-proof undenatured ethanol and denaturant. All of the described tanks will be within a retention berm.
- B. The Administration Building: This building will have brick and/or siding on the exterior.
- C. Distillers’ Grains Building: This will be a steel sided building where all dry distillers’ grain will be stored.
- D. Grain Receiving Building: The building will be a steel-sided building.
- E. Cement Corn Silos.
- F. Fermentation Tank and Beer Well.
- G. Main Process Building: Structural steel frame building housing tanks, pumps and heat exchangers as well as a control room and laboratory.
- H. Water treatment and fire pump building.
- I. Regenerative Thermal Oxidizer Stack: Approximately 125 feet tall. The exact height will depend on air modeling and input from the SDDNR.
- J. Distillation and Evaporation Center.
- K. Stillage and Syrup Tanks.
- L. Energy Center: Structural steel building housing the DDGS dryers and Regenerative Thermal Oxidizer.
- M. Cooling Tower: Induced draft-cooling tower.
- N. Ethanol rail load out.
We expect that the ethanol plant will use a dry milling process to process corn into fuel-grade ethanol as its main product and distillers’ grain as a by-product. We will receive corn by rail and semi-trailer truck. The corn will be weighed and stored in receiving facilities. It will then be transported to a scalper to remove rocks and debris before it is conveyed to processing bins. Thereafter, the corn will be transported to a hammer-mill or grinder where it is ground into a mash and conveyed into a tank for processing. We will add water, heat and enzymes to break the ground corn into a fine liquid. This liquid will be heat sterilized and pumped to a tank where other enzymes are added to convert the starches into glucose sugars.

Next, the liquid is pumped into fermenters, where yeast is added, to begin the fermentation process, which generally takes about 40 to 50 hours. Thereafter, the resulting “beer” is pumped to distillation columns, which divides the alcohol from the corn mash. The alcohol is concentrated to 190 proof in the distillation columns and is then partially dehydrated. The resulting 200 proof alcohol is blended within a range of 2% to 2.5% percent denaturant (such as unleaded gasoline) as it is pumped into storage tanks.

Meanwhile, corn mash from the distillation process is pumped into a centrifuge that separates the coarse grain from the grain soluble. The grain solubles are then condensed in an evaporator into thick syrup. The coarse grain that exits the centrifuge is then conveyed to dryers. Syrup is added to the coarse grain as it enters the dryer, where moisture is removed. This process produces distillers’ grains with various moisture levels, which can be used as animal feed. The fermentation process will also produce carbon dioxide.

The block flow diagram below illustrates how the ethanol plant will process corn into ethanol:

Source: Renewable Fuels Association
Grain Receiving, Storage and Milling Equipment

We expect that our ethanol plant will have receiving facilities that will have the ability to receive corn by rail and truck. Upon delivery, the corn will be weighed and a weight ticket issued. The corn will then be moved to product storage bins or directly to the processing bins. When the grain is processed it will be moved through a scalper to remove rocks and debris before it is ground into flour. A dust collection system will be installed in the grain receiving system to limit particulate emissions. The corn will be removed from storage and processed through a hammer-mill or grinder. The result of this process is finely ground corn or flour.

Conversion and Liquefaction System, Fermentation System and Evaporation System

Ground corn will be mixed with heated recycled process water; alpha amalyse and anhydrous ammonia are added. The mass continues through liquefaction tanks and into fermenters. Simultaneously, yeast and a secondary enzyme will be added to the cooked mash as it is cooled and enters the fermenters. After fermentation is complete, the liquid produced by the fermentation process is pumped to a large tank called a beer well and then sent to the distillation column to separate the alcohol from the mash.

Distillation and Molecular Sieve

The alcohol is distilled in three columns; the beer column, the rectifier and the side stripper and then dehydrated in the molecular sieve system. The alcohol is then blended with 2.5% unleaded gasoline as it is pumped into storage tanks. The storage tanks will contain meters, filters, pumps and loading equipment for transfer to rail cars or trucks.

Liquid/Solid Separation System

We also expect our ethanol plant will produce distillers’ grain. The resulting corn mash from the beer column will be piped to centrifuges and then to dryers, where moisture is removed. The ethanol plant will utilize a dryer system with a regenerative thermal oxidizer. After it is dried, the distillers’ grain will be conveyed to the filter receiver and then to a storage building.

Product Storage Area

We expect to have storage tanks on site to store the ethanol we produce. The plant will also contain a storage building to hold distillers’ grain until it is shipped to market. We estimate the amount of storage for ethanol and distillers’ grain to be approximately ten days.

General Plant Infrastructure and Utilities

Our plant will also have administration facilities, chillers, cooling towers and other processing equipment, some of which require fresh water to operate. Boiler water is conditioned in regenerative softeners and/or other treatment equipment and pumped through a deaerator and into a deaerator tank. Appropriate boiler chemicals are added and the pre-heated water is pumped into the boiler. Steam energy will be provided by a natural gas fired boiler. Process cooling will be provided by circulating cooling water through heat exchangers, a chiller and a cooling tower. We expect the plant to also contain a compressed air system consisting of an air compressor, receiver tank, pre-filter and air dryer. We also expect that the plant design will incorporate the use of a clean-in-place system for cooking, fermentation, distillation, evaporation, centrifuges and other systems.

Principal Products

The principal products that we intend to produce are ethanol, distillers’ grains and corn oil. We must first develop, finance, and construct our ethanol plant before we produce products for sale. We intend to start construction of our proposed ethanol plant during late fall or winter 2015 and commence substantial operations at the plant in spring 2017.

Ethanol

Ethanol is ethyl alcohol, a fuel component made primarily from corn and various other grains. Ethanol is primarily used as: (i) an octane enhancer in fuels; (ii) an oxygenated fuel additive for the purpose of reducing ozone and carbon monoxide vehicle emissions; and (iii) a non-petroleum-based gasoline substitute. Ethanol produced in the United States is primarily used for blending with unleaded gasoline and other fuel products. Ethanol blended fuel is typically designated in the marketplace according to the percentage of the fuel that is ethanol, with the most common fuel blend being E10, which
includes 10% ethanol. The EPA has approved the use of gasoline blends that contain 15% ethanol, or E15, for use in all vehicles manufactured in model year 2001 and later. In addition, flexible fuel vehicles can use gasoline blends that contain up to 85% ethanol called E85.

The RFS regulations specify that renewable fuel producers and importers may generate RINs for the renewable fuels they produce if they qualify through one of the existing EPA approved fuel pathways. On September 30, 2014, the EPA announced a new expedited “efficient producer” petition process for corn starch and grain sorghum dry mill ethanol plants, like our proposed plant, to demonstrate compliance with the 20% reduction in GHG emissions threshold and qualify to generate RINs for the production of ethanol. In June 2015, our proposed plant was awarded “efficient producer” status under the pathway petition program for ethanol we expect to produce.

Pursuant to the award approval, we are only authorized to generate RINs for the ethanol we produce at our plant if we can demonstrate that all ethanol produced at the plant during an averaging period (defined as the prior 365 days or the number of days since the date EPA efficient producer pathway approval) meets the 20% GHG reduction requirement. Although we believe we will be able to achieve and maintain continuous compliance with the 20% reduction in GHG emissions requirement if our plant operates as presently contemplated, there is no guarantee that we will not have to install carbon dioxide mitigation equipment or take other steps unknown to us at this time in order to comply with the efficient producer requirements or other future law or regulation. If we cannot achieve and maintain continuous compliance with the 20% reduction in GHG emissions requirement, we will not be able issue RINs for all or some of the ethanol we produce. Without attached RINs, obligated parties will not be able to use our ethanol to meet RFS RVO requirements. Additionally, continued compliance with the efficient producer GHG reduction requirements or compliance with future law or regulation of carbon dioxide, could be costly and may prevent us from operating our plant as profitably as grandfathered plants, which could result in the loss of some or all of your investment. See “Costs and Effects of Compliance with Governmental Regulation” below for further information.

Our ethanol plant will use corn as the primary feedstock in the ethanol production process, but will also be capable of processing grain sorghum into ethanol as well. Our ethanol plant, as presently contemplated, is essentially a fermentation plant. Ground corn (or grain sorghum) and water are mixed with enzymes and yeast to produce a substance called “beer”, which contains approximately 15% alcohol, 11% solids and 74% water. The beer is boiled to separate the water, resulting in ethyl alcohol, which is then dehydrated to increase the alcohol content. This product is then mixed with a certified denaturant, such as gasoline, to make the product unfit for human consumption which allows it to be sold commercially.

**Distillers’ Grains**

The principal co-product of the ethanol production process will be distillers’ grains, a high protein, high-energy animal feed supplement primarily marketed to the dairy and beef industry. We intend to produce three forms of distillers’ grains: wet distillers’ grains, modified wet distillers’ grains and dried distillers’ grains. Modified wet distillers’ grains are processed corn mash that has been dried to approximately 50% moisture. Modified wet distillers’ grains have a shelf life of approximately seven days and are often sold to nearby markets. Dried distillers’ grains are processed corn mash that has been dried to approximately 10% moisture. It has a longer shelf life and may be sold and shipped to any market, regardless of its vicinity to our ethanol plant.

In order to achieve and maintain the required 20% reduction in GHG emissions, we expect that at our initial production capacity of just over 70 million gallons per year, we will be required to reduce the amount of dried distillers’ grains we dry to 80% of the total amount of distillers’ grains we produce to decrease our energy usage. Additionally, once operations commence and if we believe it is profitable to do so, we expect to expand the production capacity of the ethanol plant to approximately 97.5 million un-denatured gallons per year by the end of our fourth year. Assuming we complete the expansion as planned, the total number of distillers’ grains we produce will also increase. Accordingly, we will likely be required to further reduce the amount of distillers grains we dry to approximately 50% the total amount of distillers’ grains we produce to protect our ability to generate RINs. Additionally, our “efficient producer status, requires that sell our distillers’ grains for animal feed only. Therefore, as discussed below in the section entitled “Distribution of Principal Products”, we expect to be dependent on local dairy, beef, and poultry operations and feedlot markets for sales of wet and modified wet distillers’ grains.

**Corn Oil**

We intend to use corn oil extraction equipment. The corn oil separation system separates corn oil from the post-fermentation syrup stream as it leaves the evaporators of the ethanol plant through a disk stack style centrifuge. Corn oil has a lower density than the water or solids that make up the corn syrup. The centrifuges separate the relatively light oil from the heavier components of the corn syrup. The corn oil is routed to storage tanks, and the remaining concentrated syrup is routed
to the plant’s syrup tank. Syrup from the plant contains 5 – 7% corn oil by volume, averaging 0.4 – 0.5 pounds per bushel of corn processed. Depending on our end users, the corn oil can be marketed as either a livestock feed additive, a biodiesel feedstock or other industrial uses. Because of the process we will be utilizing, the corn oil is not viable as a food grade commodity without further processing. The corn oil recovery system is a skid mounted system that contains all the necessary piping, electrical components and controls for a “plug-in” installation, and thus, “plugs” right into our ethanol plant. We expect the total cost of the corn oil separation operation to be approximately $1.5 million, which includes approximately $300,000 for the tank farm associated with the operation.

**Principal Product Markets**

**Ethanol**

Ethanol is generally blended with gasoline before it is sold to the end consumer. Therefore, the primary market for our ethanol is the domestic fuel blending market. The primary purchasers of ethanol in the domestic market are obligated parties required to satisfy RVOs imposed by the EPA under the RFS. If our ethanol production does not meet compliance obligations imposed in our “efficient producer” approval from the EPA, we will not be able to issue RINs attached to our ethanol and may be required to purchase additional RINs in the open market, sell our ethanol production at lower prices in the domestic market to compensate for the lack of RINs, or sell our ethanol in the export market where RINs are not required.

In recent years the United States has experienced increased ethanol exports. This increase in ethanol exports follows a conscious effort by the United States ethanol industry to expand ethanol exports. These efforts are continuing and may lead to further increases in ethanol exports. The increase in ethanol exports along with lower ethanol imports has contributed to improved operating margins in the United States and has prevented excess ethanol supplies in the domestic market. We cannot assure you that a significant amount of the ethanol we will produce will be exported.

As discussed below in the section entitled “Distribution of Principal Products”, we expect to have a third party marketer that sells all of our ethanol. Such ethanol marketers typically make substantially all decisions regarding where our ethanol will be sold.

The following table shows the Chicago ethanol price for the past two years.

![Ethanol Price - Chicago](image)

*Source: PRX Geographic*

**Distillers’ grains**

Distillers’ grains are primarily used as animal feed and are typically fed to animals as part of a ratio of other traditional animal feeds such as corn and soybean meal. The market for distillers’ grains generally consists of local markets for wet, modified wet and dried distillers’ grains, and regional and national markets for dried distillers’ grains. In addition, the market can be segmented by geographic region and livestock industry. The bulk of the current demand is for dried distillers’ grains delivered to geographic regions without significant local corn or ethanol production. Our market strategy includes shipping a substantial amount of distillers’ grains as dried distillers’ grains to regional and national markets by rail. Distillers’ grains exports have increased in recent years as distillers’ grains have become a more accepted animal feed. The primary export markets for dried distillers’ grains are China, Mexico, Turkey and various Pacific Rim countries.
The amount of distillers' grains produced annually in North America has increased significantly as the number of ethanol plants increased. We compete with other producers of distillers' grains products both locally and nationally, with more intense competition for sales of distillers' grains among ethanol producers in close proximity to our ethanol plant. These competitors may be more likely to sell to the same markets that we target for our distillers' grains.

Additionally, distillers' grains compete with other feed formulations, including corn gluten feed, dry brewers' grain, and mill feeds. The primary value of these products as animal feed is their protein content. Dry brewers' grain and distillers' grains have about the same protein content, and corn gluten feed and mill feeds have slightly lower protein contents. Distillers' grains contain nutrients, fat content, and fiber that we believe will differentiate our distillers' grains products from other feed formulations. However, producers of other forms of animal feed may also have greater experience and resources than we do, and their products may have greater acceptance among producers of beef and dairy cattle, poultry, and hogs.

In addition to constraining our ability to dry distillers' grains, to comply with our “efficient producer” status, we must sell our distillers’ grains for animal feed only. Therefore, we expect to be dependent on local dairy, beef, and poultry operations and feedlot markets for sales of our wet and modified wet distillers’ grains. Assuming we expand the plant’s production capacity as presently anticipated, the amount wet and modified wet distillers’ grains we expect to produce will also increase. Thus, our reliance on the local markets for sales of our wet and modified wet distillers’ grains will increase as our plant capacity increases. Presently, the bulk of the current demand for distillers’ grains is for dried distillers’ grains in regional, national and international export markets. If we, or our third party distillers’ grains marketer, is unable to develop a sufficient local market for our wet and/or modified wet distillers’ grains, we may be forced to sell our wet and/or modified wet distillers’ grains below cost or incur significant transportation costs to transport the wet and modified wet distillers’ grains to buyers outside of the local market. Either of these situations could reduce our profitability and reduce or eliminate the value of your investment.

Corn Oil

The primary markets for corn oil are the industrial chemicals market, animal feeding market and the biodiesel production market. Domestic corn oil supplies have been increasing in recent years at a time when demand has been relatively stable which has resulted in decreasing corn oil prices. The market for corn oil is expected to continue to shift as changes in supply and demand of corn oil interact. We expect that our corn oil will primarily be marketed in the United States, and we do not expect that significant exports of corn oil will occur in the near future.

Distribution of Principal Products

We intend to hire professional third party marketers who will be responsible for the sale and distribution of all of the products we produce. If we fail to enter into marketing agreement with such third party marketers for our products, we may not be able to successfully market, sell and distribute our products which could have a significant negative impact on our revenues and our ability to operate the ethanol plant profitably.

We intend to build infrastructure to enable our ethanol plant to receive corn by truck and rail, and to load ethanol and distillers grain onto trucks and rail cars. We anticipate that the majority of our ethanol will be shipped via rail on unit trains, which consists of 96 cars connected together. The majority of our distillers’ grains will go out by truck, but we may use rail depending on the markets and pricing. Our proposed site has road access to State Highway 83. Our proposed site is also located on the RCP&E short line railroad with connections to the BNSF, UP, and CP interstate rail systems. We intend to negotiate with rail and truck service providers to provide us these services before we commence operations.

Competition

We expect to sell our ethanol in a highly competitive market. Ethanol is a commodity product where competition in the industry is predominantly based on price.

We expect to be in direct competition with numerous ethanol producers, many of whom have greater resources than we do. While management believes we will be a low cost producer of ethanol, some of these producers are, among other things, capable of producing a significantly greater amount of ethanol or own or manage more ethanol than we do which that may help them achieve certain benefits that we could not achieve with our ethanol plants. Further, new products or methods of ethanol production developed by larger and better-financed competitors could provide them competitive advantages over us and harm our business.

Following the significant growth in the ethanol industry during 2005 and 2006, the ethanol industry has grown at a much slower pace. As of December 11, 2014, the RFA estimates that there are 213 ethanol production facilities in the United States.
States with capacity to produce approximately 15 billion gallons of ethanol and another 3 plants under expansion or construction with capacity to produce an additional 100 million gallons per year. However, the RFA estimates that approximately 3% of the ethanol production capacity in the United States was not operating as of December 11, 2014. The following map depicts the location of the ethanol production facilities in the United States.

Source: Renewable Fuels Association

The largest ethanol producers include: Abengoa Bioenergy Corp.; Archer Daniels Midland Company; Cargill, Inc.; Flint Hills Resources, LP; Green Plains, Inc.; POET, LLC and Valero Renewable Fuels, each of which are capable of producing significantly more ethanol than we produce. These larger ethanol producers may be able to take advantages of economies of scale due to their larger size and increased bargaining power with both customers and raw material suppliers. This could put us at a competitive disadvantage to other ethanol producers.

The following table identifies the largest ethanol producers in the United States along with their production capacities.

**UNITED STATES FUEL ETHANOL PRODUCTION CAPACITY BY TOP PRODUCERS**

Producers of Approximately 1,000 million gallons per year (mmgy) or more

<table>
<thead>
<tr>
<th>Company</th>
<th>Nameplate Capacity (mmgy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Archer Daniels Midland</td>
<td>1,762</td>
</tr>
<tr>
<td>POET Biorefining</td>
<td>1,626</td>
</tr>
<tr>
<td>Valero Renewable Fuels</td>
<td>1,240</td>
</tr>
<tr>
<td>Green Plains, Inc.</td>
<td>1,004</td>
</tr>
<tr>
<td>Flint Hills Resources LP</td>
<td>760</td>
</tr>
<tr>
<td>Abengoa Bioenergy Corp.</td>
<td>403</td>
</tr>
<tr>
<td>Cargill, Inc.</td>
<td>345</td>
</tr>
</tbody>
</table>

Source: Renewable Fuels Association website last updated: December 11, 2014

A majority of the United States ethanol plants, and therefore, the greatest number of gallons of ethanol production capacity, are concentrated in the corn-producing states of Iowa, Nebraska, Illinois, Indiana, Minnesota, South Dakota, Ohio, Wisconsin, Kansas, and North Dakota.
Below is the United States ethanol production by state in millions of gallons for the ten states with the most total ethanol production as of December 2014:

<table>
<thead>
<tr>
<th>State</th>
<th>Nameplate</th>
<th>Operating</th>
<th>Under Construction/ Expansion</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iowa</td>
<td>3,963</td>
<td>3,958</td>
<td>52</td>
<td>4,105</td>
</tr>
<tr>
<td>Nebraska</td>
<td>1,992</td>
<td>1,897</td>
<td>—</td>
<td>1,992</td>
</tr>
<tr>
<td>Illinois</td>
<td>1,421</td>
<td>1,384</td>
<td>—</td>
<td>1,421</td>
</tr>
<tr>
<td>Indiana</td>
<td>1,148</td>
<td>936</td>
<td>—</td>
<td>1,148</td>
</tr>
<tr>
<td>Minnesota</td>
<td>1,147</td>
<td>1,129</td>
<td>—</td>
<td>1,147</td>
</tr>
<tr>
<td>South Dakota</td>
<td>1,019</td>
<td>1,019</td>
<td>—</td>
<td>1,019</td>
</tr>
<tr>
<td>Ohio</td>
<td>528</td>
<td>528</td>
<td>—</td>
<td>528</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>506</td>
<td>506</td>
<td>5</td>
<td>511</td>
</tr>
<tr>
<td>Kansas</td>
<td>504</td>
<td>479</td>
<td>45</td>
<td>549</td>
</tr>
<tr>
<td>North Dakota</td>
<td>360</td>
<td>360</td>
<td>65</td>
<td>425</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,588</strong></td>
<td><strong>12,196</strong></td>
<td><strong>167</strong></td>
<td><strong>12,845</strong></td>
</tr>
</tbody>
</table>

*Source: Renewable Fuels Association, 2014 Ethanol Industry Outlook*

Because South Dakota is one of the top producers of ethanol in the United States, we face increased competition because of the location of our ethanol plants. We expect to compete with other local ethanol producers both for markets in South Dakota and markets in other states. We believe that we can compete favorably with other ethanol producers due to our proximity to ample grain, natural gas, electricity and water supplies at favorable prices.

In addition to intense competition with local, regional, and national producers of ethanol, we have faced increased competition from imported ethanol and foreign producers of ethanol due to the expiration of the 2.5 percent ad valorem tax and an additional 54 cents a gallon surcharge in December 2011. Large international companies have developed, or are developing, increased foreign ethanol production capacities. Brazil is the world’s second largest ethanol producer. Brazil’s ethanol production is sugarcane based, as opposed to corn based.

We anticipate increased competition from renewable fuels that do not use corn as the feedstock. Many of the current ethanol production incentives are designed to encourage the production of renewable fuels using raw materials other than corn. One type of ethanol production feedstock that is being explored is cellulosic. Cellulose is found in wood chips, corn stalks, and rice straw, amongst other common plants. Several companies and researchers have commenced pilot projects to study the feasibility of commercially producing cellulosic ethanol and some companies have started constructing commercial scale plants. If this technology can be profitably employed on a commercial scale, it could potentially lead to ethanol that is less expensive to produce than corn based ethanol, especially when corn prices are high. Cellulosic ethanol may also capture more government subsidies and assistance than corn based ethanol. This could decrease demand for our product or result in competitive disadvantages for our ethanol production process.

**Producers of Other Fuel Additives and Alternative Fuels**

In addition to competing with ethanol producers, we also compete with producers of other gasoline oxygenates. Many gasoline oxygenates are produced by other companies, including oil companies, that have far greater resources than we have. Historically, as a gasoline oxygenate, ethanol primarily competed with two gasoline oxygenates, both of which are ether-based: MTBE (methyl tertiary butyl ether) and ETBE (ethyl tertiary butyl ether). Many states have enacted legislation prohibiting the sale of gasoline containing certain levels of MTBE or are phasing out the use of MTBE because of health and environmental concerns. As a result, national use of MTBE has decreased significantly in recent years. Use of ethanol now exceeds that of MTBE and ETBE as a gasoline oxygenate. While ethanol has displaced these two gasoline oxygenates, the development of ethers intended for use as oxygenates is continuing and we will compete with producers of any future ethers used as oxygenates.

A number of automotive, industrial and power generation manufacturers are developing alternative clean power systems, both for vehicles and other applications, using fuel cells, plug-in hybrids, electric cars, or clean-burning gaseous fuels. Like ethanol, the emerging fuel cell industry offers a technological option to address worldwide energy costs, the long-term availability of petroleum reserves, and environmental concerns. Fuel cells have emerged as a potential alternative to certain existing power sources because of their higher efficiency, reduced noise and lower emissions. Fuel cell industry
participants are currently targeting the transportation, stationary power, and portable power markets in order to decrease fuel costs, lessen dependence on crude oil, and reduce harmful emissions. If the fuel cell industry continues to expand and gain broad acceptance and becomes readily available to consumers for motor vehicle use, we may not be able to compete effectively. This additional competition could reduce the demand for ethanol, which would negatively impact our ability to generate revenues and operate the plant.

Additionally, there are more than a dozen alternative and advanced fuels currently in development, production or use, including the following alternative fuels that, like ethanol, have been or are currently commercially available for vehicles:

- biodiesel
- electricity
- hydrogen
- methanol
- natural gas
- propane

Several emerging fuels are currently under development. Many of these fuels are also considered alternative fuels and may have other benefits such as reduced emissions or decreasing dependence upon oil. Examples of emerging fuels include:

- Biobutanol: Like ethanol, biobutanol is an alcohol that can be produced through the processing of domestically grown crops, such as corn and sugar beets, and other biomass, such as fast-growing grasses and agricultural waste products.
- Biogas: Biogas is produced from the anaerobic digestion of organic matter such as animal manure, sewage, and municipal solid waste. After it is processed to required standards of purity, biogas becomes a renewable substitute for natural gas and can be used to fuel natural gas vehicles.
- Fischer-Tropsch Diesel: Diesel made by converting gaseous hydrocarbons, such as natural gas and gasified coal or biomass, into liquid fuel, including transportation fuel.
- Hydrogenation-Derived Renewable Diesel (“HDRD”): The product of fats or vegetable oils—alone or blended with petroleum—that has been refined in an oil refinery.
- P-Series: A blend of natural gas liquids (pentanes plus), ethanol, and the biomass-derived co-solvent methyltetrahydrofuran (“MeTHF”) formulated to be used in flexible fuel vehicles.
- Ultra-Low Sulfur Diesel: This is diesel fuel with 15 parts per million or lower sulfur content. This ultra-low sulfur content enables the use of advanced emission control technologies on vehicles using ULSD fuels produced from non-petroleum and renewable sources that are considered alternative fuels.

Additionally, there are developed and developing technologies for converting natural gas, coal, and biomass to liquid fuel, including transportation fuels such as gasoline, diesel, and methanol. We expect that competition will increase between ethanol producers and producers of these or other newly developed alternative fuels or power systems, especially to the extent they are used in similar applications such as vehicles.

**Project Location and Proximity to Markets**

We anticipate building our plant near Onida, South Dakota, in south central South Dakota in Sully County. **We reserve the right, in the sole discretion of our board of directors, to select a different location for the plant.** We intend to locate the plant on approximately 42.5 acres. In June 2015, we exercised our option on the proposed plant site, and closed on the property. We paid $1,000 for the exclusive right and option, purchased the property at the cost of $10,000 per acre, which is equivalent to $425,000.
The proposed plant is located a mile east of Highway 83, approximately 30 miles east of the Missouri River. South Dakota Highway 83 will allow the transportation to and from the plant access to major highways in all directions. The proposed site is served by a short line rail road owned by the Genesee & Wyoming Railroad and operated by the Rapid City, Pierre and Eastern with the ability to connect to the to the BNSF, UP, and CP interstate rail systems.

Our selection of our proposed plant site has not been without controversy. The historical use of the site has been rural agriculture. However, on March 24, 2015, the Sully County Commissioners voted unanimously to approve the ordinance which changed the zoning of our proposed plant site to allow the use of the property to include commercial crop processing such as ethanol production. The Sully County rezoning action was opposed by a small but vocal group of local Onida, South Dakota residents that were concerned with the traffic volume, noise and potential environmental issues associated with an ethanol plant due to the proposed site’s proximity to town and residential housing. As a result, a request for a public vote was filed. A public vote on the rezoning action was held on June 16, 2015 and was approved by approximately 80% of the county residents that voted.

Before can commence construction on the proposed site, we also had to obtain approval from the Sully County Board of Adjustors to allow operation of our plant as a conditional use under the existing zoning or rezoning of the sites. The conditional use permit was granted on July 20, 2015, subject to certain conditions requiring the Company to contribute to the cost of certain improvements to the road and enter into a road maintenance agreement with Sully County. We anticipate that we will qualify for certain grants from the South Dakota Department of Transportation and the South Dakota’s Governor’s Office of Economic Development which will cover a substantial portion of our anticipated road construction costs. However, there is no guarantee that we will be successful in our efforts to obtain these grants or that the road construction costs will not exceed the amounts we have budgeted.

Sources and Availability of Raw Materials

Corn Supply

While the Company will be able to process corn or grain sorghum, the principal feedstock will used to produce ethanol, distillers’ grains and corn oil at our plant will be corn. We anticipate that we will require approximately 25 million bushels of corn per year to produce approximately 70 million gallons of ethanol per year. We expect that we will buy as much corn as possible from local grain elevators and farmers. Our commodities manager will be responsible for purchasing corn for our operations, scheduling corn deliveries and establishing hedging positions to protect the price we pay for corn.

Sufficient local corn production is essential for plant operations. If there are insufficient bushels available locally, the plant will have to source corn from more competitive markets outside of its region likely at a higher cost. Since 2007 corn production has increased in South Dakota, and in 2014 South Dakota ranked sixth in the country for corn production, harvesting 5.3 million acres of corn, the most of any crops harvested in the state. Based on the results of our feasibility studies performed by PRX Geographic, Inc. and Ascendant Partners, Inc., we that there will be sufficient corn supply in the 100 mile area surrounding the proposed site to support the increased corn demand from our plant. Our proposed plant site is near the edge of the western region of the corn-belt. While corn production continues to increase and move into areas not historically known for corn production, variability in weather and farmer economics may limit or change the corn production trends going forward. The area surrounding our plant sometimes experiences unfavorable weather conditions which can hinder the planting, growing, or harvesting of crops. As a result of localized poor weather conditions, we may be required to secure corn from outside of our usual corn supply area which may increase the price we pay for corn. We believe that we will be able to secure the corn we require but we may be required to pay higher basis prices in order to attract the corn we need. Alternatively, we may use grain sorghum to produce our ethanol. Sourcing grain sorghum may require us to incur additional procurement costs or result in production inefficiencies and/or reduced ethanol production.
The following chart depicts the ten year historical production for the 13 counties surrounding our proposed plant site. Corn production has ranged from 11 to 94 million bushels with an average of nearly 66 million bushels over the last 10 years. A 70 million gallon per year ethanol plant would consume approximately 38% of this average production. It should be noted that the planted acreage has increased by about 70% during this time period. The five-year average production is over 80 million bushels.

Source: PRX Geographic
This following shadow map shows the geographic area needed to source the annual needs of our proposed 70 million gallon per year ethanol plant assuming the ability to originate 100% of the corn grown in this area surrounding the proposed plant site estimated from the current crop year.

Source: PRX Geographic

The following chart depicts the average corn prices for the previous 3, 5 and 10 year period for the counties surrounding the area we intend to build our ethanol plant.

<table>
<thead>
<tr>
<th>County</th>
<th>ST</th>
<th>Average 04-05 to 13-14</th>
<th>Average 09-10 to 13-14</th>
<th>Average 11-12 to 13-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buffalo</td>
<td>SD</td>
<td>$4.13</td>
<td>$5.32</td>
<td>$5.74</td>
</tr>
<tr>
<td>Dewey</td>
<td>SD</td>
<td>$4.13</td>
<td>$5.32</td>
<td>$5.74</td>
</tr>
<tr>
<td>Edmunds</td>
<td>SD</td>
<td>$4.12</td>
<td>$5.31</td>
<td>$5.73</td>
</tr>
<tr>
<td>Faulk</td>
<td>SD</td>
<td>$4.13</td>
<td>$5.32</td>
<td>$5.74</td>
</tr>
<tr>
<td>Hand</td>
<td>SD</td>
<td>$4.14</td>
<td>$5.34</td>
<td>$5.76</td>
</tr>
<tr>
<td>Hughes</td>
<td>SD</td>
<td>$4.14</td>
<td>$5.33</td>
<td>$5.75</td>
</tr>
<tr>
<td>Hyde</td>
<td>SD</td>
<td>$4.14</td>
<td>$5.33</td>
<td>$5.75</td>
</tr>
<tr>
<td>Jones</td>
<td>SD</td>
<td>$4.13</td>
<td>$5.32</td>
<td>$5.74</td>
</tr>
<tr>
<td>Lyman</td>
<td>SD</td>
<td>$4.13</td>
<td>$5.32</td>
<td>$5.74</td>
</tr>
<tr>
<td>Potter</td>
<td>SD</td>
<td>$4.12</td>
<td>$5.31</td>
<td>$5.73</td>
</tr>
<tr>
<td>Stanley</td>
<td>SD</td>
<td>$4.13</td>
<td>$5.32</td>
<td>$5.74</td>
</tr>
<tr>
<td>Sully</td>
<td>SD</td>
<td>$4.17</td>
<td>$5.33</td>
<td>$5.75</td>
</tr>
<tr>
<td>Walworth</td>
<td>SD</td>
<td>$4.11</td>
<td>$5.30</td>
<td>$5.72</td>
</tr>
</tbody>
</table>

Source: PRX Geographic
As can be seen in the chart below, corn produced in this area has historically been shipped out of the 13 county study area. Feed use has remained fairly constant, declining slightly over the last few years. Industrial use has grown to 40 million bushels. Exports out of the area have recently been near 35 million bushels.

![ONIDA, SOUTH DAKOTA: CORN SUPPLY-DEMAND](chart.png)

Source: PRX Geographic

**Commodities Account**

In an attempt to minimize the effects of the volatility of corn costs on our profitability, we expect to have commodities trading accounts. In addition, we intend to hire a commodities manager to manage our corn procurement activities. We intend to employ a broker for the purchase and sale of commodity futures contracts for corn, and enter into transactions and exercises commodity options for our account in accordance with our instructions. We will be required to maintain adequate margins in our accounts, and if we do not maintain adequate margins, our broker may close out any of our positions or transfer funds from our other accounts to cover the margin.

The effectiveness of our risk management strategy will be dependent on the cost of corn and our ability to sell sufficient ethanol to use all of the corn for which we have futures contracts. Our risk management activities may not be successful in reducing the risk caused by price fluctuation, which may leave us vulnerable to high corn prices.

**Utilities**

We intend to enter into an energy management services agreement with a third-party service provider. Such a service provider will assist us with electric energy, natural gas and propane management and procurement. Its responsibilities will include administration of our gas supply contracts, nomination, scheduling and other logistical issues such as storage and transportation, negotiation and delivery.

**Natural Gas**

The plant will require a significant supply of natural gas for its operations, approximately 5,000 dekatherms of natural gas per day. Most ethanol plants use natural gas to generate process steam and to fire the direct-fired distillers’ grain dryers. Natural gas use is typically about 30,000 BTUs for each gallon of 200-proof ethanol produced with drying of the distillers’ grains. To satisfy our natural gas requirements, we expect to construct approximately 1,000 feet of dedicated lateral pipeline to connect to the South Dakota Intrastate Pipeline that runs along the east side of our property, which in turn, connects to the Northern Natural Gas Pipeline’s interstate pipeline. However, we do not have an agreement with any third party to construct such a connection.

The Company has entered into an natural gas transportation agreement with South Dakota Interstate Pipeline for intrastate transportation of our natural gas from the interstate pipeline operated Northern Border Pipeline for $0.32 per dekatherm. The agreement expires December 31, 2025. The natural gas transportation agreement provides that our natural gas supply may be interrupted based on the natural gas transportation supply demands of the pipelines firm transportation customers. Presently, South Dakota Interstate Pipeline has only one firm transportation customer, Montana-Dakota Utilities Co. (“MDU”). MDU provides natural gas service in North Dakota, South Dakota, Montana and Wyoming to residential and
commercial customers. Based on historical usage, MDU uses on average, approximately 4,000 dekatherms per day, with historical peak usage of 11,000 dekatherms per day during winter months. Since the intrastate pipeline operated by South Dakota Interstate Pipeline has a maximum transportation capacity of approximately 16,000 dekatherms per day. As a result, we anticipate that we may only experience interruption of our natural gas supply during peak winter usage. However, there is no assurance that we will not experience interruptions in the transmission during non-peak usage periods or that any such interruptions will not result in production interruptions. Moreover, there is no assurance that MDU’s natural gas consumption will not increase in the coming years. Given South Dakota Interstate Pipeline’s commitment to serve the needs of MDU first (on a firm basis), any increased consumption by MDU in the coming years could result in further constraints on our access to the natural gas required to operate competitively. As a result, we plan to supplement natural gas supplies with propane when gas supplies run tight.

We intend to purchase a propane tank to serve as a back-up energy source in the event of interruption of our natural gas supply. We anticipate this back-up propane supply will cost approximately $250,000. We expect that our back-up propane tank will allow us to continue operations for about three to four days. We do not anticipate that using propane as our back-up energy source will require any adjustments to plant operations as we plan to install use a single package boiler, capable of supplementing our natural gas supply with propane or, if needed, burning propane alone. We have not yet negotiated or entered into any agreements for the provision of propane, but anticipate doing so before we begin construction of the plant.

We expect to purchase our natural gas through various suppliers on the open market and pay transmission and distribution fees to transmit the natural gas to our plant. We anticipate entering into an agreement with a natural gas supplier before we begin construction of the ethanol plant and that the natural gas supply will be sufficient to meet our needs.

The following chart depicts the ten year historical industrial price for natural gas for South Dakota.

![Natural Gas Industrial Price - South Dakota](chart.png)

Source: PRX Geographic

**Electricity**

Our ethanol plant will also require a continuous supply of electricity. If located at our proposed site, facility will be serviced by Oahe Rural Electric Cooperative which will source electricity from the East River Power Electric Cooperative. We anticipate that a dedicated substation would be required. Based on our preliminary discussions with Oahe Rural Electric Cooperative, we anticipate the substation will be located off-site. The cost for the new substation has been included in the capital cost estimate for the ethanol plant. The preliminary estimate of cost for electrical service is $0.07/kWh. We intend to enter into an electrical services agreement with the local electric utility to supply all of the electricity necessary to operate the ethanol plant.
The following chart depicts the ten year historical industrial price for electricity for South Dakota.

![Electricity Industrial Price - South Dakota](image)

**Source:** PRX Geographic

**Water**

We will also require a significant supply of water to operate our plant. Depending on water quality, the water requirements for a 70 million gallon per year nameplate ethanol plant are approximately 500 to 600 gallons per minute, or approximately 800,000 gallons per day. We expect to obtain the water we require pursuant to an industrial water supply agreement Mid Dakota Rural Water System.

Much of the water used in an ethanol plant is recycled back into the process. There are, however, certain areas of production where fresh water is needed. Those areas include boiler makeup water and cooling tower water. Boiler makeup water is treated on-site to minimize all elements that will harm the boiler and recycled water cannot be used for this process. Cooling tower water is deemed non-contact water because it does not come in contact with the mash, and, therefore, can be regenerated back into the cooling tower process. The makeup water requirements for the cooling tower are primarily a result of evaporation.

Depending on the type of technology utilized in the plant design, much of the water can be recycled back into the process, which will minimize the discharge water. Water must be discharged from the cooling tower and steam boiler to prevent scale buildup in the equipment. There may also be wastewater discharged from makeup water treatment equipment such as a reverse osmosis system. This “blowdown” water is typically very similar to the makeup water, but with an increase in the hardness. Cooling tower and boiler blowdown water typically meets the discharge requirements for release to surface water with appropriate permits, or to an evaporation pond. The wastewater can also be used for irrigation of crops or landscaping. This will have long-term effect of lowering wastewater treatment costs. Many new plants today are zero or near zero effluent facilities. We are presently exploring all available options with respect to our discharge water, but are presently pursing and anticipate being a zero discharge facility.

**Regenerative Thermal Oxidizer**

Ethanol plants such as ours may produce odors in the production of ethanol and its co-products, which some people may find unpleasant. We intend to eliminate odors by routing dryer emissions by using regenerative thermal oxidizers (“RTOs”). Based upon materials and information from ICM, we expect the RTOs, which burn emissions, will eliminate a significant amount of the volatile organic carbon compounds in emissions that cause unpleasant odors in the drying process and will allow us to meet the applicable permitting requirements. We also expect the RTO additions to the ethanol plant to reduce the risk of possible nuisance claims and any related negative public reaction against us.

**Seasonality of Sales**

We expect to experience some seasonality of demand for our ethanol, distillers’ grains and corn oil. Since ethanol is predominantly blended with gasoline for use in automobiles, ethanol demand tends to shift in relation to gasoline demand. As a result, we expect some seasonality of demand for ethanol in the summer months related to increased driving and, as a result,
increased gasoline demand. In addition, we experience some increased ethanol demand during holiday seasons related to
increased gasoline demand. We also expect decreased distillers’ grains demand during the summer months due to natural
depletion in the size of herds at cattle feed lots and when the animals are turned out to pasture or are slaughtered. Further, we
expect some seasonality of demand for our corn oil since a major corn oil user is the biodiesel industry which typically
reduces production during the winter months.

**Patents, Trademarks, Licenses, Franchises and Concessions**

We do not currently hold any patents, trademarks, franchises or concessions. We expect to be granted a perpetual
and royalty free license by our ethanol process technology provider to use certain ethanol production technology necessary to
operate our ethanol plant. The cost of the license granted by the provider is typically included in the amount we paid to the
construction company to design and build our ethanol plant.

**Governmental Regulation and Federal Ethanol Supports**

**Federal Ethanol Supports**

In an effort to reduce this country’s dependence on foreign oil, federal and state governments have enacted
numerous policies, incentives and subsidies to encourage the usage of domestically-produced alternative fuels. The U.S. ethanol industry has benefited significantly as a direct result of these policies. The primary federal ethanol support
is the federal renewable fuels standard ("RFS"). The RFS is a national program that does not require that any renewable fuels
be used in any particular area or state, allowing refiners to use renewable fuel blends in those areas where it is most cost-effective. RFS has been, and we expect will continue to be, a driving factor in the growth of ethanol usage.

The RFS, as originally introduced in the Energy Policy Act of 2005, required 7.5 billion gallons of renewable fuel to
be blended into gasoline by 2012. However, shortly thereafter through the passage of the Energy Independence and Security
Act of 2007, Congress made several important revisions to the RFS and increased the statutory annual volumes of total
renewable fuels required to be blended into transportation fuel from 9 billion gallons in 2008 to 36 billion gallons by 2022
and delegated to the EPA the authority to assign renewable volume obligations to individual “obligated” parties, including
fuel refiners, blenders, and importers. As revised, EISA statutorily mandates blending a minimum of 12.0 billion gallons of
qualified corn-derived renewable fuels in transportation fuels in 2010, increases annually until capping at 15.0 billion
gallons in 2015. Further, starting in 2009, EISA requires that a portion of the RFS be met by certain qualified “advanced”
renewable fuels, such as cellulosic ethanol, biomass-based diesel, and other advanced biofuels, and sets separate blending
volume requirements for each category. The statutorily mandated use of qualified advanced renewable fuels increases each
year as a percentage of the total renewable fuels required to be used in the United States. EISA also provide the EPA with
the authority to waive the statutory volume requirement, in whole or in part, provided one of the following two conditions
have been met: (1) there is inadequate domestic renewable fuel supply; or (2) implementation of the requirement would
severely harm the economy or environment of a state, region or the United States. In February 2010, the EPA established the
revised renewable fuel standard ("RFS2") to make the necessary program modifications imposed by EISA.

Under the RFS2, the EPA annually passes a rule that establishes the number of gallons of the different types of
renewable fuels that must be used by obligated parties in which is called the renewable volume obligations ("RVO"). For
2013, the RVO for corn-based ethanol was approximately 13.8 billion gallons, and the RVO for 2014 for corn-based ethanol
was expected to be 14.4 billion gallons. However, in November 2013, the EPA issued a proposed rule that would reduce the
2014 4 RVO to 13.0 billion gallons of corn-based renewable fuel, 1.4 billion gallons below the statutory RVO for 2014 and
800 million gallons less than the 2013 RVO. The EPA’s proposed rule marked the first time the corn-based renewable fuel
and total renewable fuel RVOs were proposed below the legislated target. The proposal was subject to a 60-day comment
period which ended in January 2014 during which the EPA received over 340,000 public comments and drew strong
opposition from biofuels groups. On November 21, 2014, the EPA announced that it rescinded its proposal from 2013. On
April 10, 2015, the EPA entered into a consent decree agreeing to a court-enforced timeline for establishing the RFS RVO
numbers for 2014 and 2015. Under the consent decree, the proposed RVO requirements must be announced by June 1, 2015,
and the final 2014 and 2015 RFS RVOs must be issued by November 30, 2015. The EPA has also publicly committed to
finalizing the 2016 RFS RVO during 2015 as well, although this was not required under the consent decree.
On May 29, 2015, the EPA released a proposed rule containing 2014, 2015 and 2016 RFS RVOs. The following chart illustrates the minimum usage established by the RFS statute and the minimums established in the May 29, 2015 proposed rule (volumes in billions of gallons):

<table>
<thead>
<tr>
<th>Year</th>
<th>RVO Source</th>
<th>Total Renewable Fuel RVO</th>
<th>Cellulosic Ethanol Minimum Requirement</th>
<th>Advanced Biofuel</th>
<th>Maximum Amount of Conventional That Can Be Used to Satisfy Total Renewable Fuel RVO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>RFS Statute</td>
<td>18.15</td>
<td>1.75</td>
<td>3.37</td>
<td>14.40</td>
</tr>
<tr>
<td></td>
<td>EPA Proposed Rule</td>
<td>15.93</td>
<td>0.33</td>
<td>2.68</td>
<td>13.25</td>
</tr>
<tr>
<td>2015</td>
<td>RFS Statute</td>
<td>20.50</td>
<td>3.00</td>
<td>5.50</td>
<td>15.00</td>
</tr>
<tr>
<td></td>
<td>EPA Proposed Rule</td>
<td>16.30</td>
<td>1.06</td>
<td>2.90</td>
<td>13.40</td>
</tr>
<tr>
<td>2016</td>
<td>RFS Statute</td>
<td>22.25</td>
<td>4.25</td>
<td>7.25</td>
<td>15.00</td>
</tr>
<tr>
<td></td>
<td>EPA Proposed Rule</td>
<td>17.40</td>
<td>2.06</td>
<td>3.40</td>
<td>14.00</td>
</tr>
</tbody>
</table>

Compared to the November 2013 preliminary rulemaking, the proposed RVO standards for 2014 are larger for all categories, but below statutory levels. Additionally, while the proposed RVO standards do increase in 2015 and 2016, they also fall short of statutory requirements. In a fact sheet released with the proposed rule, the EPA has indicated that it does not believe that the market can consume enough ethanol sold in blends greater than E10, or produce sufficient volumes of non-ethanol biofuels to meet the volumes of total renewable fuels and advanced biofuels as required by statute 2014, 2015 and 2016. According to the fact sheet, the agency set the levels to be blended for 2014 at the levels of conventional (i.e., corn-based) ethanol that were actually produced and used as transportation fuel in 2014 and set the levels for 2015 and 2016 to incentivize growth above current levels. However, current conventional ethanol production capacity exceeds the EPA's proposed 2016 standard which can be satisfied by conventional (corn-based) ethanol. The EPA held a public hearing on the proposal on June 25, 2015, in Kansas City, Kansas and the proposed rule was subject to public comment until July 27, 2015. EPA must finalize the 2014 and 2015 volume standards by Nov. 30 as required by the consent decree. If the proposal becomes final, the market price and demand for ethanol may decrease unless additional demand from discretionary or E85 blending develops. Beyond the federal mandates, there are limited markets for ethanol. Therefore, any decline in the market price and demand for ethanol resulting from the reduced RVOs could have a material adverse effect on our business, results of operations and financial condition could be materially and could result in the loss of some or all of your investment.

Compliance with the RFS program is measured by tracking unique renewable identification numbers (“RINs”) that are attached to each gallon of qualified renewable fuel domestically produced or imported and act like a “proof of purchase”. For example, for one (1) RIN is generated for each gallon of qualified corn-starch ethanol produced, whereas two and a half (2.5) RINs are issued for each gallon of qualified cellulose ethanol produced. There are several types of RINs that can be used to demonstrate compliance with goals established for different categories of renewable fuels by the RFS program, including D-6 RINs which we will be able to generate for the ethanol we produce from corn feedstock, assuming our plant operates as expected and we are in compliance with our “efficient producer” requirements. However, in order to achieve “efficient producer” status under the EPA pathway petition program, we will likely be required to limit drying of certain amounts of distillers’ grains and may be required to install certain advanced technology. See “Costs and Effects of Compliance with Governmental Regulation” below for further information regarding our “efficient producer” status.

Parties that produce or own RINs must register with the EPA and comply with RINs record and reporting guidelines on a quarterly basis. RINs are detached when the gallon of renewable fuel is blended into the transportation fuel supply. Detached RINs may be retired by obligated parties to demonstrate compliance with RFS2 or may be separately traded in the market. Each RIN may only be counted once toward an obligated party’s RVO and must be used either in the calendar year in which the RINs were generated, or the following calendar year. An obligated party may purchase detached RINs from third parties if it fails to meet its RVO through blending of renewable fuels with attached RINs. If the obligated party fails to satisfy its RVO in a calendar year, the obligated party may carry the deficit forward for one year. Such deficit will be added to the party’s obligation for the subsequent year.

Detached RINs may be retired by obligated parties to demonstrate compliance with RFS2 or may be separately traded in the market. The market price of detached RINs may affect the price of ethanol in certain U.S. markets as obligated parties may factor these costs into their purchasing decisions. Moreover, at certain price levels for various types of RINs, it becomes more economical to import foreign sugar cane ethanol. In response to the EPA’s recent proposal reducing RVOs from the RFS2 statutory volumes, RIN prices declined precipitously, with the value of D-6 RINs, as reported by OPIS, settling $0.20 per RIN lower the day of the announcement compared to the prior day. If changes to RFS2 result in significant changes in the price of various types of RINs, and in particular D-6 RINs, it could negatively affect the price of ethanol.
Decline in the price of ethanol will lead to decreased revenues and may result in our inability to operate the ethanol plant profitably.

Most ethanol that is used in the United States is sold in a blend called E10. E10 is a blend of 10% ethanol and 90% gasoline. E10 is approved for use in all standard vehicles. Estimates indicate that gasoline demand in the United States is approximately 134 billion gallons per year. Assuming that all gasoline in the United States is blended at a rate of 10% ethanol and 90% gasoline, the maximum demand for ethanol is 13.4 billion gallons per year. This is commonly referred to as the “blend wall”, which represents a theoretical limit where more ethanol cannot be blended into the national gasoline pool. This is a theoretical limit because it is believed that it would not be possible to blend ethanol into every gallon of gasoline that is being used in the United States and it discounts the possibility of additional ethanol used in higher percentage blends such as E15 and E85 used in flex fuel vehicles.

Many in the ethanol industry believe that it will be impossible to meet the RFS requirement in future years without an increase in the percentage of ethanol that can be blended with gasoline for use in standard (non-flex fuel) vehicles. The EPA has approved the use of E15, gasoline which is blended at a rate of 15% ethanol and 85% gasoline, in vehicles manufactured in the model year 2001 and later. However, there were still significant federal and state regulatory hurdles that needed to be addressed before E15 would be widely available in the marketplace. The EPA has made gains towards clearing those federal regulatory hurdles. In February 2012, the EPA approved health effects and emissions testing on E15 which was required by the Clean Air Act before E15 can be sold into the market. In March 2012, the EPA approved a model Misfueling Mitigation Plan and fuel survey which must be submitted by applicants before E15 registrations can be approved. In April 2012, the EPA approved the first E15 registrations approving the registrations of twenty producers to use their product as E15. Finally, in June 2012, the EPA gave the final approval to allow the sale of E15. According to the Renewable Fuels Association, as of June 2015, there were over 100 gas stations in 16 states offering E15 to consumers. Additionally, there is growing availability of E85 (85% ethanol and 15% gasoline) for use in flexible fuel vehicles. However, wide spread adoption of these higher blends is hampered by regulatory and infrastructure hurdles in many states, as well as consumer acceptance.

Although management believes that these developments are significant steps towards introduction of E15 in the marketplace, there are still obstacles to meaningful market penetration by E15. Many states still have regulatory issues that prevent the sale of E15. Sales of E15 may be limited because it is not approved for use in all vehicles, the EPA requires a label that management believes may discourage consumers from using E15, and retailers may choose not to sell E15 due to concerns regarding liability. In addition, different gasoline blendstocks may be required at certain times of the year in order to use E15 due to federal regulations related to fuel evaporative emissions which may prevent E15 from being used during certain times of the year in various states. As a result, E15 has not had an immediate impact on ethanol demand in the United States and E15 may not significantly increase ethanol demand in the future.

On May 29, 2015, the United States Department of Agriculture ("USDA") announced its intent to invest up to $100 million to help fund infrastructure to double the number of blender pumps currently available that are capable of supplying higher blends of ethanol. Through this new program, the USDA will administer competitive grants to match funding for state-led efforts to test and evaluate innovative and comprehensive approaches to market higher blends of renewable fuels, such as E15 and E85. While the USDA's new program will help improve access to higher blends of renewable fuels, we do not anticipate that E15 will impact ethanol demand or pricing in the near term. Sales of E15 may be limited because: (i) it is not approved for use in all vehicles; (ii) the EPA requires a label that management believes may discourage consumers from using E15; and (iii) retailers may choose not to sell E15 due to concerns regarding liability. In addition, different gasoline blendstocks may be required at certain times of the year in order to use E15 due to federal regulations related to fuel evaporative emissions. This may prevent E15 from being used during certain times of the year in various states. As a result, management believes that E15 may not have an immediate impact on ethanol demand in the United States. Rather, management believes consumer acceptance of E15 and flex fuel vehicles, along with continued growth of E85, is necessary before ethanol can achieve any market growth beyond the blend wall.

State Supports for Our Company

We have received a $22,250 forgivable loan from the South Dakota Value Added Committee; however, we do not presently have any other economic commitment from the state of South Dakota. Preliminary discussions with the state have included a declining five year property tax rebate, a sales tax refund for certain taxable construction period purchases, and a state financed hard surface county road. Additionally, we are exploring potential tax-increment bond financing as an alternative the declining five year property tax rebate. There are no assurances that we will be able to obtain the necessary tax increment financing, property tax rebates, sales tax refunds, or other financing or grants. Moreover, the mixture of state offered economic benefits that we ultimately receive, if any, may vary based upon the specific plant site that we chose and other factors beyond our control.
Costs and Effects of Compliance with Governmental Regulation

Ethanol production involves the emission of various airborne pollutants, including particulate, carbon dioxide, oxides of nitrogen, hazardous air pollutants and volatile organic compounds. The government's regulation of the environment changes constantly. We will be subject to extensive air, water and other environmental regulations and we will require a number of environmental permits to operate the plant. We have not yet obtained any permits that are currently required for operation of the plant. Any changes in environmental regulations, either at the federal or state level, could require us to obtain additional or new permits or spend considerable resources in complying with such regulations. We anticipate annually incurring costs and expenses of approximately $100,000 for compliance with environmental laws. Plant operations are governed by the Occupational Safety and Health Administration (“OSHA”). OSHA regulations may change such that the costs of operating the ethanol plant may increase. Any of these regulatory factors may result in higher costs or other adverse conditions effecting our operations, cash flows and financial performance.

In February 2010, the EPA released its final regulations on the RFS2. The RFS2 regulations specify that renewable fuel producers and importers may generate RINs for the renewable fuels they produce if they qualify through an existing approved fuel pathway. On September 30, 2014, the EPA announced a new expedited “efficient producer” petition process for corn starch and grain sorghum dry mill ethanol plant, like our proposed plant, to demonstrate compliance with the 20% reduction in GHG emissions threshold and qualify to generate RINs for the production of ethanol. Once a complete petition is submitted, the EPA will then conduct its review of the petition. Once a petition is approved by the EPA, the producer must then register under the approved pathway, develop an ongoing compliance monitoring program and continuously demonstrate compliance with the 20% GHG reduction threshold.

On March 23, 2015, we completed and submitted our efficient producer petition. On June 15, 2015, the EPA awarded us efficient producer pathway approval for our dry-mill process. Under our EPA approval, we are only authorized to generate RINs for the ethanol we produce if we can demonstrate that all ethanol produced at the plant during an averaging period (defined as the prior 365 days or the number of days since the date EPA efficient producer pathway approval) meets the 20% GHG reduction requirement. To make this demonstration, we must keep certain records specified in the approval. We will also be required to register with the EPA as a renewable fuel producer for our ethanol production and satisfy the registration requirements, which include completing an engineering review by an independent engineer. If we cannot achieve and maintain continuous compliance with the 20% reduction in GHG emissions requirement, we will not be able issue RINs for all or some of the ethanol we produce. As a result, we may be forced to rely on export sales for any ethanol without attached RINs, which may reduce our profitability and may result in the loss of some or all of your investment.

In addition to the foregoing requirements, to comply with our “efficient producer” status, we must sell our distillers’ grains for animal feed only. Presently, the bulk of the current demand for distillers’ grains is for dried distillers’ grains in regional, national and international export markets. However, in order to achieve and maintain the required 20% reduction in GHG emissions, we expect that at our initial production capacity of just over 70 million gallons per year, we will be required to reduce the amount of dried distillers’ grains we dry to 80% of the total amount of distillers’ grains we produce in order to help reduce our energy usage. Additionally, once operations commence and if we determine it is profitable to do so, we expect to expand the production capacity of the ethanol plant to up to approximately 97.5 million un-denatured gallons per year by the end of our fourth year of operation. If we complete this expansion as planned, we will likely be required to further reduce the amount of distillers’ grains we dry and such reductions may be as much as 50% of the total amount of distillers’ grains we produce in order to protect our ability to generate RINs as an “efficient producer. As a result, we expect to be dependent on local dairy, beef, and poultry operations and feedlot markets for sales of wet and modified wet distillers’ grains and that dependence will likely increase as our production capacity increases. Accordingly, our ability to adjust our distillers’ grains product mix and access to diversified markets may be limited. If we, or our third party distillers’ grains marketer, is unable to develop a sufficient local market for our wet and/or modified wet distillers’ grains, we may be forced to sell our wet and/or modified wet distillers’ grains below cost or incur significant transportation costs to transport the wet and modified wet distillers’ grains to buyers outside of the local market. Either of these situations could reduce our profitability and decrease or eliminate the value of your investment.

In late 2009, California passed a Low Carbon Fuels Standard (“LCFS”). The California LCFS requires that renewable fuels used in California must accomplish certain reductions in greenhouse gases which are measured using a lifecycle analysis, similar to the RFS. On December 29, 2011, a federal district court in California ruled that the California LCFS was unconstitutional which halted implementation of the California LCFS. However, the California Air Resources Board (“CARB”) appealed this court ruling and on September 18, 2013, the federal appellate court reversed the federal district court, finding the LCFS constitutional and remanding the case back to federal district court to determine whether the LCFS imposes a burden on interstate commerce that is excessive in light of the local benefits. Recently, the federal appeals court refused to allow for a second hearing on this issue. In addition, a state court in California recently required that CARB take certain corrective actions regarding the approval of the LCFS regulations while allowing the LCFS regulations to remain
in effect during this process. If federal and state challenges to the LCFS are ultimately unsuccessful, the LCFS could have a negative impact on demand for corn-based ethanol in California and result in decreased ethanol prices.

In 2012, the European Union concluded an anti-dumping investigation related to ethanol produced in the United States and exported to Europe. As a result of this investigation, the European Union has imposed a tariff on ethanol which is produced in the United States and exported to Europe. This tariff has resulted in significantly decreased exports of ethanol to Europe which has negatively impacted ethanol demand in the United States.

Design-Build Team

*Design Builder: Fagen, Inc.*

We expect to enter into a design-build agreement with Fagen in connection with the design, construction and operation of the proposed plant. Fagen was founded by Ron Fagen, CEO and President, and originally began in 1972, as Fagen-Pulsifer Building, Inc. It became Fagen in 1988. Fagen has more than 35 years experience in the ethanol industry and has been involved in the construction of more ethanol plants than any other company in this industry. They have been involved in the design of over 75 ethanol plants covering 17 states. Project experience includes greenfield sites, brownfield sites, plant expansions, and plant modifications. Their services are offered on a design-build or engineering only basis and includes environmental permitting, site preparation, site utilities, fire protection, foundation design, structural steel design, mechanical building systems, process piping, process utilities and electrical and instrumentation. Fagen’s other construction commitments could cause Fagen to run out of sufficient resources to timely construct our plant. This could result in construction delays if Fagen is not able to perform according to the timetable we anticipate.

Fagen Engineering, LLC was formed in 1996 to assist Fagen with the construction process. Fagen Engineering is a national full-service engineering firm offering complete civil, structural, mechanical and electrical/instrumentation design services. Fagen Engineering is ranked by the Engineering New Record as the 13th largest design-build firm in the United States. Their engineering experience covers biofuels including ethanol and biodiesel, agricultural processing, food processing, power, grain handling, cogeneration, water treatment, wind turbines, and many other heavy industrial projects.

The expertise of Fagen in integrating process and facility design into a construction and operationally efficient facility is very important. Fagen also has knowledge and support to assist our management team in executing a successful start-up. Fagen, Inc. is a meaningful project participant because of its desire to facilitate our project’s successful transition from start-up to day-to-day profitable operation.

Although we executed a limited notice to proceed agreement with Fagen, we have not yet obtained any binding or nonbinding agreements with Fagen for design and construction of our plant and we may not be able to secure such agreements as we anticipate. If we enter into definitive agreements with Fagen, we expect to pay Fagen a lump sum price in exchange for the following services:

- Preparation of the definitive agreement for the design, construction and start-up of the plant that includes a preliminary design and construction schedule;
- Assisting us with the process of site evaluation and selection;
- Assisting us with all phases of the permitting process;
- Designing, constructing and starting-up the plants; and
- Assistant with the training of our employees.

Based on preliminary discussions with Fagen, we anticipate that the lump sum price for the above services will be approximately $110.0 million; however, the final cost of the plant may be higher. Any significant increase in the estimated construction cost of the plant could delay our ability to generate revenues and reduce the value of your units because our revenue stream may not be able to adequately support the increased cost and expense attributable to increased construction costs.

We expect to be responsible for certain site improvements, infrastructure, utilities, permitting and maintenance and power equipment costs.
**Limited Notice to Proceed Agreement**

We have entered into a limited notice to proceed agreement with Fagen for the performance of certain pre-construction engineering, design and procurement services. Any sums we pay to Fagen for services under the limited notice to proceed agreement will reduce the lump sum fee we owe to Fagen under our design-build agreement.

**Design Process Engineer: ICM, Inc.**

ICM is a full-service engineering, manufacturing and merchandising firm based in Colwich, Kansas. We expect ICM to be the principal subcontractor for the plant. ICM is expected to provide the process engineering operations for Fagen. ICM has been involved in the research, design and construction of ethanol plants for many years. The principals of ICM each have over 20 years of experience in the ethanol industry and have been involved in the design, fabrication and operations of many ethanol plants.

**Service Agreement with Merjent, Inc.**

We have engaged Merjent, Inc. of Minneapolis, Minnesota to provide consulting services to obtain the necessary State of South Dakota air quality permits prior to commencement of construction activities. The cost of Merjent’s services will be based on a time and material basis. Additional costs may be imposed if Merjent is required to address significant public comment and/or assist in lengthy agency negotiations regarding specific permit terms and conditions.

**Service Agreement with Civil Design, Inc.**

We have engaged Civil Design, Inc. of Brookings, South Dakota to provide consulting services to obtain the necessary State of South Dakota discharge water permits and rail infrastructure engineering. The cost of Civil Design’s services will be based on a time and material basis.

**Other Consultants**

**Transaction with PRX Geographic, Inc.**

We have entered into a consulting agreement with PRX Geographic, Inc., based out of Chelsea, Michigan (“PRX Geographic”), pursuant to which PRX Geographic conducted a corn origination analysis and a small area supply demand analysis and provided us with a report containing their findings. In exchange for their services, we have paid PRX Geographic the sum of $37,000.

**Transaction with Ascendant Partners, Inc.**

We have entered into a consulting agreement with Ascendant Partners, Inc. (“Ascendant”) pursuant to which Ascendant conducted a feasibility study for our project. Ascendant, based in Greenwood Village, Colorado, is a business and financial advisory firm dedicated to helping mid-size agribusiness, food and renewable energy companies. In exchange for their services, we have paid Ascendant the sum of $25,000.

**Transaction with Christianson & Associates, PLLP**

We have engaged Christianson & Associates, PLLP of Willmar, Minnesota (“Christianson”). Pursuant to our engagement, Christianson assisted us in developing and drafting the business plan for the Company and developing the forecasted financial statements concerning the development, construction and operation of the proposed ethanol plant. In exchange for their services, we have paid Christianson the sum of $30,000.

**BioEnergy Capital Consultants, LLC**

On June 29, 2015, we entered into an agreement with BioEnergy Capital Consultants, LLC, a South Dakota limited liability company (“BioEnergy”), to provide services as our project consultant. BioEnergy’s principals are Paul Casper and Jack Porter. BioEnergy’s duties as project consultant will include assisting us in: (1) negotiating contracts with service and product providers; (2) planning our equity marketing effort, including the preparation of written and visual marketing materials and training of our officers and directors; (3) graphic design of the Client’s marketing materials; (4) placement of print and electronic media; (5) planning of the Client’s local marketing efforts; and (6) recommending equipment needs for presentation.
Regulatory Permits

We will be subject to extensive air, water and other environmental regulations and we will need to obtain a number of environmental permits to construct and operate the plant. In addition, it is likely that our senior debt financing will be contingent on our ability to obtain the various required environmental permits. If for any reason any of these permits are not granted, construction costs for the plant may increase, or the plant may not be constructed at all. In addition, the South Dakota of Natural Resources (“SDDNR”) could impose conditions or other restrictions in the permits that are detrimental to us or which increase costs to us above those assumed in this project. The SDDNR and the EPA could also change their interpretation of applicable permit requirements or the testing protocols and methods necessary to obtain a permit either before, during or after the permitting process. Any such event would likely have a material adverse impact on our operations, cash flows, and financial performance.

Even if we receive all required permits, we may also be subject to regulations on emissions from the EPA. Currently the EPA’s statutes and rules do not require us to obtain separate EPA approval in connection with construction and operation of the proposed plant. Additionally, environmental laws and regulations, both at the federal and state level, are subject to change and changes can be made retroactively. Consequently, even if we have the proper permits at the present time, we may be required to invest or spend considerable resources to comply with future environmental regulations or new or modified interpretations of those regulations, to the detriment of our financial performance.

Construction and Operation Air Permits

There will be a number of emission sources at our plant that are expected to require permitting. These sources include the boiler, ethanol process equipment, storage tanks, scrubbers, and bag houses. The types of regulated pollutants that are expected to be emitted from our plant include Particulates, Carbon Monoxide, Oxides of Nitrogen, “NOx”, SO(2), and Volatile Organic Compounds. These activities and emissions mean that we expect to obtain air pollution construction and operation new source permits from the SDDNR for each source of emission, regardless of the fuel source (natural gas or coal gasification). Although we currently do not anticipate any significant problems, there can be no assurance that the SDDNR will grant us these permits. If the limitations contained in these permits are exceeded, we could be subjected to expensive fines, penalties, injunctive relief, and civil or criminal law enforcement actions.

We expect that the SDDNR or the EPA will require us to acquire a Title V permit if our emissions are at a level high enough or if our emissions are combined with any nearby facilities. Among other things, obtaining and maintaining a Title V permit will involve substantial compliance and management costs and additional capital. The SDDNR and the EPA could also modify the requirements for obtaining a permit. Any such event would likely have a material adverse impact on our operations, cash flows and financial performance. We expect to incur significantly increased capital, compliance and management expenses if we are required to obtain a Title V air permit.

If the SDDNR determines that the area in which the plant will be situated is a non-attainment area, then the SDDNR may require additional investigation into the permit applications to make sure that the plant will not significantly impact emissions for the particular pollutant. In this event, the threshold standards that require a Title V air permit may be changed, thus requiring us to file for and obtain a Title V air permit or to obtain a Prevention of Significant Deterioration (“PSD”) permit, which would likely include strict emissions limitations and to install Best Available Control Technologies (“BACT”) for any future modifications or expansions of the plant. This would significantly increase the operating costs and capital costs associated with any future expansion or modification of the plant.

Waste Water National Pollutant Discharge Elimination System Permits (NPDES Permit)

We expect that we will use water to cool our closed circuit systems in the proposed plant based upon engineering specifications. Although the water in the cooling system will be re-circulated to decrease facility water demands, a certain amount of water will be continuously replaced to make up for evaporation and to maintain a high quality of water in the cooling tower. In addition, there will be occasional blowdown water that will have to be discharged. The exact details regarding the source of water and the amount of non-process and other wastewater that needs to be discharged will not be
known until tests confirm the water quality and quantity for the site. The exact details regarding the source of water and the amount of non-process and other wastewater that needs to be discharged will not be known until tests confirm the water quality and quantity for the site. Although unknown at this time, the quality and quantity of the water source and the specific requirements imposed by the SDDNR for discharge will materially affect our financial performance. We expect to file for a permit to allow the discharge of wastewater from a manufacturing or commercial operation. We expect to apply for an NPDES wastewater construction site permit prior to construction. We do not expect to require a permit for the land application or discharge of process wastewater based on the design proposed by our engineers. There can be no assurances that these permits will be granted to us. Although, we anticipate receiving these permits, if they are not granted, our plant may not be allowed to operate.

**Storm Water Discharge Permit (NDPES) and Storm Water Pollution Prevention Plan (SWPPP Permits)**

Before we can begin construction of our plant, we must obtain a Storm Water Discharge Permit for industrial activity from the applicable state agency. This permit must be filed and obtained before construction begins. A Storm Water Pollution Prevention Plan must also be in place that outlines various measures we plan to implement to prevent storm water pollution. Other compliance and reporting requirements would also apply.

Prior to the commencement of construction of the plant, we must file a notice of intent and application for a Construction Site Storm Water Discharge Permit. If the SDDNR does not object to the notice of intent, we could begin construction and allow storm water discharge fourteen days after the filing. As part of the application for the Construction Site Storm Water Discharge Permit, we will need to prepare a construction site erosion control plan. We would also be subject to certain reporting and monitoring requirements. We anticipate, but there can be no assurances, that we will be able to obtain these permits.

**New source performance standards**

The plant will be subject to new source performance standards for both the plant’s distillation processes and the storage of VOCs used in the denaturing process. These duties include initial notification, emissions limits, compliance, monitoring requirements, and record keeping requirements.

**Spill prevention, control, and countermeasures plan and tank permit**

Before we can begin operations, we must prepare and implement a spill prevention control and countermeasure (“SPCC”) plan in accordance with the guidelines contained in 40 CFR § 112. This plan will address oil pollution prevention regulations and must be reviewed and certified by a professional engineer. The SPCC must be reviewed and updated every three years. We anticipate, but there can be no assurances, that we will be able to obtain this permit.

**Alcohol and Tobacco Tax and Trade Bureau Requirements**

Before we can begin operations, we will have to comply with applicable Alcohol and Tobacco Tax and Trade Bureau regulations. These regulations require that we first make application for and obtain an alcohol fuel producer’s permit. The application must include information identifying the principal persons involved in our venture and a statement as to whether any such person has ever been convicted of a felony or misdemeanor under federal or state law. The term of the permit is indefinite until terminated, revoked, or suspended. The permit also requires that we maintain certain security measures. We must also secure an operations bond. There are other taxation requirements related to special occupational tax and a special tax stamp.

**EPA**

Even if we receive all South Dakota environmental permits for construction and operation of the plant, we will also be subject to oversight activities by the EPA. There is always a risk that the EPA may enforce certain rules and regulations differently than South Dakota’s environmental administrators. Recent cases have upheld the EPA’s right to conduct oversight of state air programs such as South Dakota. South Dakota or EPA rules are subject to change, and any such changes could result in greater regulatory burdens.

**Expected Timing of Permitting and Consequences of Delay or Failure**

Our acquisition of many of the various required permits is time sensitive. Adverse consequences could result from any delay or failure to get a specific permit. Without the air pollution construction permits, we will be unable to begin construction. It is anticipated that the air pollution construction permit applications will be filed four months prior to the
beginning of construction. We anticipate that if granted the air pollution construction and operation permit, we will commence construction thereafter, assuming we successfully complete the offering and secure our debt financing. Once granted, the permit is valid indefinitely until the plant is modified or there is a process change that changes air emissions. We must complete an application for the required Storm Water Discharge Permit prior to commencement of plant operations. In addition, we must have in place a pollution prevention plan submitted before operations. We must complete our Spill Prevention Control and Countermeasure plan at or near the time of commencement of operations. We must obtain a high capacity water withdrawal permit before it begins operations. There is no assurance that this permit will be granted. We must obtain an Alcohol Fuel Producer’s Permit, post an operations bond, and file certain information with the ATTTB before we begin operations. There is no assurance that this Permit will be granted. Without the air pollution construction permit, the waste water discharge permit, the various storm water discharge permits, water withdrawal permit, spill prevention control and countermeasures plan, and alcohol fuel producer’s permit, we will be unable to begin or continue operations.

Nuisance

Even if we receive all EPA and South Dakota environmental permits for construction and operation of the plant, we may be subject to the regulations on emissions by the EPA. Ethanol production has been known to produce an odor to which surrounding residents could object, and may also increase dust in the area due to our operations and the transportation of grain to the plant and ethanol and distillers dried grains from the plant. Such activities could subject us to nuisance, trespass or similar claims by employees or property owners or residents in the vicinity of the plant. To help minimize the risk of nuisance claims based on odors related to the production of ethanol and its byproducts, we intend to install RTOs in the plant. See “DESCRIPTION OF THE BUSINESS — Regenerative Thermal Oxidizer”. Nonetheless, any such claims, or increased costs to address complaints, may reduce our cash flows and have a negative impact on our financial performance. In addition, we anticipate installing a dust collection system to limit the emission of dust.

FORECASTED FINANCIAL STATEMENTS

Certain financial projections and unaudited forecasted financial statements (the “forecasted financial statements”) concerning the development, construction and operation of the proposed ethanol plant are included in the Forecasted Financial Statements included as Exhibit F to this memorandum. The forecasted financial statements and related summaries set forth in Exhibit F were prepared by Christianson & Associates, PLLP, a third party consultant based in Willmar, Minnesota (“Christianson”) and are based on assumptions made and information gathered by us. The analysis and forecasts included in the forecasted financial statements are not based on actual operating history. The forecasted financial statements are a compilation only, which means that a certified public accountant has not examined or independently reviewed or audited the forecasted financial statements, and there is no assurance from a qualified, independent third party that the assumptions underlying the forecasts are reasonable. The estimates and assumptions underlying the forecasted financial statements are subject to significant economic and competitive uncertainties and contingencies that are beyond our control. Therefore, any projections or opinions that are included in this memorandum or in the forecasted financial statements, or that may separately be provided to prospective investors in this offering, should not be interpreted as statements of fact.

Any projections or opinions that are included in this memorandum or in the forecasted financial statements, or that may separately be provided to prospective investors, should not be interpreted as statements of fact. Investors are cautioned not to place undue reliance on projections and opinions, which may be based on numerous assumptions. There can be no assurance that any of these assumptions will prove to be correct. Each prospective investor and his or her authorized representatives are offered the opportunity to ask questions of (and to receive answers from) the directors about the terms and conditions of this offering and the contemplated business and operations of the Company, and to obtain additional information they may consider necessary to verify such information and to make an informed investment decision. Prospective investors are urged to thoroughly review this memorandum, including all exhibits and attachments, before making any decision regarding an investment in the Company.

MANAGEMENT OF THE COMPANY

We are governed by the terms of our operating agreement and the laws of the State of South Dakota.

Board of Directors

Our operating agreement provides that we will be managed by a board of directors with the initial number directors a minimum of one (1) and a maximum of thirteen (13). Presently, our board of directors consists of seven members,
including one of our founders, Walt Wendland. So long as Mr. Wendland controls 300 units, he shall have the right to appoint one director. Therefore, we expect that Mr. Wendland, or his designated representative, will serve on our board of directors indefinitely.

Following this offering, our board expects to increase the number of directors by adding director appointed by members acquiring appointment rights by purchasing 1,500 or more units in this offering. Subject to the number of directors appointed by certain members acquiring appointment rights in our subsequent general equity offering, we expect our initial directors will serve until the first annual or special meeting of the members following the date on which substantial operations of the ethanol plant commences. If our project suffers delays due to financing or construction, our initial board of directors could serve for an extended period of time. In that event, your only recourse to replace these directors would be through an amendment to our amended and restated member control agreement which could be difficult to accomplish.

As stated above, our board of directors is limited to a maximum of thirteen (13) directors. Our operating agreement only requires that there be at least one elected at-large director serving on our board of directors. Therefore, depending on the number of members acquiring appointment rights in this offering, we may reduce the number of at-large director seats (but not less than one at-large director) on our board following the closing of this offering to accommodate the appointed directors. As a result, members that do not hold a special right of appoint may not be able to elect more than one at-large director to sit on our board of directors. The only way members who do not have a special appointment right may increase the number of at-large elected directors is through an amendment to our operating agreement.

**Election of Directors**

As a member of the Company, you will be entitled to vote your units for the election of at least one at-large director unless you purchase 1,500 or more units in this offering, in which case you be deemed an “appointing member” and will have the right to appoint a director to the board as described below. At-large directors are elected by plurality vote of all members other than appointing members, which means that the nominees receiving the greatest number of votes relative to all other nominees are elected as directors. Nominations for directors may be made by the nominating committee of the board of directors or by the board of directors as a whole. Members may also nominate candidates for our board by giving advance written notice to the Company with information about the nominee and the nominating member as provided in the operating agreement.

The operating agreement provides for staggered elections of at-large directors, where, upon the expiration of the initial board, the first group of at-large directors shall serve for one year, the second group shall serve for two years, and the third group shall serve for three years. The successors for each group of at-large directors shall be elected for a 3-year term and at that point, one-third of the total number of directors will be elected by the members each year. Prior to expiration of the initial at-large directors’ terms, the initial at-large directors shall, by written resolution, separately identify the director positions to be elected and so classify each Group I (serving one year), Group II (serving two years), or Group III (serving three years).

**Special Right of Appointment of Directors for Certain Members**

Each member who acquires and holds 1,500 or more units from the Company in this offering shall be deemed an “appointing member” and shall be entitled to appoint one director to our board of directors. Appointing members are not allowed to vote in the election of directors with respect to any units held. A director appointed under this special right shall serve indefinitely at the pleasure of the member appointing him, her, or it until a successor is appointed, or until the earlier death, resignation, or removal of the director. Any such director may be removed for any reason by the member appointing him or her, upon written notice to the board of directors, and such notice may designate and appoint a successor director to fill the vacancy. If the number of units held by the appointing member falls below the threshold of 1,500 units, the term of any director appointed by that member shall terminate and the seat held by such director will dissolve. If the appointing member transfers the units, the appointment rights do not transfer with the unit and expire on the date of the transfer.

**Executive Officers**

Pursuant to our operating agreement, our board of directors has the authority to hire and appoint our executive officers. Our officers generally have the authorities and duties customarily associated with their respective titles.
Identification of Directors, Executive Officers and Significant Employees

The following table shows the directors and officers of Ringneck Energy LLC as of the date of this memorandum:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walter Wendland</td>
<td>Chairman, President and CEO</td>
</tr>
<tr>
<td>Janet Wendland</td>
<td>Secretary and Treasurer</td>
</tr>
<tr>
<td>Edward Eller</td>
<td>Director</td>
</tr>
<tr>
<td>Gary Wickersham</td>
<td>Director</td>
</tr>
<tr>
<td>Jeffrey Goebel</td>
<td>Director</td>
</tr>
<tr>
<td>Patrick Voorhees</td>
<td>Director</td>
</tr>
<tr>
<td>Kenton Johnson</td>
<td>Director</td>
</tr>
<tr>
<td>Kirk Yackley</td>
<td>Director</td>
</tr>
</tbody>
</table>

Biographies of Our Directors and Officers

The following is a brief description of the business experience and background of our officers and directors:

**Walt Wendland, 59, Mason City, Iowa.** Mr. Wendland is our Chairman, President and CEO. Mr. Wendland served as President and CEO for Golden Grain Energy, LLC near Mason City from 2002 until May 2014 and Homeland Energy Solutions, LLC near Lawler from December 2008 until November 2014 with oversight of all operations and activities with combined capacity of 250 million gallons of ethanol per year. Mr. Wendland is also an investor in Golden Grain Energy, LLC, Homeland Energy Solutions, LLC and Absolute Energy, LLC. For the past six years, he has also co-owned and co-managed with his spouse, Janet Wendland (our Secretary and Treasurer), approximately 1,540 acres farmland in Iowa and 2,200 acres of farmland in Hyde and Buffalo Counties in South Dakota. Mr. Wendland also served as a director, on the executive committee, and Secretary of Renewable Products Marketing Group (RPMG), a private company, director and chairman of the risk management committee of Guardian Energy, a private company, served on the advisory committee of Ethanol Risk Management SPC and was chairman of the Casualty Risk Control committee. Mr. Wendland is also involved in several industry organizations and was a founding member of the Iowa Renewable Fuels Association. Mr. Wendland has twice served as President of the Iowa Renewable Fuels Association and previously served as Treasurer, director and member of the executive committee of the national Renewable Fuels Association.

**Janet Wendland, Age 60, Mason City, Iowa.** Ms. Wendland is our Secretary and Treasurer. Ms. Wendland worked for the Iowa Department of Education in the Bureau of Food and Nutrition for over 21 years as a State Consultant reviewing Child Nutrition Programs for compliance and as Project Director on several Federal USDA grants. As Project Director, Ms. Wendland was responsible for grant reporting and financial management of the grant funds for grants in award amounts ranging between $1.0 million to $4.0 million. Prior to her employment with the Iowa Department of Education, Ms. Wendland taught at Sumner, Iowa, for 7 years and at Iowa State University. Ms. Wendland also co-owns and manages with her spouse, Walt Wendland (our Chairman and Chief Executive Officer), approximately 1,540 acres of farm ground in Iowa and over 2,200 acres of farm ground in Hyde and Buffalo Counties in South Dakota. Additionally, Ms. Wendland manages approximately 960 acres of farm ground in Iowa owned by a family farm corporation with her siblings.

**Edward L. Eller, Age 63, Onida, South Dakota.** Mr. Eller is an at-large director and seed capital investor. Mr. Eller has farmed the majority of his life. He is presently the manager and co-owner of approximately 5,800 acres of Eller family farmland in Sully County, Hughes County and Pennington County. Mr. Eller presently serves on the board of directors of Oahe Grain Corporation located near Onida, South Dakota. He serves as the Chairman of the Onida Municipal Airport Advisory Board. Through the years Mr. Eller has been involved in expansion projects at both Oahe Grain Corporation and the Onida Municipal Airport. Mr. Eller is also honored to serve as a member of the Sunshine Bible Academy Foundation Board. Mr. Eller has a Bachelor of Science degree in Electronic Engineering Technology from the University of South Dakota at Springfield and has also earned a Commercial Pilot Certificate. Mr. Eller’s early years of employment included working on the floor of the Chicago Board of Trade for Heinold Commodities and working for Yellowstone Park Service Stations at Old Faithful, Wyoming. He also worked construction and at local service stations pumping gas, repairing truck tires, and servicing-repairing automobiles and tractors.

**Jeffrey Goebel, Age 47, Gettysburg, South Dakota.** Mr. Goebel has been actively involved with his family farm partnership from a young age. Currently, he farms approximately 13,000 acres as the co-owner of J&M Farms, Inc. and also farms with his family partnerships. Mr. Goebel earned his degree in agriculture production from Lake Area Technical in Watertown, South Dakota.
Kenton Johnson, Age 26, Granite Falls, Minnesota. Mr. Johnson is an at-large director. Mr. Johnson currently raises corn and soybeans south of Granite Falls, Minnesota. In May of 2007, Mr. Johnson started managing his own farming operation. In August of 2009, Mr. Johnson became chief executive officer and shareholder of Prairie View Farms, Inc. Prairie View Farms has been a family owned and operated farming business since 1990. Mr. Johnson is a member of the Minnesota Corn Growers Association and the Minnesota Soybean Growers Association. Mr. Johnson has served on the board at Heron Lake BioEnergy, LLC, an SEC-reporting company, from 2011 to 2013 and from 2014 to the present. He is also the past secretary at Heron Lake Bioenergy, LLC and has previously served as a member of its risk management committee and currently serves on its nomination and governance committee. Since January of 2013, Mr. Johnson has been a member of the board of Platinum Ethanol, LLC, a 125 million gallon per year ethanol plant located in Arthur, Iowa, and of Platinum Grain, LLC a commercial grain elevator in Anthon, Iowa. In April of 2013, he joined the board of directors of Granite Falls Energy, LLC, an SEC reporting company that operates a 60 million gallon per year facility located in Granite Falls, Minnesota. Since October 2013, he has served on the board of Bushmills Ethanol, Inc. a 60 million gallon per year ethanol facility located in Atwater, Minnesota, as an appointee of our general contractor Fagen. He is a member of YME Hoops Club and Granite Falls Lutheran Church. Mr. Johnson received his B.S. in Agriculture Business Management from Southwest Minnesota State University. Mr. Johnson also serves as an alternate governor of Heron Lake BioEnergy, LLC. Mr. Johnson is a member of the nominating committee for the Company.

Patrick Voorhees, Age 46, Onida, South Dakota. Patrick Voorhees is a partner in Voorhees Cattle Company, LLP, a custom cattle feeding operation. Prior to his role with Voorhees Cattle Company, Mr. Voorhees was a practicing attorney operating out of his law offices in Highmore, South Dakota and also served as the Hyde County State’s Attorney. While practicing law, Mr. Voorhees also started and conducted a real estate brokerage business. In 2002, Mr. Voorhees purchased Onida Feeding Company, a 10,000 head custom cattle feed operation, which he owned and operated until its sale in 2006. Mr. Voorhees earned his bachelor of science degree in agricultural economics from South Dakota State University in Brookings, South Dakota and his juris doctorate at the Hamline University in St. Paul, Minnesota.

Gary Wickersham, Age 64, Onida, South Dakota. Mr. Wickersham has worked in construction since 1970 and owned and operated Wickersham Construction, Inc. since 1974. It primarily focuses on concrete construction including residential walls and floors. Mr. Wickersham farms 2,240 crop acres and contracts the feeding of approximately 2,000 head of cattle. He is a co-owner of the Blue Goose Sports Pub in Onida, South Dakota. Mr. Wickersham has served as the Mayor of Onida, South Dakota for over 20 years.

Kirk Yackley, Age 55, Onida, South Dakota. Mr. Yackley has been farming near Onida, South Dakota since 1982. Mr. Yackley earned his bachelor of science degree in soils and water flow economics from South Dakota School of Mines & Technology in Rapid City, South Dakota.

Compensation of Officers and Directors

Our officers and directors presently receive no compensation in exchange for their service to the Company. In the future, we expect to compensate them with the proceeds of the sales ethanol, distillers’ grains, corn oil, and other revenues. We intend to reimburse them for their out-of-pocket expenses not otherwise exchanged for equity in the Company. We may compensate them for future services provided in exchange for construction management services.

Director and Manager Liability and Indemnification

Our Articles of Organization exempt our directors from liability for monetary damages for breaches of ordinary fiduciary duties except duties of loyalty, bad faith, intentional misconduct, illegal distributions, or certain securities law violations.

Our operating agreement provides that we must indemnify our managers and directors if they are made or threatened to be made a party to a legal proceeding by reason of the former or present official capacity of the person (“Covered Persons”) against judgments, penalties, fines, including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorney’s fees and disbursements, incurred by the person in connection with the proceeding, this indemnification applies if, with respect to the acts or omissions of the person complained of in the proceeding, the person:

- has not been indemnified by another organization or employee benefit plan for the same judgments, penalties, fines, including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorney’s fees and disbursements, incurred by the person in connection with the proceeding with respect to the same acts or omissions;
- acted in good faith;
• received no improper personal benefit;
• in the case of a criminal proceeding, had no reasonable cause to believe the conduct was unlawful; and
• reasonably believed that the conduct was in the best interests of the Company.

We may be required to advance the costs and expenses to or on behalf of an officer or director before there is a final determination upon our duty to have indemnified the manager or director.

To the extent that indemnification for liabilities arising under the Securities Act may be permitted to our Covered Persons as described above, or otherwise, we have been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

**Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth certain information regarding the beneficial ownership of our units as of the date of this memorandum by each person or entity known by us to be the beneficial owner of more than 5% of the outstanding units.

<table>
<thead>
<tr>
<th>Title of Class</th>
<th>Name of Beneficial Owner(2)</th>
<th>Position with Ringneck Energy</th>
<th>Number of Units Beneficially Owned</th>
<th>% of Class Prior to Offering</th>
<th>Min. Units Sold in Offering</th>
<th>Max. Units Sold in Offering</th>
<th>Percentage of Total After Offering(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Units</td>
<td>Walter Wendland</td>
<td>Beneficial Owner, Director, Chairman, President &amp; CEO</td>
<td>613(3)</td>
<td>51.08%</td>
<td>4.32%</td>
<td>3.00%</td>
<td>51.08%</td>
</tr>
<tr>
<td>Membership Units</td>
<td>Janet Wendland</td>
<td>Beneficial Owner, Secretary &amp; Treasurer</td>
<td>613(3)</td>
<td>51.08%</td>
<td>4.32%</td>
<td>3.00%</td>
<td>51.08%</td>
</tr>
<tr>
<td>Membership Units</td>
<td>Edward Eller</td>
<td>Beneficial Owner &amp; Director</td>
<td>15</td>
<td>1.25%</td>
<td>0.11%</td>
<td>0.07%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Membership Units</td>
<td>Jeffrey Goebel</td>
<td>Beneficial Owner &amp; Director</td>
<td>15(3)</td>
<td>1.25%</td>
<td>0.11%</td>
<td>0.07%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Membership Units</td>
<td>Kenton Johnson</td>
<td>Director</td>
<td>0</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Membership Units</td>
<td>Patrick Voorhees</td>
<td>Beneficial Owner &amp; Director</td>
<td>15(3)</td>
<td>1.25%</td>
<td>0.11%</td>
<td>0.07%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Membership Units</td>
<td>Kirk Yackley</td>
<td>Beneficial Owner &amp; Director</td>
<td>15(3)</td>
<td>1.25%</td>
<td>0.11%</td>
<td>0.07%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Membership Units</td>
<td>Gary Wickersham</td>
<td>Beneficial Owner &amp; Director</td>
<td>15(3)</td>
<td>1.25%</td>
<td>0.11%</td>
<td>0.07%</td>
<td>1.25%</td>
</tr>
</tbody>
</table>

(1) Assumes no additional purchases in this offering.
(2) Beneficial ownership is determined in accordance with SEC rules and generally includes holding voting and investment power with respect to the securities.
(3) Includes 283 units held directly by Janet Wendland, Mr. Wendland’s spouse, and 30 units held by Wendstar, LLP, a family limited partnership that is managed by Walter and Janet Wendland.
(4) Includes 300 units held directly by Walter Wendland, Ms. Wendland’s spouse, and 30 units held by Wendstar, LLP, a family limited partnership that is managed by Walter and Janet Wendland.
(5) Includes 15 units owned by J&M Farms, Inc., of which Mr. Goebel is an owner.
(6) Includes 15 units owned by Voorhees Cattle Company, LLP, of which Mr. Voorhees is a partner.
(7) Units held jointly with his spouse.
(8) Units held jointly with his spouse.

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**INDEMNIFICATION FOR SECURITIES ACT LIABILITIES**

Our operating agreement provides that none of our directors or officers will be personally liable to us or our members for monetary damages for a breach of their fiduciary duty. This could prevent both us and our unit holders from bringing an action against any director for monetary damages arising out of a breach of that director’s fiduciary duty or
glossy negligent business decisions. This provision does not affect possible injunctive or other equitable remedies to enforce a director’s duty of loyalty for acts or omissions not taken in good faith, involving willful misconduct or a knowing violation of the law, or for any transaction from which the director derived an improper financial benefit. It also does not eliminate or limit a director’s liability for participating in unlawful payments or distributions or redemptions, or for violations of state or federal securities laws. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is contrary to public policy as expressed in the Securities Act of 1933, and is, therefore, unenforceable.

Under South Dakota law, no member or director will be liable for any of our debts, obligations or liabilities solely because he or she is a member or director. In addition, South Dakota law permits, and our operating agreement contains, extensive indemnification provisions which require us to indemnify any officer or director who was or is party, or who is threatened to be made a party to a current or potential legal action because he or she is our director or officer. We must also indemnify against expenses, including attorney fees, judgments, claims, costs and liabilities actually and reasonably incurred by these individuals in connection with any legal proceedings, including legal proceedings based upon violations of the Securities Act of 1933 or state securities laws. Our indemnification obligations may include criminal or other proceedings.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since our inception, we have entered into transactions with related parties. Our initial directors constitute our founding members. As such, we currently do not have outside directors or unaffiliated unit holders to evaluate related party transactions. Accordingly, any contracts or agreements third parties will not be approved by independent directors since there are none at this time. We do not believe that this will pose a problem, however, because the directors’ investment interest in our plant is generally adverse to interest of the parties with which we contract. We believe these adverse interests constitute sufficient protection to justify our lack of independent directors. At the first annual or special meeting of the members following substantial completion of the ethanol plant, an election will be held and a board of nine directors will be established. We anticipate independent directors being elected at that time, but cannot guarantee that any independent directors will be elected at that time.

Future transactions with directors, officers or 5% unit holders

Our operating agreement permits us to enter into agreement and other arrangements with our directors, officers, members and their affiliates. We have not engaged in any transactions with any of our directors, officers or 5% unit holders. Should we engage in any such transactions in the future, all such arrangements will be on terms no more favorable to the directors, officers or members than generally afforded to non-affiliate parties in a similar transaction.

SUMMARY OF OUR OPERATING AGREEMENT

The following summary of our Amended and Restated Operating Agreement Dated March 20, 2015 (the “operating agreement”) is qualified in its entirety by our operating agreement attached hereto as Exhibit B, the terms of which shall control any conflicts between it and the following summary.

Binding Nature of the Agreement

We will be governed according to the provisions of our operating agreement and the South Dakota Act. Among other items, our operating agreement contains provisions relating to the election of directors, restrictions on transfers, member voting, and other company governance matters. If you invest in the Company, you will be bound by the terms of this agreement. Its provisions may not be amended without the approval of the affirmative vote of the holders of a majority of the units constituting a quorum, represented either in person or by proxy or mail ballot, at any regular or special meeting of the members.

Fiscal Year End

Our fiscal year end is December 31st.
Members’ Meetings and Other Members’ Rights

Beginning in 2017, there will be an annual meeting of members at which the board of directors will give our annual company report. Members will address any appropriate business, including the election of directors as to those director seats becoming vacant under the then adopted staggered term format. In addition, members owning an aggregate of 30% of the units may demand in writing that the board call a special meeting of members for the purpose of addressing appropriate member business. The board of directors may also call a special meeting of members at any time.

Member meetings shall be at the place designated by the board or members calling the meeting. Members of record will be given notice of member meetings neither more than 60 days nor less than 20 days in advance of such meetings.

In order to take action at a meeting, members holding at least 30% of the outstanding units must be represented in person, by proxy or by mail ballot. We have one class of membership units, and each unit entitles the holding member to one (1) vote upon matters for which such member is entitled to vote. Voting by proxy or by mail ballot shall be permitted on any matter if it is authorized by our directors. Assuming a quorum is present, members may take action by a vote of the majority of the units represented at the meeting (in person, by proxy or by mail ballot) and entitled to vote on the matter, unless the vote of a greater or lesser proportion or numbers is otherwise required by our operating agreement or by the South Dakota Uniform Limited Liability Company Act. Our operating agreement requires the vote of a greater number of units on the following matters:

- the affirmative vote of a 75% majority in interest is necessary to dissolve, wind up and liquidate the Company;
- no amendment to the amended and restated operating agreement shall be approved without the consent of each member adversely affected if such amendment would modify the limited liability of a member or alter the Membership Economic Interest of a member.

Additionally, according to our operating agreement, the directors may not take the following actions without the unanimous consent of the members:

- cause or permit the Company to engage in any activity that is inconsistent with our purposes;
- knowingly act in contravention of the operating agreement or act in a manner that would make it impossible for us to carry on our ordinary business, except as otherwise provided in the operating agreement;
- possess our property or assign rights in specific company property other than for our purpose; or
- cause us to voluntarily take any action that would cause our bankruptcy.

In addition, without the consent of a majority of the membership voting interests the directors do not have the authority to cause the company to:

- merge, consolidate, exchange or otherwise dispose of at one time, all or substantially all of our property, except for a liquidating sale of the property in connection with our dissolution;
- issue units at a purchase price that is less than $5,000;
- issue more than an aggregate number of 25,000 units; or
- cause us to acquire any equity or debt securities of any director or any of its affiliates, or otherwise make loans to any director or any of its affiliates.

For the purpose of determining the members entitled to notice of or to vote at any members’ meeting, the date on which notice of the meeting is mailed (or otherwise delivered) or the date on which the resolution declaring the distribution is adopted, as the case may be, shall be the record date for determination of the members.

Members do not have dissenter’s rights. This means that in the event we merge, consolidate, exchange or otherwise dispose of all or substantially all of our property, unit holders do not have the right to dissent and seek payment for their units.

We will maintain our books, accountings and records at our principal office. A member may inspect them during normal business hours. Our books and accountings will be maintained in accordance with generally accepted accounting principles.

Unit Transfer Restrictions

A member’s ability to transfer units is restricted under the operating agreement. Members may transfer their units to any person or organization only if the transfer meets certain conditions imposed by our operating agreement and the transfer has been approved by our directors in writing. Our operating agreement imposes the following conditions on transfers, all of which must be met prior to the board’s approval of a transfer unless waived by our board of directors, in their sole discretion:
• The transferring member and the proposed recipient of the units must execute and deliver the necessary paperwork and documents to us;
• The transferring member and the proposed recipient must pay all reasonable costs and expenses incurred by us in connection with the transfer;
• The proposed recipient must provide us with his/her/its taxpayer identification number and other information reasonably required to permit us to file tax statements and returns;
• The transferring member or proposed recipient must provide us with a legal opinion letter stating that the units are either registered under the Securities Act, or exempt from registration; and
• The transferring member or proposed recipient must provide us with a legal opinion letter stating that the transfer will not cause us to be an investment company under the Investment Company Act of 1940.

To maintain partnership tax status, the units may not be traded on an established securities market or readily tradable on a secondary market. We do not intend to list the units on the New York Stock Exchange, the NASDAQ Stock Market or any other stock exchange. To help ensure that a market does not develop, our operating agreement prohibits transfers without the approval of the directors. The directors will generally approve transfers so long as the transfers fall within “safe harbors” contained in the publicly traded partnership rules under the Internal Revenue Code.

If any person transfers units in violation of the publicly traded partnership rules or without our prior consent, the transfer will be null and void. These restrictions on transfer could reduce the value of an investor’s units.

Notwithstanding the foregoing, we intend to establish a unit trading bulletin board, which is an online matching service, in order to facilitate trading among our members at some time in the future following the financial close of our subsequent general equity offering. We may hire a third-party provider of these services or we may establish and administer a unit trading bulletin board ourselves. A unit trading bulletin board consists of an electronic bulletin board on a website that provides a list of interested buyers and a list of interested sellers, along with their non-firm price quotes. A unit trading bulletin board does not automatically affect matches between potential sellers and buyers and it is the sole responsibility of sellers and buyers to contact each other to negotiate an agreement to transfer units. We will not become involved in any purchase or sale negotiations arising from our unit trading bulletin board and have no role in effecting transactions beyond approval, as required under our operating agreement, and the issuance of new certificates. We will not give advice regarding the merits or shortcomings of any particular transaction. We will not receive, transfer or hold funds or securities as an incident of operating the unit trading bulletin board. We will not receive any compensation for creating or maintaining a unit trading bulletin board. We will not characterize ourselves as being a broker or dealer or an exchange. We will not use the unit trading bulletin board to offer to buy or sell securities other than in compliance with the securities laws, including any applicable registration requirements.

In order to comply with securities laws restrictions and publicly traded partnership rules, we expect that the unit trading bulletin board will be subject to trading rules, including but not limited to: detailed time lines with respect to offers and sales of membership units. In addition, all transactions must comply with our operating agreement, and will be subject to approval by our board of directors. Subject to compliance with our operating agreement, securities laws and the publicly traded partnership rules, our members may also exchange units without the operation of our unit trading bulletin board.

Amendments

Our operating agreement may be amended by the affirmative vote of the holders of a majority of the units constituting a quorum, represented either in person or by proxy or mail ballot, at any regular or special meeting of the members. No amendment may modify the liability or economic interest of a member, without that member’s consent.

Dissolution

Our operating agreement provides that a voluntary dissolution of the Company may be affected only upon the prior approval of a 75% super majority of all units entitled to vote.

DESCRIPTION OF SECURITIES

General

Your rights as a member of the Company will be governed by our articles of organization, operating agreement, and the South Dakota Act. Each investor will be required to sign our operating agreement as a condition to our acceptance of an
The following is merely a summary of some of the basic rights and obligations of members but it is not a complete description of all of such rights and obligations. For a more complete understanding of your rights and obligations, you should carefully read the full text of the articles of organization and operating agreement attached as Exhibit A and Exhibit B, respectively.

Rights of Members in the Company

Voting Rights

Each of the members has one vote for each unit held. Except for election of directors as described above in “Management”, all members have the right to vote on any ballot measure that properly comes before the members. However, you should not otherwise expect to have any influence over the operations and activities of the Company.

Restrictions on Transfer

There are restrictions on transfers of units under our operating agreement. Generally, no transfers are allowed unless the transfer is approved by our directors, which consent they may approve or disapprove as they reasonably believe to be in the best interests of the Company.

In addition, we have not registered our units under the Securities Act, or any state securities laws. We offer these securities in reliance on certain exemptions from registration contained in the Securities Act and applicable state laws. As a consequence, purchasers may not sell these securities unless they are subsequently registered under the Securities Act and applicable state laws or an exemption from such registration is available. Accordingly, any purchaser must bear the economic risk of investment in the unit for an indefinite period of time.

Distribution Rights

Subject to limitations provided by the South Dakota Act, our directors generally have sole authority to determine the timing and amount of distributions to members. Distributions upon liquidation will be made first to the Company’s creditors (including any members who are creditors) in the order of priority required by applicable law and then to the members in the same manner as operating distributions.

Description of Allocation Provisions

For tax purposes and subject to certain special allocation provisions, our operating agreement allows the Internal Revenue Code of 1986, as amended, and the regulations thereunder to govern the manner that the Company allocates profits and losses among the members. Generally, we expect to allocate profits and losses in the following order and priority:

(a) Profits are to be allocated first to the members in proportion to any negative balances in each member’s capital account and thereafter in accordance with each member’s percentage of units.

(b) Losses are to be allocated first to members in proportion to positive balances in their respective capital accounts. If the amount of losses to be allocated is less than the sum of the capital account balances of all of the members having positive capital account balances, then such losses shall be allocated in accordance with each member’s percentage of units.

The above description is general in nature and does not constitute a complete description of the applicable laws. For a full understanding of the financial and tax consequences of an investment in the units, you should consult with your tax advisor.

PLAN OF DISTRIBUTION

Before purchasing any units, an investor must execute a subscription agreement, a promissory note and security agreement and sign our operating agreement. The subscription agreement will contain, among other provisions, an acknowledgement that the investor received a prospectus, such as this, and that the investor agrees to be bound by our operating agreement. All subscriptions are subject to approval by our directors and we reserve the right to reject any subscription agreement.
The Offering

We are offering, through a direct primary offering, a maximum of 19,200 units and a minimum of 13,000 units. The purchase price is $5,000 per unit for subscriptions post-marked or received by the Company on or prior to December 15, 2015. After December 15, 2015, the per unit purchase is $5,500. You must purchase a minimum of 10 units to participate in the offering. You may purchase additional units in 1 unit increments. Our board of directors determined the offering price for the units arbitrarily, without any consultation with third parties. The offering price of the units is not, therefore, based on customary valuation or pricing techniques for new issuances. We anticipate that all of our directors will sell our units in this offering, without the use of an underwriter. We will not pay commissions to our directors for these sales. These directors will rely on the safe harbor from broker-dealer registration set out in Rule 3a4-1 under the Securities Exchange Act of 1934. We are exempt from broker-dealer registration with the FINRA. We will not pay commissions to our directors and officers for these sales.

Our minimum offering amount is $65.0 million and our maximum offering amount is $96.0 million. The offering will end no later than July 28, 2016. If we sell the maximum number of units prior to July 28, 2016, the offering will end on or about the date the maximum number of units is sold. We may choose to end the offering any time prior to July 28, 2016, after we sell the minimum number of units. If we abandon the project for any reason, we will terminate the offering. Even if we successfully close the offering by selling the minimum number of units by July 28, 2016, we may still be required to promptly return the offering proceeds to investors if we are unable to satisfy the conditions for releasing funds from escrow, which include our receipt of a written debt financing commitment. After the offering, there will be 20,400 units issued and outstanding if we sell the maximum number of units offered in this offering and 14,200 units issued and outstanding if we sell the minimum number of units offered in this offering. This includes 1,200 units issued in our previous private placements to our founders and seed capital members.

Our directors and officers will be allowed to purchase the units that are being offered. These units may be purchased for the purpose of satisfying the minimum amount of units required to close the offering. Units purchased by these individuals and entities will be subject to the same restrictions regarding transferability as described in this prospectus and our operating agreement, and will, therefore, be purchased for investment, rather than resale.

You should not assume that we will sell the $65.0 million minimum only to unaffiliated third party investors. We may sell units to affiliated or institutional investors that may acquire enough units to influence the manner in which we are managed. These investors may influence our business in a manner more beneficial to them than to other investors.

We currently plan to conduct the offering in the states of Illinois, Iowa, Nebraska, North Dakota, South Dakota and Minnesota. We may also offer or sell our units in other states in reliance on exemptions from the registration requirements of the laws of those other states. We expect to incur offering expenses in the amount of approximately $105,000 to complete this offering.

Suitability of Investors

Investing in the units involves a high degree of risk. Accordingly, the purchase of units is suitable only for persons of substantial financial means that have no need for liquidity in their investments and can bear the economic risk of loss of any investment in the units. In addition to the foregoing requirements, units will be sold only to persons that qualify as an accredited investor, as that term is defined in Regulation D, Rule 501, of the Act. Under Rule 501, an accredited investor includes the following:

- any natural person whose individual net worth, or joint net worth with that person's spouse at the time of purchase exceeds $1.0 million;
- any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in of each of those years and has a reasonable expectation of reaching the same income level in the current year;
- any corporation, partnership, Massachusetts or similar business trust not formed for the specific purpose of acquiring the units offered, with total assets in excess of $5.0 million;
- any entity in which all of the equity owners qualify as accredited investors;
- any company which is organized as an insurance company, whose primary and predominant business activity is the writing of insurance or the reinsuring of risks undertaken by insurance companies, and which is subject to supervision by the insurance commissioner, or a similar official or agency, of a state or territory or the District of Columbia;
• any national bank, banking institution organized under the laws of any state, territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by a United States state or territorial banking commission or similar official, whether acting in its individual or fiduciary capacity;

• any trust with total assets in excess of $5 million not formed for the specific purpose of acquiring the securities offered whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment; and

• any manager, director, executive officer of the Company.

Each prospective investor must represent in writing to the Company, among other things, that the prospective investor:

• is able to bear the economic risk of an investment in the units, including the total loss of his/her/its investment;

• is purchasing the units for his/her/its own account and not with a view to resell or otherwise participate in a public distribution of the units;

• has such knowledge and experience in financial and business matters that the investor is capable of evaluating the merits and risks of the prospective investment in the units; and

• is an “accredited investor” as that term is defined in the Securities Act. See the form of subscription agreement attached hereto as Exhibit C for a statement of the definition of the term “accredited investor.”

THE SUITABILITY STANDARDS DISCUSSED ABOVE REPRESENT MINIMUM SUITABILITY STANDARDS AND EACH PROSPECTIVE INVESTOR SHOULD DETERMINE WHETHER AN INVESTMENT IN THE SHARES IS APPROPRIATE IN HIS OR HER PARTICULAR CIRCUMSTANCES.

The Company reserves the right, in its sole discretion, to reject any prospective investor’s subscription in whole or in part. No subscription for units will be accepted prior to the return by the prospective investor of the documents described above.

Verification Procedures

Additionally, every investor will be required to document his, her, or its status as an “accredited investor” pursuant to Rule 506(c) of Regulation D of the Securities Act. This will require that the investor provide documentation that, in the Company’s view, satisfies the accredited investor verification requirements of Rule 506(c), including:

• any IRS form that reports your income for the last two years (including Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040) and a written representation from you that you have a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year; or

• one or more of the following types of documentation dated within the prior three months and a written representation that all liabilities necessary to make a determination of net worth have been disclosed: assets (bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments, and appraisal reports issued by independent third parties) and liabilities (a credit report from at least one of the nationwide consumer reporting agencies); or

• a written confirmation from a registered broker-dealer, a registered investment advisor, a licensed attorney, or a certified public accountant that has taken reasonable steps to verify that you are an accredited investor within the last three months, a sample letter for such person’s consideration is attached hereto as Exhibit G; or

• such other documentation that we believe otherwise satisfies our legal requirement to document and verify your “accredited investor” status. The rule does not require that we collect documentation from our prior purchasers. Prior purchasers who remain members of the Company will be required to themselves certify their “accredited investor” status.

Subscription Period

The offering must close upon the earlier occurrence of (1) our acceptance of subscriptions for units equaling the maximum amount of $96.0 million; or (2) July 28, 2016. However, we may close the offering any time prior to July 28, 2016 upon the sale of the minimum aggregate offering amount of $65.0 million. If we abandon the project for any reason prior to July 28, 2016, we will terminate the offering and promptly return funds to investors. Even if we successfully close the offering by selling at least the minimum number of units prior to July 28, 2016 the offering proceeds will remain in escrow until we satisfy the conditions for releasing funds from escrow, including our receipt of a written debt financing commitment. We may admit members to Ringneck Energy LLC and continue to offer any remaining units to reach the maximum number
to be sold until the offering closes. We reserve the right to cancel or modify the offering, to reject subscriptions for units in whole or in part and to waive conditions to the purchase of units. Additionally, in our sole discretion, we may also determine that it is not necessary to sell all available units. If we sell subscriptions for all of the available units, we have the discretion to reject any subscriptions, in whole or in part, for any reason.

This offering may be terminated for a variety of reasons, most of which are discussed in detail in the section entitled “RISK FACTORS”. In the event of termination of this offering prior to its successful closing, funds invested with us will be promptly returned with any interest. The principal amount of your investment or any interest earned will not be used to pay escrow fees. If the offering is terminated prior to its successful closing, we intend to promptly return your investment by the close of the next business day or as soon as possible after the termination of the offering.

If you subscribe for the purchase of units, you may not withdraw your subscription at any time, either before or after we accept it. However, if we do not accept your subscription, we will promptly return your entire investment to you, plus any nominal interest. This means that from the date of your investment, you may earn a nominal rate of return on the money you deposit with us in escrow. You will receive no less than the purchase price you paid for the units.

Subscription Procedures

Before purchasing any units, you must complete the subscription agreement included as Exhibit C to this prospectus, draft a check payable to “BankWest, Escrow Agent for Ringneck Energy LLC” in the amount of not less than 10% of the amount due for the units for which subscription is sought, which amount will be deposited in the escrow account; sign a full recourse promissory note and security agreement for the remaining 90% of the total subscription price; and deliver to us these items and an executed copy of the signature page of our operating agreement. In the subscription application, an investor must make representations to us concerning, among other things, that he or she has received our prospectus and any supplements, agrees to be bound by the operating agreement and understands that the units are subject to significant transfer restrictions. The subscription application also requires information about the nature of your desired ownership, your state of residence, and your taxpayer identification or Social Security Number. If you subscribe as an individuals or jointly with an individual, we will also require you to indicate your occupation and the occupation of the joint subscriber, if any. We encourage you to read the subscription agreement carefully.

Anytime after we receive subscriptions for the minimum amount of the offering, we may mail written notice to our investors that full payment under the promissory note is due within 20 calendar days. We will deposit funds paid in satisfaction of the promissory notes into our escrow account where they will be held until we satisfy the conditions for releasing funds from escrow. Unpaid amounts will accrue interest at a rate of 12% per year and each investor will agree to reimburse us for amounts we must spend to collect the outstanding balance. In the event that a subscriber defaults on the promissory note, we intend to pursue that defaulting subscriber for payments of the amount due by any legal means, including, but not limited to, retention of the initial 10% payment and acquisition of a judgment against the subscriber.

If you subscribe to purchase units after we have received subscriptions for the aggregate minimum offering amount of $65.0 million, you will be required to pay the full purchase price immediately upon subscription.

Rather than accepting or rejecting subscriptions as we receive them, we might not determine whether to accept or reject subscriptions until after we have received applications totaling at least $65.0 million from investors or until a future date near the end of this offering. If we accept your subscription and meet the conditions for releasing funds from escrow, your subscription will be credited to your capital account in accordance with our operating agreement and we will issue to you a membership unit certificate signifying the ownership of your membership units. If we reject your subscription, we will return your subscription, check, and signature page promptly.

Escrow Procedures

Proceeds from subscriptions for the units will be deposited in an interest-bearing escrow account that we have established with BankWest, as escrow agent, under a written escrow agreement.

We will not release funds from the escrow account until the following conditions are satisfied: (1) cash proceeds from unit sales deposited in the escrow account equals or exceeds the minimum offering amount of $65.0 million, exclusive of interest; (2) we obtain a written debt financing commitment for debt financing ranging from approximately $41.0 million to $72.0 million, less any grants and/or tax increment financing we are awarded; and (3) we elect, in writing, to terminate the escrow agreement. Upon satisfaction of these conditions, the escrow agreement will terminate, and the escrow agent will disburse the funds on deposit, including interest, to us to be used in accordance with the provisions set out in this prospectus.
The escrow account may continue for up to one year after the effective date of this registration statement to allow us to collect the 90% balance due under the promissory notes.

We will terminate our escrow account and promptly return your investment to you if we terminate the offering prior to the ending date or if we have not sold the minimum number of units (13,000) and received the initial 10% minimum offering amount ($6.5 million) in cash prior to July 28, 2016. Similarly, if the cash in our escrow account does not equal or exceed the minimum offering amount of $65.0 million at the end of the one-year period, the escrow account will terminate and we will promptly return your investment. In either case requiring us to return your investment to you, you will earn nominal interest on your investment. In the event we return the investments to the investors, we anticipate that we will pay our escrow bank a fee for 1099 filings, plus a transaction fee per subscriber and a 1099 filing fee per subscriber. The principal amount of your investment and your pro rata share of interest will not be used to pay escrow fees. Any escrow fees will be borne by the Company with other funds.

Even if we are successful in releasing funds from escrow, we may allow the offering to continue until the later of the date we sell the maximum number of units or July 28, 2016. For its service as escrow agent, we will pay an administration fee and will reimburse the bank for expenses incurred in administering our escrow account.

Delivery of Unit Certificates

If we satisfy the conditions for releasing funds from escrow, we will issue certificates for the units subscribed in the offering upon such release. Unless otherwise specifically provided in the subscription agreement, we will issue certificates for any subscription signed by more than one subscriber as joint tenants with full rights of survivorship. We will imprint the certificates with a conspicuous legend referring to the restrictions on transferability and sale of the units.

Summary of Promotional and Sales Material

In addition to and apart from this prospectus, we may use certain sales material in connection with this offering. The material may include a brochure, internet website, question-and-answer booklet, speech for public seminars, invitations to seminars, news articles, public advertisements and audio-visual materials. This offering is made only by means of this memorandum and other than as described herein, we have not authorized the use of any other sales material. Although the information contained in such sales materials does not conflict with any of the information contained in this memorandum, such material does not purport to be complete and should not be considered as a part of this memorandum or as incorporated in this memorandum by reference.

END OF PRIVATE PLACEMENT MEMORANDUM
IMPORTANT EXHIBITS FOLLOW
Exhibit A

Articles of Organization

Ringneck Energy LLC
Certificate of Organization

Domestic LLC

ORGANIZATIONAL ID# DL040261

I, Jason Gant, Secretary of State of the State of South Dakota, hereby certify that the Articles of Organization of

Ring-neck Energy & Feed, LLC
duly signed and verified, have been received in this office and are found to conform to law.

ACCORDINGLY, and by virtue of the authority vested in me by law, I hereby issue this Certificate of Organization and attach hereto a duplicate of the Articles of Organization.

IN TESTIMONY WHEREOF, I have herewith set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this 09/12/2014.

Jason M. Gant
Secretary of State
ARTICLES OF ORGANIZATION
OF
RING-NECK ENERGY & FEED, LLC

Pursuant to Section 47-34A-203 of the South Dakota Uniform Limited Liability Company Act, the undersigned forms the limited liability company by adopting the following Articles of Organization for the limited liability company:

ARTICLE I

The name of this limited liability company is Ring-neck Energy & Feed, LLC (the “Company”).

ARTICLE II

The duration of the Company shall be perpetual unless dissolved as provided in the operating agreement of the Company.

ARTICLE III

The street address of the initial designated office of the Company is 2260 Country Club Drive, Mason City, IA 50401.

ARTICLE IV

The street address of the initial registered office of the Company in the State of South Dakota is 319 S. Coteau Street, Pierre, South Dakota 57501. The name of the initial registered agent is National Registered Agents, Inc. and its Commercial Registered Agent Number is CR000011.

ARTICLE V

The names and addresses of each organizer are:

Walter Wendland
2260 Country Club Drive
Mason City, IA 50401

Chris Schwarck
520 S. Pierce, Ste. 202
Mason City, IA 50401

ARTICLE VI

The Company shall be manager-managed, and its managers shall be selected in the manner described in the Operating Agreement of the Company. The members of the Company are not agents of the Company for the purpose of its business or affairs or otherwise. No manager, member, agent, employee, or any other person shall have any power or authority to bind the Company in any way except as may be expressly authorized by the Operating Agreement of the Company or unless authorized to do so by the managers of the Company.

#2489904 v.2
The Company’s initial managers are Walter Wendland whose address is 2260 Country Club Drive, Mason City, IA 50401 and Chris Schwarck whose address is 520 S. Pierce, Ste. 202, Mason City, IA 50401.

ARTICLE VII

Section 7.1. A manager of this Company or a member with whom management of the Company is vested shall not be personally liable to the Company or its members for monetary damages for breach of fiduciary duty as a manager, except for liability (i) for any breach of the manager or members duty of loyalty to the Company or its members, (ii) for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of law, or (iii) for a transaction from which the manager or member derived an improper personal benefit or a wrongful distribution in violation of the South Dakota Limited Liability Company Act.

Section 7.2. The Company may, by action of the manager(s), provide indemnification to such of the officers, employees and agents of the Company to such extent and to such effect as the manager(s) shall determine to be appropriate and authorized by applicable law.

Section 7.3. No member of the Company shall be liable in his, her, or its capacity as a member for the debts, obligations, or liabilities of the Company under Section 47-34A-303 of the South Dakota Limited Liability Company Act.

Section 7.4. The rights and authority conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the articles of organization or operating agreement of the Company, agreement, vote of members or disinterested manager(s), or otherwise.

Section 7.5. Any repeal or amendment of this Article by the members of the Company shall not adversely affect any right or protection of a member, manager, or officer existing at the time of such repeal or amendment.

Dated September 12, 2014

Walter Wendland
Organizer

Chris Schwarck
Organizer
Exhibit B

Amended and Restated Operating Agreement

Ringneck Energy LLC
AMENDED AND RESTATED OPERATING AGREEMENT
OF
RING-NECK ENERGY & FEED, LLC

Dated March 20, 2015
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AMENDED AND RESTATED OPERATING AGREEMENT
OF
RING-NECK ENERGY & FEED, LLC

THIS AMENDED AND RESTATED OPERATING AGREEMENT (the “Agreement”) is entered into and shall be effective as of the 20th day of March, 2015, by and among Ring-neck Energy & Feed, LLC, a South Dakota limited liability company (the “Company”), each of the Persons (as hereinafter defined) who are identified as Members on the attached Exhibit “A” and who have executed a counterpart of this Agreement, and any other Persons as may from time-to-time be subsequently admitted as a Member of the Company in accordance with the terms of this Agreement. Capitalized terms not otherwise defined herein shall have the meaning set forth in Section 1.9.

WHEREAS, the Company’s organizers caused to be filed with the State of South Dakota, Articles of Organization dated September 12, 2014, pursuant to the South Dakota Limited Liability Company Act (the “Act”);

WHEREAS, the Company’s members had previously adopted an operating agreement dated September 12, 2014 (the “Prior Operating Agreement”) and now wish to amend, restate and substitute such agreement and adopt this Agreement to set forth their respective rights, duties, and responsibilities with respect to the Company and its business and affairs.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. THE COMPANY

1.1 Formation. The initial Members formed the Company as a South Dakota limited liability company by filing Articles of Organization with the South Dakota Secretary of State on September 12, 2014 pursuant to the provisions of the Act. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control. This Agreement supersedes and replaces the Prior Operating Agreement. Accordingly, beginning on the Effective Date, this Agreement shall set forth the Members’ respective rights, duties and responsibilities with respect to the Company and its business and affairs, and the Prior Operating Agreement shall have no further force or effect with respect thereto.

1.2 Name. The name of the Company shall be “Ring-neck Energy & Feed, LLC” and all business of the Company shall be conducted in such name.

1.3 Purpose; Powers. The nature of the business and purposes of the Company are: (i) to own, construct, operate, finance, manage, contract with, and/or invest in renewable fuels production and by-product production facilities; (ii) process feedstock into renewable fuels and related by-products, and market such ethanol and by-products, and (iii) to engage in any other business and
investment activity in which a South Dakota limited liability company may lawfully be engaged, as determined by the Directors. The Company has the power to do any and all acts necessary, appropriate, proper, advisable, incidental or convenient to or in furtherance of the purpose of the Company as set forth in this Section 1.3 and has, without limitation, any and all powers that may be exercised on behalf of the Company by the Directors pursuant to Section 5 hereof.

1.4 Principal Place of Business. The Company shall maintain any number of offices within or without the state of South Dakota as is deemed to be in its best interest. The initial principal office of the Company shall be at 2260 Country Club Drive, Mason City, IA 50401, or elsewhere as the Directors may determine. Any documents required by the Act to be kept by the Company shall be maintained at the Company’s principal office.

1.5 Term. The term of the Company commenced on the date the Articles of Organization (the “Articles”) of the Company was filed with the office of the South Dakota Secretary of State, and shall continue until the winding up and liquidation of the Company and its business is completed following a Dissolution Event as provided in Section 10 hereof.

1.6 Title to Property. All Property owned by the Company shall be owned by the Company as an entity and no Member shall have any ownership interest in such Property (as hereinafter defined) in his/her/its individual name. Each Member’s interest in the Company shall be personal property for all purposes. At all times after the Effective Date, the Company shall hold title to all of its Property in the name of the Company and not in the name of any Member.

1.7 Payment of Individual Obligations. The Company’s credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be Transferred or encumbered for, or in payment of, any individual obligation of any Member.

1.8 Independent Activities; Transactions With Affiliates. The Directors shall be required to devote such time to the affairs of the Company as may be necessary to manage and operate the Company, and shall be free to serve any other Person or enterprise in any capacity that the Director may deem appropriate in such Director’s discretion. Neither this Agreement nor any activity undertaken pursuant hereto shall (i) prevent any Member or Director or its Affiliates, acting on its own behalf, from engaging in whatever activities it chooses, whether the same are competitive with the Company or otherwise, and any such activities may be undertaken without having or incurring any obligation to offer any interest in such activities to the Company or any Member; or (ii) require any Member or Director to permit the Company or Director or Member or its Affiliates to participate in any such activities, and as a material part of the consideration for the execution of this Agreement by each Member, each Member hereby waives, relinquishes, and renounces any such right or claim of participation. To the extent permitted by applicable law and subject to the provisions of this Agreement, the Directors are hereby authorized to cause the Company to purchase Property from, sell Property to or otherwise deal with any Member (including any Member who is also a Director), acting on its own behalf, or any Affiliate of any Member; provided that any such purchase, sale or other transaction shall be made on terms and conditions which are no less favorable to the Company than if the sale, purchase or other transaction had been made with an independent third party.
1.9 Definitions. The provisions of Section 1.9 are set forth in Exhibit “B” attached hereto, which by this reference is incorporated into this Agreement.

SECTION 2. CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS

2.1 Original Capital Contributions. The name, original Capital Contribution, and initial Units quantifying the Membership Interest of each Member are set out in Exhibit “A” attached hereto, and shall also be set out in the Membership Register along with those Members admitted after to the Effective Date.

2.2 Additional Capital Contributions; Additional Units. No Unit Holder shall be obligated to make any additional Capital Contributions to the Company or to pay any assessment to the Company, other than any unpaid amounts on such Unit Holder's original Capital Contributions, and no Units shall be subject to any calls, requests or demands for capital. Subject to Section 5.8, additional Membership Economic Interests quantified by additional Units may be issued in consideration of Capital Contributions as agreed to between the Directors and the Person acquiring the Membership Economic Interest quantified by the additional Units. Each Person to whom additional Units are issued shall be admitted as a Member in accordance with this Agreement. Upon such Capital Contributions, the Directors shall cause the Membership Register as maintained by the Company at its principal office and incorporated herein by this reference, to be appropriately amended and such amendments shall not be considered amendments to this Agreement for purposes of Section 8.1 hereof.

2.3 Capital Accounts. A Capital Account shall be maintained for each Unit Holder in accordance with the following provisions:

(a) To each Unit Holder’s Capital Account there shall be credited (i) such Unit Holder’s Capital Contributions; (ii) such Unit Holder’s distributive share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 3.3 and Section 3.4; and (iii) the amount of any Company liabilities assumed by such Unit Holder or which are secured by any Property distributed to such Unit Holder;

(b) To each Unit Holder’s Capital Account there shall be debited (i) the amount of money and the Gross Asset Value of any Property distributed to such Unit Holder pursuant to any provision of this Agreement; (ii) such Unit Holder’s distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 3.3 and 3.4 hereof; and (iii) the amount of any liabilities of such Unit Holder assumed by the Company or which are secured by any Property contributed by such Unit Holder to the Company;

(c) In the event Units are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Units; and

(d) In determining the amount of any liability for purposes of subparagraphs (a) and (b) above there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.
The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Directors shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or any Unit Holders), are computed in order to comply with such Regulations, the Directors may make such modification, provided that it is not likely to have a material effect on the amounts distributed to any Person pursuant to Section 10 hereof upon the dissolution of the Company. The Directors also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Unit Holders and the amount of capital reflected on the Company’s balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

SECTION 3. ALLOCATIONS

3.1 Profits. After giving effect to the special allocations in Section 3.3 and Section 3.4 hereof, Profits for any Fiscal Year shall be allocated among the Unit Holders in proportion to Units held.

3.2 Losses. After giving effect to the special allocations in Section 3.3 and Section 3.4 hereof, Losses for any Fiscal Year shall be allocated among the Unit Holders in proportion to Units held.

3.3 – 3.8. Other Allocation Provisions. The provisions of Sections 3.3 through 3.8 are set forth in Exhibit “C” attached hereto, which by this reference is incorporated into this Agreement.

SECTION 4. DISTRIBUTIONS

4.1 Net Cash Flow. The Directors, in their discretion, shall make distributions of Net Cash Flow, if any, to the Members. Except as otherwise provided in Section 10 hereof, Net Cash Flow, if any, shall be distributed to the Unit Holders in proportion to Units held subject to, and to the extent permitted by, any loan covenants or restrictions on such distributions agreed to by the Company in any loan, credit or any other debt financing agreements with the Company’s lenders and creditors from time to time in effect. In determining Net Cash Flow, the Directors shall endeavor to provide for cash distributions at such times and in such amounts as will permit the Unit Holders to make timely payment of income taxes.

4.2 Amounts Withheld. All amounts withheld pursuant to the Code or any provision of any state, local or foreign tax law with respect to any payment, distribution or allocation to the Company or the Unit Holders shall be treated as amounts paid or distributed, as the case may be, to the Unit Holders with respect to which such amount was withheld pursuant to this Section 4.2 for all purposes under this Agreement. The Company is authorized to withhold from payments and distributions, or with respect to allocations to the Unit Holders, and to pay over to any federal, state and local government or any foreign government, any amounts required to be so withheld
pursuant to the Code or any provisions of any other federal, state or local law or any foreign law, and shall allocate any such amounts to the Unit Holders with respect to which such amount was withheld.

4.3 Limitations on Distributions. The Company shall make no distributions to the Unit Holders except as provided in this Section 4 and Section 10 hereof. Notwithstanding any other provision, no distribution shall be made if it is not permitted to be made under the Act.

SECTION 5. MANAGEMENT

5.1 Directors. Except as otherwise provided in this Agreement, the Directors shall direct the business and affairs of the Company, and shall exercise all of the powers of the Company except such powers as are by this Agreement conferred upon or reserved to the Members. The Directors shall adopt such policies, rules, regulations, and actions not inconsistent with law or this Agreement as it may deem advisable. Subject to Section 5.8 hereof or any other express provisions hereof, the business and affairs of the Company shall be managed by or under the direction of the Directors and not by its Members. The amendment or repeal of this section or the adoption of any provision inconsistent therewith shall require the approval of a majority of the Membership Voting Interests.

5.2 Number of Total Directors; Initial Board.

(a) Initial Board of Directors. Unless and until adjusted by the Directors as hereafter provided in this Section 5.2, the initial number of Directors shall be the Director appointed pursuant to Section 5.3(c)(i) and such other Persons designated as an initial At-Large Director pursuant to Section 5.3(a). The names of such initial Directors are set forth on Exhibit “D” attached hereto. The number of initial Directors serving the Company shall be established by the initial Board, provided that the number of initial Directors shall not be less than one (1) nor more than thirteen (13).

(b) Board of Directors Following the Company’s General Equity Offering. Within thirty (30) days following the closing of the Company’s general equity offering and admission of a general equity subscribers as Members as provided in Section 6.3 hereof, the number of At-Large Directors serving the Company shall be adjusted so that the total number of Directors shall not be less than two (2) nor more than thirteen (13), including all Appointed Directors appointed by Appointing Members pursuant to Section 5.3(c). The Directors may, from time to time, increase or decrease the total number of Directors within the variable range provided in this Section 5.2(b) and may change from a variable range to a fixed number or vice versa by the affirmative vote of a super-majority of seventy-five percent (75%) of the Directors represented at a meeting of the Directors at which a quorum is present; provided, however, that there shall always be at least one (1) At-Large Director elected pursuant to Section 5.3(a).

5.3 Election of At-Large Directors; Appointment of Appointed Directors.

(a) Election of At-Large Directors and Terms. As provided in this Section 5.3(a), Members (excluding any Appointing Members and their Appointing Member Affiliates to the
extent noted in this Section 5.3(a)) shall be entitled to elect Directors to the Company’s Board of Directors (such directors shall be referred to as “At-Large Directors”).

(i) Commencing on a date within thirty (30) days following the closing of the Company’s seed capital equity offering and admission of a seed capital equity subscribers as Members as provided in Section 6.3 hereof, the initial Directors shall appoint one (1) or more initial At-Large Director(s). Subject to the reduction of At-Large Director seats pursuant Section 5.2(c), the initial At-Large Director(s) shall serve until the first annual meeting of the Members of the Company following the date on which substantial operations of the Facilities commence, and in all cases until a successor is elected and qualified, or until the earlier death, resignation, removal or disqualification of such Director.

(ii) Commencing at the first annual meeting of the Members of the Company following the date on which substantial operations of the Facilities commence and at each annual meeting of the Members thereafter, the At-Large Director(s) shall be elected by the Members for staggered terms of three (3) years and until a successor is elected and qualified or until their earlier death, resignation or removal. The Directors may direct that the initial term of an elected At-Large Director be shorter than three (3) years if necessary to achieve such staggering.

(iii) At-Large Directors shall be elected by a plurality vote of the Members (excluding any Appointing Members and their Appointing Member Affiliates to the extent noted in this Section 5.3(a)) so that the nominees receiving the greatest number of votes relative to all other nominees are elected as At-Large Directors. For so long as any Appointing Member and their Appointing Member Affiliates holds an appointment right pursuant to Section 5.3(c), such Appointing Member and their Appointing Member Affiliates shall not also be entitled to vote for the election (or removal) of any At-Large Directors that the Members are entitled to elect, as their right to representation exists in their right of appointment.

(b) Nominations for At-Large Directors. One or more nominees for At-Large Director positions up for election shall be named by the then current Directors or by a nominating committee established by the Directors. Nominations for the election of At-Large Directors may also be made by any Member entitled to vote generally in the election of At-Large Directors. For the sake of clarity, an Appointing Member and their Appointing Member Affiliates shall not be entitled to make nominations for the election of At-Large Directors so long as such Appointing Member and their Appointing Member Affiliates holds an appointment right pursuant to Section 5.3(c), as their right to representation exists in their right of appointment. Any Member that intends to nominate one or more persons for election as At-Large Directors at a meeting may do so only if written notice of such Member’s intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the
Secretary of the Company not less than sixty (60) days nor more than ninety (90) days prior to
the annual meeting of the Company. Each such notice to the Secretary shall set forth:

(i)   the name and address of record of the Member who intends to make the
      nomination;

(ii)  a representation that the Member is a holder of record of Units of the
      Company entitled to vote at such meeting and intends to appear in person
      or by proxy at the meeting to nominate the person or persons specified in
      the notice;

(iii) the name, age, business and residence addresses, and principal occupation
      or employment of each nominee;

(iv)  a description of all arrangements or understandings between the Member
      and each nominee and any other person or persons (naming such person or
      persons) pursuant to which the nomination or nominations are to be made
      by the Members;

(v)   such other information regarding each nominee proposed by such Member
      as would be required to be included in a proxy statement filed pursuant to
      the proxy rules of the Securities and Exchange Commission;

(vi)  the consent of each nominee to serve as an At-Large Director of the
      Company if so elected; and

(vii) a nominating petition signed and dated by the holders of at least five
      percent (5%) of the then outstanding Units and clearly setting forth the
      proposed nominee as a candidate of the At-Large Director’s seat to be
      filled at the next election of At-Large Directors; provided, however, that
      an Appointing Member and their Appointing Member Affiliates shall not
      be eligible to sign such nomination petition (and its or their Units shall not
      count towards the signatures from holders of 5% or more of outstanding
      Units requirement for a valid nominating petition).

The Company may require any proposed nominee to furnish such other information as may
reasonably be required by the Company to determine the eligibility of such proposed nominee to
serve as an At-Large Director of the Company. The presiding Officer of the meeting may, if the
facts warrant, determine that a nomination was not made in accordance with the foregoing
procedures, and if he should so determine, he shall so declare to the meeting and the defective
nomination shall be disregarded. The amendment or repeal of this section or the adoption of any
provision inconsistent therewith shall require the approval of a majority of the Membership
Voting Interests. Whenever a vacancy occurs other than from expiration of a term of office or
removal from office, a majority of the remaining Directors shall appoint a new At-Large Director
to fill the vacancy for the remainder of such term.
(c) Special Right of Appointment of Appointed Directors for Certain Members. As
provided in this Section 5.3(c), certain Members shall be entitled to appoint Directors to the
Company’s Board of Directors (such Members shall be hereinafter referred to “Appointing Members” and such directors shall be referred to as “Appointed Directors”).

(i) Commencing on the Effective Date, so long as Walter Wendland, or his
Appointing Member Affiliates, are the holders of at least three hundred
(300) Units, he or they shall be entitled to appoint one (1) Appointed
Director; provided, however, that such Appointing Member and his
Appointing Member Affiliates shall not be entitled to appoint more than
one (1) Appointed Director regardless of the total number of Units owned.
The amendment or repeal of this Section 5.3(c)(i) or the adoption of any
provision inconsistent therewith shall require the unanimous approval of
the Membership Voting Interests held by Walter Wendland and any of his
Appointing Member Affiliates.

(ii) Commencing on a date within thirty (30) days following the closing of the
general equity offering and admission of a general equity offering
subscriber as a Member as provided in Section 6.3 hereof, each Member,
together with such Member’s Appointing Member Affiliates, who holds
one thousand five hundred (1,500) or more Units, all of which were
purchased by such Member or its Appointing Member Affiliates from the
Company during its general offering of equity securities, shall be entitled
to appoint one (1) Appointed Director; provided, however, that no
Appointing Member shall be entitled to appoint more than one (1)
Appointed Director regardless of the total number of Units owned and
purchased by such Appointing Member and its Appointing Member
Affiliates in the general offering. So long as the Appointing Member (and
its Appointing Member Affiliates) is the holder of one thousand five
hundred (1,500) or more Units, all of which were originally purchased by
such Member or its Appointing Member Affiliates from the Company
during the Company’s general equity offering, the Member shall retain its
right to appoint an Appointed Director. The amendment or repeal of this
section 5.3(c)(ii) or the adoption of any provision inconsistent therewith
shall require the unanimous approval of the Membership Voting Interests
held by such Members holding appointing rights pursuant to this section
5.3(c)(ii) and any of their Appointing Member Affiliates.

(iii) In the event that an Appointing Member transfers any Units from which
the appointment rights are derived, the appointment rights shall not
transfer with the Units, but shall expire upon the date of transfer unless
said transfer is to an Appointing Member Affiliate (in which case the
appointment rights shall survive said transfer). An Appointing Member
and their Appointing Member Affiliates shall not be entitled to vote for the
election (or removal) of At-Large Directors by the Members, as their right
to representation exists in their right of appointment.
(v) An Appointed Director appointed by an Appointing Member under this section shall serve indefinitely at the pleasure of the Appointing Member appointing him or her until a successor is appointed, or until the earlier death, resignation, or removal of the Appointed Director by the Appointing Member. In the event that the number of Units held by an Appointing Member falls below the applicable requisite threshold of sections 5.3(c)(i) or (ii), the term of any Appointed Director appointed by such Appointing Member shall terminate, the associated Appointed Director’s seat shall dissolve, such Appointing Member’s appointment rights shall terminate and shall then elect and nominate At-Large Directors collectively with the other Members in accordance with Sections 5.3(a) and (b). Following the termination of an Appointed Director’s term and dissolution of the Appointed Director’s seat, the total number of Directors of the Company shall automatically decrease by the number of Appointed Director’s seats so dissolved. Notwithstanding the foregoing, the remaining Directors’ may, but are not obligated to, exercise their power to increase or decrease the number of Directors pursuant to Section 5.2 so that the total number of Directors equals the same total number of Directors as immediately prior to the termination of such term and dissolution of such seat. In the event the remaining Directors exercise their authority under Section 5.2 to maintain the size of the Board of Directors, a new Director shall be an At-Large Director elected pursuant to Section 5.3(a) at the immediately following annual meeting of the Members. Prior to the annual meeting following the termination of an Appointed Director’s term and dissolution of the At-Large Director’s seat, a majority of the remaining Directors may, but are not obligated to, appoint a new At-Large Director to serve until such annual meeting.

5.4 Removal of Directors. The Members may remove an At-Large Director, with or without cause, at a meeting called for that purpose, if notice has been given that a purpose of the meeting is such removal, provided that an Appointing Member and his/her/its Appointing Member Affiliates shall not be entitled to vote on the removal of At-Large Directors elected by the Members, as their right to representation exists in their right of appointment. Notwithstanding the foregoing, the Board of Directors shall have the discretion to remove any At-Large Director who attends less than 75% of the Board’s meetings during any 12 month period as measured on a rotating basis.

5.5 Committees. A resolution unanimously approved by the Directors may establish committees having the authority of the Directors in the management of the business of the Company to the extent consistent with this Agreement and as specifically provided in the resolution. A committee shall consist of one or more persons appointed by the unanimous vote of the Directors. A majority of the committee members shall be Directors but not every committee member is required to be a Director. Committees are subject to the direction and control of the Directors and vacancies in the membership thereof shall be filled by unanimous resolution of the Directors. A majority of the members of the committee present at a meeting is a quorum for the transaction
of business, unless a larger or smaller proportion or number is provided in a resolution approved
by the Directors.

5.6 Authority of Directors. Subject to the limitations and restrictions set forth in this Agreement,
the Directors shall direct the management of the business and affairs of the Company and shall
have all of the rights and powers which may be possessed by a “manager” under the Act
including, without limitation, the right and power to do or perform the following and, to the
extent permitted by the Act or this Agreement, the further right and power by resolution of the
Directors to delegate to the Officers or such other Person or Persons to do or perform the
following:

(a) Conduct its business, carry on its operations and have and exercise the powers granted
by the Act in any state, territory, district or possession of the United States, or in any foreign
country which may be necessary or convenient to effect any or all of the purposes for which it is
organized;

(b) Acquire by purchase, lease, or otherwise any real or personal property which may be
necessary, convenient, or incidental to the accomplishment of the purposes of the Company;

(c) Operate, maintain, finance, improve, construct, own, grant operations with respect to,
sell, convey, assign, mortgage, and lease any real estate and any personal property necessary,
convenient, or incidental to the accomplishment of the purposes of the Company;

(d) Execute any and all agreements, contracts, documents, certifications, and instruments
necessary or convenient in connection with the management, maintenance, and operation of the
business, or in connection with managing the affairs of the Company, including, executing
amendments to this Agreement and the Articles in accordance with the terms of this Agreement,
both as Directors and, if required, as attorney-in-fact for the Members pursuant to any power of
attorney granted by the Members to the Directors;

(e) Borrow money and issue evidences of indebtedness necessary, convenient, or
incidental to the accomplishment of the purposes of the Company, and secure the same by
mortgage, pledge, or other lien on any Company assets;

(f) Execute, in furtherance of any or all of the purposes of the Company, any deed, lease,
mortgage, deed of trust, mortgage note, promissory note, bill of sale, contract, or other
instrument purporting to convey or encumber any or all of the Company assets;

(g) Prepay in whole or in part, refinance, recast, increase, modify, or extend any liabilities
affecting the assets of the Company and in connection therewith execute any extensions or
renewals of encumbrances on any or all of such assets;

(h) Care for and distribute funds to the Members by way of cash income, return of
capital, or otherwise, all in accordance with the provisions of this Agreement, and perform all
matters in furtherance of the objectives of the Company or this Agreement;
(i) Contract on behalf of the Company for the employment and services of employees and/or independent contractors, such as lawyers and accountants, and delegate to such Persons the duty to manage or supervise any of the assets or operations of the Company;

(j) Engage in any kind of activity and perform and carry out contracts of any kind (including contracts of insurance covering risks to Company assets and Directors’ and Officers’ liability) necessary or incidental to, or in connection with, the accomplishment of the purposes of the Company, as may be lawfully carried on or performed by a limited liability company under the laws of each state in which the Company is then formed or qualified;

(k) Take, or refrain from taking, all actions, not expressly prescribed or limited by this Agreement, as may be necessary or appropriate to accomplish the purposes of the Company;

(l) Institute, prosecute, defend, settle, compromise, and dismiss lawsuits or other judicial or administrative proceedings brought on or in behalf of, or against, the Company, the Members or the Directors or Officers in connection with activities arising out of, connected with, or incidental to this Agreement, and to engage counsel or others in connection therewith;

(m) Purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in or obligations of domestic or foreign corporations, associations, general or limited partnerships, other limited liability companies, or individuals or direct or indirect obligations of the United States or of any government, state, territory, government district or municipality or of any instrumentality of any of them;

(n) Agree with any Person as to the form and other terms and conditions of such Person’s Capital Contribution to the Company and cause the Company to issue Membership Economic Interests and Units in consideration of such Capital Contribution; and

(o) Indemnify a Member or Directors or Officers, or former Members or Directors or Officers, and to make any other indemnification that is authorized by this Agreement in accordance with, and to the fullest extent permitted by, the Act.

5.7 Director as Agent; Delegation of Authority. Notwithstanding the power and authority of the Directors to manage the business and affairs of the Company, no Director shall have authority to act as agent for the Company for the purposes of its business (including the execution of any instrument on behalf of the Company) unless the Directors have authorized the Director to take such action. The Directors may also delegate authority to manage the business and affairs of the Company (including the execution of instruments on behalf of the Company) to the Officer(s) or such other Person or Persons designated by the Directors. Any delegation of authority to the Officer(s) or such other Person or Persons designated by the Directors pursuant to this Section 5.7 may be revoked at any time with or without cause by the Directors.
5.8 Restrictions on Authority of Directors.

(a) The Directors shall not have authority to, and they covenant and agree that they shall not, do any of the following acts without the unanimous consent of the Members:

(i) Cause or permit the Company to engage in any activity that is not consistent with the purposes of the Company as set forth in Section 1.3 hereof;

(ii) Knowingly do any act in contravention of this Agreement or which would make it impossible to carry on the ordinary business of the Company, except as otherwise provided in this Agreement;

(iii) Possess Company Property, or assign rights in specific Company Property, for other than a Company purpose; or

(iv) Cause the Company to voluntarily take any action that would cause a bankruptcy of the Company. Notwithstanding the foregoing, the Directors of the Company may, subject to Section 10 hereof, direct that the Company commence bankruptcy proceedings if deemed necessary by the Directors as a result of the financial condition of the Company.

(b) The Directors shall not have authority to, and they covenant and agree that they shall not cause the Company to, without the consent of a majority of the Membership Voting Interests:

(i) Merge, consolidate, exchange or otherwise dispose of at one time all or substantially all of the Property, except for a liquidating sale of the Property in connection with the dissolution of the Company;

(ii) Except for Units issued prior to the Company’s general equity offering (expected to occur in 2015), issue Units at a purchase price of less than $5,000 per Unit;

(iii) Issue more than an aggregate of 25,000 Units. Except for the foregoing limitation and the limitation set forth in Section 5.8(b)(ii) above, the Directors shall have the sole discretion to determine whether the Company shall conduct any offering of its Units (seed capital offering, general equity offering or otherwise), the terms of such offering, and whether to accept or reject a subscription in any offering; and

(iv) Cause the Company to acquire any equity or debt securities issued by any Director or any of its Affiliates, or otherwise make loans to any Director or any of its Affiliates. Notwithstanding the foregoing, the Directors shall have full authority to redeem, repurchase or otherwise acquire any Units held by a Director or its Affiliates on such terms the Directors reasonably
believe are in the best interests of the Company and such transaction is approved by all disinterested Directors.

The actions specified herein as requiring the consent of the Members shall be in addition to any actions by the Directors that are specified in the Act as requiring the consent or approval of the Members.

5.9 Director Meetings and Notice. Meetings of the Directors shall be held at such times and places as shall from time to time be determined by the Directors. Meetings of the Directors may also be called by the Chairman of the Company or by any two or more Directors. If the date, time, and place of a meeting of the Directors has been announced at a previous meeting, no notice shall be required. In all other cases, two (2) days’ written notice of meetings, stating the date, time, and place thereof and any other information required by law or desired by the Person(s) calling such meeting, shall be given to each Director. Any Director may waive notice of any meeting. A waiver of notice by a Director is effective whether given before, at, or after the meeting, and whether given orally, in writing, or by attendance. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, unless such Director objects at the beginning of the meeting to the transaction of business on the grounds that the meeting is now lawfully called or convened and does not participate thereafter in the meeting.

5.10 Action Without a Meeting. Any action required or permitted to be taken by the Directors may also be taken by a written action signed by all of the Directors authorized to vote on the matter as provided by this Agreement. The Directors may participate in any meeting of the Directors by means of telephone conference or similar means of communication by which all persons participating in the meeting can simultaneously hear each other.

5.11 Quorum; Manner of Acting. Not less than fifty percent (50%) of the Directors authorized to vote on a matter as provided by this Agreement shall constitute a quorum for the transaction of business at any Directors’ meeting. Each Director shall have one (1) vote at meetings of the Directors. Except as otherwise specified in this Agreement, the Directors shall take action by the vote of a majority of the number of Directors constituting a quorum as provided by this Agreement.

5.12 Voting; Potential Financial Interest. No Director shall be disqualified from voting on any matter to be determined or decided by the Directors solely by reason of such Director’s (or his/her Affiliate’s) potential financial interest in the outcome of such vote, provided that the nature of such Director’s (or his/her Affiliate’s) potential financial interest was reasonably disclosed to the Board of Directors on behalf of the Company at the time of such vote.

5.13 Duties and Obligations of Directors. The Directors shall cause the Company to conduct its business and operations separate and apart from that of any Director or any of its Affiliates. The Directors shall take all actions which may be necessary or appropriate (i) for the continuation of the Company’s valid existence as a limited liability company under the laws of the State of South Dakota and each other jurisdiction in which such existence is necessary to protect the limited liability of Members or to enable the Company to conduct the business in which it is engaged, and (ii) for the accomplishment of the Company’s purposes, including the acquisition,
development, maintenance, preservation, and operation of Company Property in accordance with the provisions of this Agreement and applicable laws and regulations. Each Director shall have the duty to discharge the foregoing duties in good faith, in a manner the Director believes to be in the best interests of the Company, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. The Directors shall be under no other fiduciary duty to the Company or the Members to conduct the affairs of the Company in a particular manner.

5.14 Officers. The Board of Directors shall elect, from amongst themselves, a Chairman and Vice Chairman. The Board of Directors shall also appoint, elect or otherwise designate such Person or Persons as Chief Executive Officer, President, Chief Financial Officer and Secretary of the Company. The Board of Directors may also, from time to time as it deems advisable, elect, appoint or otherwise designate such Person or Persons as officers with such titles as the Directors may determine (such officers, together with the Chairman, Vice Chairman, Chief Executive Officer, President, Chief Financial Officer, and Secretary, individually, an “Officer” and collectively the “Officers”).

(a) Appointment. The Officers shall be appointed by the Directors. Except as provided herein, Officers need not be Directors. Any two (2) or more offices may be held by the same Person. Election, appointment or designation of a Person as an Officer of the Company shall not of itself create contract rights of such Person with the Company.

(b) Term of Office. Each Officer shall hold office until his or her successor shall have been duly elected, appointed or designated and qualified or until his or her death, or until he or she shall resign or shall be removed in the manner hereinafter provided.

(c) Removal. An Officer may be removed with or without cause by the Directors; provided, however, such removal does not affect the contract rights (if any) with the Company of the Person so removed. Except as otherwise provided in this Agreement, the resignation or removal of an Officer will not otherwise affect their status, rights or obligations as a Member under this Agreement.

(d) Resignation. An Officer may resign at any time by delivering notices to the Company. An Officer’s resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Company accepts the future effective date, the Directors may fill the pending vacancy before the effective date if the Directors provides that the successor does not take office until the effective date.

(e) Vacancies. Vacancies may be filled or new offices created and filled at any meeting of the Directors. Except as provided herein, a vacancy in any office because of death, resignation, removal, disqualification or otherwise, may, but need not, be filled by the Directors for the unexpired portion of the term. In the event of a vacancy in the office of Chairman, Chief Executive Officer, President or Chief Financial Officer because of death, resignation or removal, the Directors shall appoint a successor to such office.
(f) **Elimination of Offices.** The Directors also may eliminate any Officer position other than Chief Executive Officer, President or Chief Financial Officer at any time.

5.15 **Chairman and Vice Chairman.** Unless provided otherwise by a resolution adopted by the Directors, the Chairman shall preside at meetings of the Members and the Directors; shall see that all orders and resolutions of the Directors are carried into effect; may maintain records of and certify proceedings of the Directors and Members; and shall perform such other duties as may from time to time be prescribed by the Directors. The Chairman may simultaneously hold and perform the offices of Chief Executive Officer and President and that of Chairman. The Vice Chairman shall, in the absence or disability of the Chairman, perform the duties and exercise the powers of the Chairman and shall perform such other duties as the Directors or the Chairman may from time to time prescribe. The Directors may designate more than one Vice Chairman, in which case the Vice Chairmen shall be designated by the Directors so as to denote which is most senior in office.

5.16 **Chief Executive Officer.** The Chief Executive Officer shall be the principal executive officer of the Company and shall have general supervision of the business, affairs and property of the Company, and over its several Officers. In general, the Chief Executive Officer shall have all authority incident to the office of Chief Executive Officer and shall have such other authority and perform such other duties as may from time to time be assigned by the Directors or any committee duly authorized by the Directors. The Chief Executive Officer shall have the power to fix the compensation of any Officers whose compensation is not fixed by the Directors or any committee thereof and also to engage, discharge, determine the duties and fix the compensation of all employees and agents of the Company necessary or proper for the transaction of the business of the Company. If the Chief Executive Officer is not also the Chairman, then the Chief Executive Officer shall report to the Chairman or the Vice Chairman, as the case may be.

5.17 **President.** Subject to any contractual restriction, the President shall have all authority incident to the office of President and shall have such other authority and perform such other duties as may from time to time be assigned by the Directors or by any committee duly authorized by the Directors, the Chief Executive Officer, or by the Chairman. The President shall, at the request of the Chairman or in the absence or disability of the Chief Executive Officer, perform the duties and exercise the powers of the Chief Executive Officer. If the President is not also the Chief Executive Officer, then the President shall report to the Chief Executive Officer.

5.18 **Chief Financial Officer.** Unless provided otherwise by a resolution adopted by the Board, the Chief Financial Officer of the Company may, but need not be, a Director. The Chief Financial Officer shall keep accurate financial records for the Company; shall deposit all monies, drafts, and checks in the name of and to the credit of the Company in such banks and depositories as the Directors shall designate from time to time; shall endorse for deposit all notes, checks, and drafts received by the Company as ordered by the Directors, making proper vouchers therefore; shall disburse Company funds and issue checks and drafts in the name of the Company as ordered by the Directors, shall render to the Chief Executive Officer and the Directors, whenever requested, an account of all such transactions as Chief Financial Officer and of the financial condition of the Company, and shall perform such other duties as may be prescribed by
the Directors or the Chief Executive Officer from time to time. In accordance with Section 5.21, the Directors may, from time to time as it deems advisable, select natural Persons who are employees or agents to serve as the Chief Financial Officer and to set their compensation (if any). Any delegation pursuant to this Section may be revoked at any time by the Directors.

5.19 Secretary; Assistant Secretary. The Secretary shall attend all meetings of the Directors and of the Members and shall maintain records of, and whenever necessary, certify all proceedings of the Directors and of the Members. The Secretary shall keep the required records of the Company, when so directed by the Directors or other person or person authorized to call such meetings, shall give or cause to be given notice of meetings of the Members and of meetings of the Directors, and shall also perform such other duties and have such other powers as the Chairman or the Directors may prescribe from time to time. An Assistant Secretary, if any, shall perform the duties of the Secretary during the absence or disability of the Secretary.

5.20 Vice President. The Company may have one or more Vice Presidents. If more than one, the Directors shall designate which is most senior. The most senior Vice President shall perform the duties of the President in the absence of the President.

5.21 Delegation of Officer’s Authority. Unless prohibited by a resolution of the Directors, an Officer of the Company may delegate in writing some or all of the duties and powers of such Officer’s management position to other Persons. An Officer who delegates the duties or powers of an office remains subject to the standard of conduct for such Officer with respect to the discharge of all duties and powers so delegated. Any delegation pursuant to this Section 5.21 may be revoked at any time by the delegating Officer or by action of the Directors.

5.22 Execution of Instruments. All deeds, mortgages, bonds, checks, contracts and other instruments pertaining to the business and affairs of the Company shall be signed on behalf of the Company by (i) the Chief Executive Officer, (ii) the President, or (iii) by such other Person or Persons as may be designated from time to time by the Directors.

5.23 Limitation of Liability; Indemnification of Directors, Officers, Others. To the maximum extent permitted under the Act and other applicable law, no Member, Director or Officer of this Company shall be personally liable for any debt, obligation or liability of this Company merely by reason of being a Member, Director, Officer or all of the foregoing. No Director or Officer of this Company shall be personally liable to this Company or its Members for monetary damages for a breach of fiduciary duty by such Director or Officer; provided that this provision shall not eliminate or limit the liability of a Director or Officer for any of the following: (i) for any breach of the duty of loyalty to the Company or its Members; (ii) for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of law; or (iii) for a transaction from which the Director or Officer derived an improper personal benefit or a wrongful distribution in violation of the Act. To the maximum extent permitted under the Act and other applicable law, the Company, its receiver, or its trustee (in the case of its receiver or trustee, to the extent of Company Property) shall indemnify, save and hold harmless, and pay all judgments and claims against each Director or Officer relating to any liability or damage incurred by reason of any act performed or omitted to be performed by such Director or Officer, in connection with the business of the Company, including reasonable attorneys’ fees incurred by such Director or
Officer in connection with the defense of any action based on any such act or omission, which attorneys’ fees may be paid as incurred, including all such liabilities under federal and state securities laws as permitted by law. To the maximum extent permitted under the Act and other applicable law, in the event of any action by a Unit Holder against any Director or Officer, including a derivative suit, the Company shall indemnify, save harmless, and pay all costs, liabilities, damages and expenses of such Director or Officer, including reasonable attorneys’ fees incurred in the defense of such action. Notwithstanding the foregoing provisions, no Director or Officer shall be indemnified by the Company to the extent prohibited or limited (but only to the extent limited) by the Act. The Company may purchase and maintain insurance on behalf of any Person in such Person’s official capacity against any liability asserted against and incurred by such Person in or arising from that capacity, whether or not the Company would otherwise be required to indemnify the Person against the liability.

5.24 Compensation; Expenses of Directors. No Member or Director shall receive any salary, fee, or draw for services rendered to or on behalf of the Company merely by virtue of their status as a Member or Director, it being the intention that, irrespective of any personal interest of any of the Directors, the Directors shall have authority to establish reasonable compensation of all Directors for services to the Company as Directors, Officers, or otherwise. Except as otherwise approved by or pursuant to a policy approved by the Directors, no Member or Director shall be reimbursed for any expenses incurred by such Member or Director on behalf of the Company. Notwithstanding the foregoing, by resolution by the Directors, the Directors may be paid as reimbursement therefor, their expenses, if any, of attendance at each meeting of the Directors. In addition, the Directors, by resolution, may approve from time to time, the salaries and other compensation packages of the Officers of the Company.

5.25 Loans. Any Member or Affiliate may, with the consent of the Directors, lend or advance money to the Company. If any Member or Affiliate shall make any loan or loans to the Company or advance money on its behalf, the amount of any such loan or advance shall not be treated as a contribution to the capital of the Company but shall be a debt due from the Company. The amount of any such loan or advance by a lending Member or Affiliate shall be repayable out of the Company’s cash and shall bear interest at a rate not in excess of the prime rate established, from time to time, by any major bank selected by the Directors for loans to its most creditworthy commercial borrowers, plus four percent (4%) per annum. If a Director, or any Affiliate of a Director, is the lending Member, the rate of interest and the terms and conditions of such loan shall be no less favorable to the Company than if the lender had been an independent third party. None of the Members or their Affiliates shall be obligated to make any loan or advance to the Company.

SECTION 6. ROLE OF MEMBERS

6.1 One Membership Class. There shall initially be one class of Membership Interests and one class of Units.

6.2 Members. Each Person who desires to become a Member must complete and execute a signature page to this Agreement in the form of Exhibit “E” attached hereto and such other documents as may be required by the Directors. Each prospective Member must be approved and
admitted to the Company by the Board of Directors. The Membership Interests of the Members shall be set forth on the Membership Register as maintained by the Company at its principal office and by this reference is incorporated herein.

6.3 Additional Members. No Person shall become a Member without the approval of the Directors. The Directors may refuse to admit any Person as a Member in their sole discretion. Any such admission must comply with the requirements described in this Agreement and will be effective only after such Person has executed and delivered to the Company such documentation as determined by the Directors to be necessary and appropriate to effect such admission including the Member’s agreement to be bound by this Agreement. Upon the admission of a Member the Directors shall cause the Membership Register to be appropriately amended. Such amendments shall not be considered amendments pursuant to Section 8.1 of this Agreement and will not require Member action for purposes of Section 8.1.

6.4 Rights or Powers. Except as otherwise expressly provided for in this Agreement, the Members shall not have any right or power to take part in the management or control of the Company or its business and affairs or to act for or bind the Company in any way.

6.5 Voting Rights of Members. The Members shall have voting rights as defined by the Membership Voting Interest of such Member and in accordance with the provisions of this Agreement. Members do not have a right to cumulate their votes for any matter entitled to a vote of the Members, including election of Directors.

6.6 Member Meetings. Meetings of the Members shall be called by the Directors, and shall be held at the principal office of the Company or at such other place as shall be designated by the person calling the meeting. Beginning with the fiscal year ending in calendar year 2016, or sooner as determined by the Directors, and each Fiscal Year thereafter, an annual meeting of the Members shall be held within one hundred eighty (180) days of the close of the Company’s Fiscal Year, at a time and date determined by the Directors. Special meetings of the Members, for any purpose(s) described in the meeting notice, may be called by the Directors, and shall be called by the Directors at the request of not less than thirty percent (30%) of all Members. A call by the Members for a special meeting shall be in writing, signed by the persons calling for the same, addressed and delivered to the Secretary, and shall state the time and purpose(s) of such meeting.

6.7 Conduct of Meetings. Subject to the discretion of the Directors, the Members may participate in any meeting of the Members by means of telephone conference or similar means of communication by which all persons participating in the meeting can simultaneously hear and speak with each other.

6.8 Notice of Meetings; Waiver. Notice of the meeting, stating the place, day and hour of the meeting, shall be given to each Member in accordance with Section 11.1 hereof at least twenty (20) days and no more than sixty (60) days before the day on which the meeting is to be held. A Member may waive the notice of meeting required hereunder by written notice of waiver signed by the Member whether given before, during or after the meeting. Attendance by a Member at a meeting is waiver of notice of that meeting, unless the Member objects at the beginning of the
meeting to the transaction of business because the meeting is not lawfully called or convened and thereafter does not participate in the meeting.

6.9 **Quorum and Proxies.** The presence (in person or by proxy or mail ballot) of Members representing at least thirty percent (30%) of the Membership Voting Interests is required for the transaction of business at a meeting of the Members. Voting by proxy or by mail ballot shall be permitted on any matter if authorized by the Directors.

6.10 **Voting; Action by Members.** If a quorum is present, the affirmative vote of a majority of the Membership Voting Interests represented at a meeting of the Members (in person, by proxy, or by mail ballot) and entitled to vote on the matter shall constitute the act of the Members, unless the vote of a greater or lesser proportion or numbers is otherwise required by this Agreement.

6.11 **Record Date.** For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment of the meeting, or Members entitled to receive payment of any distribution, or to make a determination of Members for any other purpose, the date on which notice of the meeting is mailed (or otherwise delivered) or the date on which the resolution declaring the distribution is adopted, as the case may be, shall be the record date for determination of Members.

6.12 **Termination of Membership.** The membership of a Member in the Company shall terminate upon the occurrence of events described in the Act, including resignation and withdrawal. If for any reason the membership of a Member is terminated, the Member whose membership has terminated loses all Membership Voting Interests and shall be considered merely as Assignee of the Membership Economic Interest owned before the termination of membership, having only the rights of an unadmitted Assignee provided for in Section 9.7 hereof.

6.13 **Continuation of the Company.** The Company shall not be dissolved upon the occurrence of any event that is deemed to terminate the continued membership of a Member. The Company’s affairs shall not be required to be wound up. The Company shall continue without dissolution.

6.14 **No Obligation to Purchase Membership Interest.** No Member whose membership in the Company terminates, nor any transferee of such Member, shall have any right to demand or receive a return of such terminated Member’s Capital Contributions or to require the purchase or redemption of the Member’s Membership Interest. The other Members and the Company shall not have any obligation to purchase or redeem the Membership Interest of any such terminated Member or transferee of any such terminated Member.

6.15 **Waiver of Dissenters Rights.** Each Member hereby disclaims, waives and agrees, to the fullest extent permitted by law or the Act, not to assert dissenters’ or similar rights under the Act.

**SECTION 7. ACCOUNTING, BOOKS AND RECORDS**

7.1 **Accounting, Books and Records.** The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with GAAP, or other generally accepted accounting method as determined by the Directors. The books and
records shall reflect all the Company transactions and shall be appropriate and adequate for the Company’s business. The Company shall maintain at its principal office all of the following: (i) A current list of the full name and last known business or residence address of each Member and Assignee set forth in alphabetical order, together with the Capital Contributions, Capital Account and Units of each Member and Assignee; (ii) The full name and business address of each Director; (iii) A copy of the Articles and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which the Articles or any amendments thereto have been executed; (iv) Copies of the Company’s federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years; (v) A copy of this Agreement and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments thereto have been executed; and (vi) Copies of the financial statements of the Company, if any, for the six most recent Fiscal Years. The Company shall use the accrual method of accounting in preparation of its financial reports and for tax purposes and shall keep its books and records accordingly.

7.2 Delivery to Members and Inspection. Any Member or its designated representative shall have reasonable access during normal business hours to the information and documents kept by the Company pursuant to Section 7.1. The rights granted to a Member pursuant to this Section 7.2 are expressly subject to compliance by such Member with the safety, security and confidentiality procedures and guidelines of the Company, as such procedures and guidelines may be established from time to time. Upon the request of any Member for purposes reasonably related to the interest of that Person as a Member, the Directors shall promptly deliver to the requesting Member, at the expense of the requesting Member, a copy of the information required to be maintained under Section 7.1. Each Member has the right, upon reasonable request for purposes reasonably related to the interest of the Person as a Member and for proper purposes, to: (i) inspect and copy during normal business hours any of the Company records described in Section 7.1; and (ii) obtain from the Directors, promptly after their becoming available, a copy of the Company’s federal, state, and local income tax or information returns for each Fiscal Year. Each Assignee shall have the right to information regarding the Company only to the extent required by the Act.

7.3 Reports. The Chief Financial Officer of the Company shall be responsible for causing the preparation of financial reports of the Company and the coordination of financial matters of the Company with the Company’s accountants. The Company shall cause to be delivered to each Member the financial statements listed below, prepared, in each case (other than with respect to Member’s Capital Accounts, which shall be prepared in accordance with this Agreement) in accordance with GAAP consistently applied, or other generally accepted accounting method as determined by the Directors. Delivery of the financial statements shall occur as soon as practicable following the end of each Fiscal Year (and in any event not later than one hundred and twenty (120) days after the end of such Fiscal Year) and at such time as distributions are made to the Unit Holders pursuant to Section 10 hereof following the occurrence of a Dissolution Event. The financial statements shall consist of a balance sheet of the Company as of the end of such Fiscal Year and the related statements of operations, Unit Holders’ Capital Accounts and changes therein, and cash flows for such Fiscal Year, together with appropriate notes to such financial statements and supporting schedules, all of which shall be audited and certified by the Company’s accountants, and in each case, to the extent the Company was in
existence, setting forth in comparative form the corresponding figures for the immediately preceding Fiscal Year end (in the case of the balance sheet) and the two (2) immediately preceding Fiscal Years (in the case of the statements).

7.4 Tax Matters. The Directors shall, without any further consent of the Unit Holders being required (except as specifically required herein), make any and all elections for federal, state, local, and foreign tax purposes as the Directors shall determine appropriate and represent the Company and the Unit Holders before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company or the Unit Holders in their capacities as Unit Holders, and to file any tax returns and execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Unit Holders with respect to such tax matters or otherwise affect the rights of the Company and the Unit Holders. The Directors shall designate a Person to be specifically authorized to act as the “Tax Matters Member” under the Code and in any similar capacity under state or local law; provided, however, that the Directors shall have the authority to designate, remove and replace the Tax Matters Member who shall act as the tax matters partner within the meaning of and pursuant to Regulations Sections 301.6231(a)(7)-1 and -2 or any similar provision under state or local law. Necessary tax information shall be delivered to each Unit Holder as soon as practicable after the end of each Fiscal Year of the Company but not later than three (3) months after the end of each Fiscal Year.

SECTION 8. AMENDMENTS

8.1 Amendments. Amendments to this Agreement may be proposed by the Board of Directors or any Member. Following such proposal, the Board of Directors shall submit to the Members a verbatim statement of any proposed amendment, providing that counsel for the Company shall have approved of the same in writing as to form, and the Board of Directors shall include in any such submission a recommendation as to the proposed amendment. The Board of Directors shall seek the written vote of the Members on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that it may deem appropriate. Except as otherwise provided under this Agreement, a proposed amendment shall be adopted and be effective as an amendment hereto only if approved by the affirmative vote of a majority of the Membership Voting Interests represented at a Meeting of the Members (in person, by proxy, or by mail ballot). Notwithstanding any provision of this Section 8.1 to the contrary, this Agreement shall not be amended without the consent of each Member adversely affected if such amendment would modify the limited liability of a Member, alter the Membership Economic Interest of a Member, or alter the Special Right of Appointment of a Member.

SECTION 9. TRANSFERS

9.1 Restrictions on Transfers. Except as otherwise permitted by this Agreement, no Member shall Transfer all or any portion of its Units.

9.2 Permitted Transfers. Subject to the conditions and restrictions set forth in this Section 9, a Unit Holder may Transfer all or any portion of its Units to any Person; provided (i) such Transfer meets the conditions set forth in Section 9.3 and (ii) such Transfer is approved in writing by the
Directors (which approval may be granted or withheld by the Directors as they reasonably believe in the best interests of the Company). Any such Transfer set forth in this Section 9.2 is referred to in this Agreement as a “**Permitted Transfer**”.

9.3 **Conditions Precedent to Transfers.** In addition to the conditions set forth above, no Transfer of a Membership Interest shall be effective unless and until all of the following conditions have been satisfied:

   (a) Except in the case of a Transfer involuntarily by operation of law, the transferor and transferee shall execute and deliver to the Company such documents and instruments of Transfer as may be necessary or appropriate in the opinion of counsel to the Company to effect such Transfer. In the case of a Transfer of Units involuntarily by operation of law, the Transfer shall be confirmed by presentation to the Company of legal evidence of such Transfer, in form and substance satisfactory to counsel to the Company. In all cases, the transferor and/or transferee shall pay all reasonable costs and expenses connected with the Transfer and the admission of the Transferee as a Member and incurred as a result of such Transfer, including but not limited to, legal fees and costs.

   (b) The transferor and transferee shall furnish the Company with the transferee’s taxpayer identification number, sufficient information to determine the transferee’s initial tax basis in the Units transferred, and any other information reasonably necessary to permit the Company to file all required federal and state tax returns and other legally required information statements or returns. Without limiting the generality of the foregoing, the Company shall not be required to make any distribution otherwise provided for in this Agreement with respect to any transferred Units until it has received such information.

   (c) Except in the case of a Transfer of any Units involuntarily by operation of law, either (i) such Units shall be registered under the Securities Act, and any applicable state securities laws, or (ii) the transferor shall provide an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the Directors, to the effect that such Transfer is exempt from all applicable registration requirements and that such Transfer will not violate any applicable laws regulating the Transfer of securities.

   (d) Except in the case of a Transfer of Units involuntarily by operation of law, the transferor shall provide an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the Directors, to the effect that such Transfer will not cause the Company to be deemed to be an “investment company” under the Investment Company Act of 1940.

   (e) Unless otherwise approved by the Directors and Members representing in the aggregate a 75% super majority of the Membership Voting Interests, no Transfer of Units shall be made except upon terms which would not, in the opinion of counsel chosen by and mutually acceptable to the Directors and the transferor Member, result in the termination of the Company within the meaning of Section 708 of the Code or cause the application of the rules of Sections 168(g)(1)(B) and 168(h) of the Code or similar rules to apply to the Company. If the immediate Transfer of such Unit would, in the opinion of such counsel, cause a termination within the meaning of Section 708 of the Code, then if, in the opinion of such counsel, the
following action would not precipitate such termination, the transferor Member shall be entitled to (or required, as the case may be) (i) immediately Transfer only that portion of its Units as may, in the opinion of such counsel, be transferred without causing such a termination and (ii) enter into an agreement to Transfer the remainder of its Units, in one or more Transfers, at the earliest date or dates on which such Transfer or Transfers may be effected without causing such termination. The purchase price for the Units shall be allocated between the immediate Transfer and the deferred Transfer or Transfers pro rata on the basis of the percentage of the aggregate Units being transferred, each portion to be payable when the respective Transfer is consummated, unless otherwise agreed by the parties to the Transfer. In the case of a Transfer by one Member to another Member, the deferred purchase price shall be deposited in an interest-bearing escrow account unless another method of securing the payment thereof is agreed upon by the transferor Member and the transferee Member(s).

(f) No notice or request initiating the procedures contemplated by Section 9.3 may be given by any Member after a Dissolution Event has occurred. No Member may sell all or any portion of its Units after a Dissolution Event has occurred.

(g) No Person shall Transfer any Unit if, in the determination of the Directors, such Transfer would cause the Company to be treated as a “publicly traded partnership” within the meaning of Section 7704(b) of the Code.

The Directors shall have the authority to waive any legal opinion or other condition required in this Section 9.3 other than the Member approval requirement set forth in Section 9.3(e).

9.4 Prohibited Transfers. Any purported Transfer of Units that is not permitted under this Section 9 shall be null and void and of no force or effect whatsoever; provided that, if the Company is required to recognize such a Transfer (or if the Directors, in their sole discretion, elect to recognize such a Transfer), the Units Transferred shall be strictly limited to the transferor’s Membership Economic Interests as provided by this Agreement with respect to the transferred Units, which Membership Economic Interests may be applied (without limiting any other legal or equitable rights of the Company) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee of such Interest may have to the Company. In the case of a Transfer or attempted Transfer of Units that is not permitted under this Section 9, the parties engaging or attempting to engage in such Transfer shall be liable to indemnify and hold harmless the Company and the other Members from all cost, liability, and damage that any of such indemnified Members may incur (including, without limitation, incremental tax liabilities, lawyers’ fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

9.5 No Dissolution or Termination. The transfer of a Membership Interest pursuant to the terms of this Article shall not dissolve or terminate the Company. No Member shall have the right to have the Company dissolved or to have such Member’s Capital Contribution returned except as provided in this Agreement.

9.6 Prohibition of Assignment. Notwithstanding the foregoing provisions of this Article, Transfer of a Membership Interest may not be made if the Membership Interest sought to be sold,
exchanged or transferred, when added to the total of all other Membership Interests sold, exchanged or transferred within the period of twelve (12) consecutive months prior thereto, would result in the termination of the Company under Section 708 of the Internal Revenue Code. In the event of a transfer of any Membership Interests, the Members will determine, in their sole discretion, whether or not the Company will elect pursuant to Section 754 of the Internal Revenue Code (or corresponding provisions of future law) to adjust the basis of the assets of the Company.

9.7 Rights of Unadmitted Assignees. A Person who acquires Units but who is not admitted as a substituted Member pursuant to Section 9.8 hereof shall be entitled only to the Membership Economic Interests with respect to such Units in accordance with this Agreement, and shall not be entitled to the Membership Voting Interest with respect to such Units. In addition, such Person shall have no right to any information or accounting of the affairs of the Company, shall not be entitled to inspect the books or records of the Company, and shall not have any of the rights of a Member under the Act or this Agreement.

9.8 Admission of Substituted Members. As to Permitted Transfers, a transferee of Units shall be admitted as a substitute Member provided that such transferee has complied with the following provisions: (a) The transferee of Units shall, by written instrument in form and substance reasonably satisfactory to the Directors; (i) accept and adopt the terms and provisions of this Agreement, including this Section 9, and (ii) assume the obligations of the transferor Member under this Agreement with respect to the transferred Units. The transferor Member shall be released from all such assumed obligations except (x) those obligations or liabilities of the transferor Member arising out of a breach of this Agreement, (y) in the case of a Transfer to any Person other than a Member or any of its Affiliates, those obligations or liabilities of the transferor Member based on events occurring, arising or maturing prior to the date of Transfer, and (z) in the case of a Transfer to any of its Affiliates, any Capital Contribution or other financing obligation of the transferor Member under this Agreement; (b) The transferee pays or reimburses the Company for all reasonable legal, filing, and publication costs that the Company incurs in connection with the admission of the transferee as a Member with respect to the Transferred Units; and (c) Except in the case of a Transfer involuntarily by operation of law, if required by the Directors, the transferee (other than a transferee that was a Member prior to the Transfer) shall deliver to the Company evidence of the authority of such Person to become a Member and to be bound by all of the terms and conditions of this Agreement, and the transferee and transferor shall each execute and deliver such other instruments as the Directors reasonably deem necessary or appropriate to effect, and as a condition to, such Transfer.

9.9 Representations Regarding Transfers.

(a) Each Member hereby covenants and agrees with the Company for the benefit of the Company and all Members, that (i) it is not currently making a market in Units and will not in the future make a market in Units, (ii) it will not Transfer its Units on an established securities market, a secondary market (or the substantial equivalent thereof) within the meaning of Code Section 7704(b) (and any Regulations, proposed Regulations, revenue rulings, or other official pronouncements of the Internal Revenue Service or Treasury Department that may be promulgated or published thereunder), and (iii) in the event such Regulations, revenue rulings, or
other pronouncements treat any or all arrangements which facilitate the selling of Company interests and which are commonly referred to as “matching services” as being a secondary market or substantial equivalent thereof, it will not Transfer any Units through a matching service that is not approved in advance by the Company. Each Member further agrees that it will not Transfer any Units to any Person unless such Person agrees to be bound by this Section 9 and to Transfer such Units only to Persons who agree to be similarly bound.

(b) Each Member hereby represents and warrants to the Company and the Members that such Member’s acquisition of Units hereunder is made as principal for such Member’s own account and not for resale or distribution of such Units. Each Member further hereby agrees that the following legend, as the same may be amended by the Directors in their sole discretion, may be placed upon any counterpart of this Agreement, the Articles, or any other document or instrument evidencing ownership of Units:

THE TRANSFERABILITY OF THE COMPANY UNITS REPRESENTED BY THIS CERTIFICATE IS RESTRICTED. SUCH UNITS MAY NOT BE SOLD, ASSIGNED, OR TRANSFERRED, NOR WILL ANY ASSIGNEE, VENDEE, TRANSFEREE, OR ENDORSEE THEREOF BE RECOGNIZED AS HAVING ACQUIRED ANY SUCH UNITS FOR ANY PURPOSES, UNLESS AND TO THE EXTENT SUCH SALE, TRANSFER, HYPOTHECATION, OR ASSIGNMENT IS PERMITTED BY, AND IS COMPLETED IN STRICT ACCORDANCE WITH, THE TERMS AND CONDITIONS SET FORTH IN THE OPERATING AGREEMENT AND AGREED TO BY EACH MEMBER. THE UNITS REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, OFFERED FOR SALE, OR TRANSFERRED IN ABSENCE OF AN EFFECTIVE REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND UNDER APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND UNDER APPLICABLE STATE SECURITIES LAWS.

9.10 Distribution and Allocations in Respect of Transferred Units. If any Units are Transferred during any Fiscal Year in compliance with the provisions of this Section 9, Profits, Losses, each item thereof, and all other items attributable to the Transferred Units for such Fiscal Year shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the Fiscal Year in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Directors. All distributions on or before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Solely for purposes of making such allocations and distributions, the Company shall recognize such Transfer to be effective as of the first day of the month following the month in which all documents to effectuate the transfer have been executed and delivered to the Company, provided that, if the Company does not receive a notice stating the date such Units were transferred and such other information as the Directors may reasonably require within thirty (30) days after the end of the Fiscal Year during which the Transfer occurs, then all such items shall be allocated, and all distributions shall be made, to the Person who, according to the books
and records of the Company, was the owner of the Units on the last day of such Fiscal Year. Neither the Company nor any Member shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 9.10, whether or not the Directors or the Company has knowledge of any Transfer of ownership of any Units.

9.11 Additional Members. Additional Members may be admitted from time to time upon the approval of the Directors. Any such additional Member shall pay such purchase price for his/her/its Membership Interest and shall be admitted in accordance with such terms and conditions, as the Directors shall approve. All Members acknowledge that the admission of additional Members may result in dilution of a Member’s Membership Interest. Prior to the admission of any Person as a Member, such Person shall agree to be bound by the provisions of this Agreement and shall sign and deliver an Addendum to this Agreement in the form of Exhibit “E”, attached hereto. Upon execution of such Addendum, such additional Members shall be deemed to be parties to this Agreement as if they had executed this Agreement on the original date hereof, and, along with the parties to this Agreement, shall be bound by all the provisions hereof from and after the date of execution hereof. The Members hereby designate and appoint the Directors to accept such additional Members and to sign on their behalf any Addendum in the form of Exhibit “E”, attached hereto.

9.12 Pledges. In the event that any Member pledges or otherwise encumbers all or any part of its Units as security for the payment of a debt, any such pledge or hypothecation shall be made pursuant to a pledge or hypothecation agreement that requires the pledgee or secured party to be bound by all of the terms and conditions of this Section 9. In the event such pledgee or secured party becomes the Unit Holder hereunder pursuant to the exercise of such party’s rights under such pledge or hypothecation agreement, such pledgee or secured party shall be bound by all terms and conditions of this Operating Agreement and all other agreements governing the rights and obligations of Unit Holders. In such case, such pledgee or secured party, and any transferee or purchaser of the Units held by such pledgee or secured party, shall not have any Membership Voting Interest attached to such Units unless and until the Directors have approved in writing and admitted as a Member hereunder, such pledgee, secured party, transferee or purchaser of such Units.

SECTION 10. DISSOLUTION AND WINDING UP

10.1 Dissolution. The Company shall dissolve and shall commence winding up and liquidating upon the first to occur of any of the following (each a “Dissolution Event”): (i) The affirmative vote of a 75% super majority in interest of the Membership Voting Interests to dissolve, wind up, and liquidate the Company; or (ii) The entry of a decree of judicial dissolution pursuant to the Act. The Members hereby agree that, notwithstanding any provision of the Act, the Company shall not dissolve prior to the occurrence of a Dissolution Event.

10.2 Winding Up. Upon the occurrence of a Dissolution Event, the Company shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Members, and no Member shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company’s business and affairs, PROVIDED that all covenants contained in this Agreement and obligations

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provided for in this Agreement shall continue to be fully binding upon the Members until such time as the Property has been distributed pursuant to this Section 10.2 and a statement of dissolution has been filed pursuant to the Act. The Liquidator shall be responsible for overseeing the prompt and orderly winding up and dissolution of the Company. The Liquidator shall take full account of the Company’s liabilities and Property and shall cause the Property or the proceeds from the sale thereof (as determined pursuant to Section 10.9 hereof), to the extent sufficient therefor, to be applied and distributed, to the maximum extent permitted by law, in the following order: (a) First, to creditors (including Members and Directors who are creditors, to the extent otherwise permitted by law) in satisfaction of all of the Company’s Debts and other liabilities (whether by payment or the making of reasonable provision for payment thereof), other than liabilities for which reasonable provision for payment has been made; and (b) Second, except as provided in this Agreement, to Members in satisfaction of liabilities for distributions pursuant to the Act; (c) Third, the balance, if any, to the Unit Holders in accordance with the positive balance in their Capital Accounts calculated after making the required adjustment set forth in clause (s) of the definition of Gross Asset Value in Section 1.9 of this Agreement, after giving effect to all contributions, distributions and allocations for all periods.

10.3 Compliance with Certain Requirements of Regulations; Deficit Capital Accounts. In the event the Company is “liquidated” within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Section 10 to the Unit Holders who have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2). If any Unit Holder has a deficit balance in his Capital Account (after giving effect to all contributions, distributions and allocations for all Fiscal Years, including the Fiscal Year during which such liquidation occurs), such Unit Holder shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other Person for any purpose whatsoever. In the discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Unit Holders pursuant to this Section 10 may be: (a) Distributed to a trust established for the benefit of the Unit Holders for the purposes of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company. The assets of any such trust shall be distributed to the Unit Holders from time to time, in the reasonable discretion of the Liquidator, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Unit Holders pursuant to Section 10.2 hereof; or (b) Withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Unit Holders as soon as practicable.

10.4 Deemed Distribution and Recontribution. Notwithstanding any other provision of this Section 10, in the event the Company is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Dissolution Event has occurred, the Property shall not be liquidated, the Company’s Debts and other liabilities shall not be paid or discharged, and the Company’s affairs shall not be wound up.

10.5 Rights of Unit Holders. Except as otherwise provided in this Agreement, each Unit Holder shall look solely to the Property of the Company for the return of its Capital Contribution and
has no right or power to demand or receive Property other than cash from the Company. If the assets of the Company remaining after payment or discharge of the debts or liabilities of the Company are insufficient to return such Capital Contribution, the Unit Holders shall have no recourse against the Company or any other Unit Holder or Directors.

10.6 Allocations During Period of Liquidation. During the period commencing on the first day of the Fiscal Year during which a Dissolution Event occurs and ending on the date on which all of the assets of the Company have been distributed to the Unit Holders pursuant to Section 10.2 hereof, the Unit Holders shall continue to share Profits, Losses, gain, loss and other items of Company income, gain, loss or deduction in the manner provided in Section 3 hereof.

10.7 Character of Liquidating Distributions. All payments made in liquidation of the interest of a Unit Holder in the Company shall be made in exchange for the interest of such Unit Holder in Property pursuant to Section 736(b)(1) of the Code, including the interest of such Unit Holder in Company goodwill.

10.8 The Liquidator. The “Liquidator” shall mean a Person appointed by the Directors(s) to oversee the liquidation of the Company. Upon the consent of a majority in interest of the Members, the Liquidator may be the Directors. The Company is authorized to pay a reasonable fee to the Liquidator for its services performed pursuant to this Section 10 and to reimburse the Liquidator for its reasonable costs and expenses incurred in performing those services. The Company shall indemnify, save harmless, and pay all judgments and claims against such Liquidator or any officers, Directors, agents or employees of the Liquidator relating to any liability or damage incurred by reason of any act performed or omitted to be performed by the Liquidator, or any officers, Directors, agents or employees of the Liquidator in connection with the liquidation of the Company, including reasonable attorneys’ fees incurred by the Liquidator, officer, Director, agent or employee in connection with the defense of any action based on any such act or omission, which attorneys’ fees may be paid as incurred, except to the extent such liability or damage is caused by the fraud, intentional misconduct of, or a knowing violation of the laws by the Liquidator which was material to the cause of action.

10.9 Forms of Liquidating Distributions. For purposes of making distributions required by Section 10.2 hereof, the Liquidator may determine whether to distribute all or any portion of the Property in-kind or to sell all or any portion of the Property and distribute the proceeds therefrom.

SECTION 11. MISCELLANEOUS

11.1 Notices. Any notice, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be deemed to have been delivered, given, and received for all purposes (i) if delivered personally to the Person or to an officer of the Person to whom the same is directed, or (ii) when the same is actually received, if sent by regular or certified mail, postage and charges prepaid, or (iii) if sent by facsimile, email, or other electronic transmission, when such transmission is electronically confirmed as having been successfully transmitted. If sent by registered or certified mail, or professional delivery service then the notice, payment, demand or communication must be addressed as follows: (a) If
to the Company, to the address determined pursuant to Section 1.4 hereof; (b) If to the Directors, to the address set forth on record with the Company; (c) If to a Member, to the most recent address that has been provided in writing to the Company.

11.2 Binding Effect. Except as otherwise provided in this Agreement, every covenant, term, and provision of this Agreement shall be binding upon and inure to the benefit of the Members and their respective successors, transferees, and assigns.

11.3 Construction. Every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member.

11.4 Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof.

11.5 Severability. Except as otherwise provided in the succeeding sentence, every provision of this Agreement is intended to be severable, and, if any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement. The preceding sentence of this Section 11.5 shall be of no force or effect if the consequence of enforcing the remainder of this Agreement without such illegal or invalid term or provision would be to cause any Member to lose the material benefit of its economic bargain.

11.6 Incorporation By Reference. Every exhibit, schedule, and other appendix attached to this Agreement and referred to herein is incorporated in this Agreement by reference unless this Agreement expressly otherwise provides.

11.7 Variation of Terms. All terms and any variations thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the Person or Persons may require.

11.8 Governing Law. The laws of the State of South Dakota, without regard to the conflicts of laws provisions therein, shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties arising hereunder.

11.9 Waiver of Jury Trial. Each of the Members irrevocably waives to the extent permitted by law, all rights to trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement.

11.10 Counterpart Execution. This Agreement may be executed in any number of counterparts with the same effect as if all of the Members had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

11.11 Specific Performance. Each Member agrees with the other Members that the other Members would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that monetary damages would not provide
an adequate remedy in such event. Accordingly, it is agreed that, in addition to any other remedy to which the nonbreaching Members may be entitled, at law or in equity, the nonbreaching Members shall be entitled to injunctive relief to prevent breaches of the provisions of this Agreement and specifically to enforce the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction thereof.

IN WITNESS WHEREOF, the parties have executed and entered into this Operating Agreement of the Company as of the date first set forth above.

COMPANY:

Ring-neck Energy & Feed, LLC

By: [Signature]  
Walter Wendland, Chairman
**EXHIBIT “A”**

*Initial Membership List*

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<th>Name of Initial Members</th>
<th>Units</th>
<th>Initial Capital Contribution</th>
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<tr>
<td>Walt Wendland</td>
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<td>Chris Schwarck</td>
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<td>Janet Wendland</td>
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<td><strong>TOTAL:</strong></td>
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<td><strong>$1,000,000</strong></td>
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</tbody>
</table>
EXHIBIT “B”

DEFINITIONS

1.9 Definitions. Capitalized words and phrases used in this Agreement have the following meanings:

(a) “Act” means the South Dakota Uniform Limited Liability Company Act, as amended from time to time (or any corresponding provision or provisions of any succeeding law).

(b) “Adjusted Capital Account Deficit” means, with respect to any Unit Holder, the deficit balance, if any, in such Unit Holder’s Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments: (i) Credit to such Capital Account any amounts which such Unit Holder is deemed to be obligated to restore pursuant to the next to the last sentences in Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations; and (ii) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6) of the Regulations. The foregoing definition is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

(c) “Affiliate” means, with respect to any Person: (i) any Person directly or indirectly controlling, controlled by or under common control with such Person; (ii) any officer, director, general partner, member or trustee of such Person; or (iii) any Person who is an officer, director, general partner, member or trustee of any Person described in clauses (i) or (ii) of this sentence. For purposes of this definition, the terms “controlling,” “controlled by” or “under common control with” shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person or entity, whether through the ownership of voting securities, by contract or otherwise, or the power to elect at least 50% of the directors, members, or persons exercising similar authority with respect to such Person or entities.

(d) “Agreement” means this Operating Agreement of Ring-neck Energy & Feed, LLC, as amended from time to time.

(e) “Appointed Director” means any Person who (i) is referred to as such in Section 5.3(c) of this Agreement or has become an Appointed Director pursuant to the terms of this Agreement, and (ii) has not ceased to be an Appointed Director pursuant to the terms of this Agreement. “Appointed Directors” means all such Directors.

(f) “Appointing Member” means any Member who (i) holds appointment rights pursuant to Section 5.3(c) of this Agreement and (ii) has not ceased to be an Appointing Member pursuant to the terms of this Agreement. “Appointing Members” means all such Members.

(g) “Appointing Member Affiliate” means any Affiliate or Related Party of an Appointing Member.
(h) “Articles” means the Articles of Organization of the Company filed with the South Dakota Secretary of State, as same may be amended from time to time.

(i) “At-Large Director” means any Director who (i) is referred to as such in Section 5.3(a) of this Agreement or has become an At-Large Director pursuant to the terms of this Agreement, and (ii) has not ceased to be an At-Large Director pursuant to the terms of this Agreement. “At-Large Directors” means all such Directors.

(j) “Assignee” means a transferee of Units who is not admitted as a substituted member pursuant to Section 9.8.

(k) “Capital Account” means the separate capital account maintained for each Unit Holder in accordance with Section 2.3.

(l) “Capital Contributions” means, with respect to any Member, the amount of money (US Dollars) and the initial Gross Asset Value of any assets or property (other than money) contributed by the Member (or such Member’s predecessor in interest) to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code Section 752) with respect to the Units in the Company held or purchased by such Member, including additional Capital Contributions.

(m) “Code” means the United States Internal Revenue Code of 1986, as amended from time to time.

(n) “Company” means Ring-neck Energy & Feed, LLC, a South Dakota limited liability company.

(o) “Company Minimum Gain” has the meaning given the term “partnership minimum gain” in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

(p) “Debt” means (i) any indebtedness for borrowed money or the deferred purchase price of property as evidenced by a note, bonds, or other instruments; (ii) obligations as lessee under capital leases; (iii) obligations secured by any mortgage, pledge, security interest, encumbrance, lien or charge of any kind existing on any asset owned or held by the Company whether or not the Company has assumed or become liable for the obligations secured thereby; (iv) any obligation under any interest rate swap agreement; (v) accounts payable; and (vi) obligations under direct or indirect guarantees of (including obligations (contingent or otherwise) to assure a creditor against loss in respect of) indebtedness or obligations of the kinds referred to in clauses (i), (ii), (iii), (iv) and (v), above provided that Debt shall not include obligations in respect of any accounts payable that are incurred in the ordinary course of the Company’s business and are not delinquent or are being contested in good faith by appropriate proceedings.

(q) “Depreciation” means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal
income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Directors.

(r) “Director” means any Person who (i) is referred to as such in Section 5.1 of this Agreement or has become a Director (including an Appointed Director or At-Large Director) pursuant to the terms of this Agreement, and (ii) has not ceased to be a Director pursuant to the terms of this Agreement. “Directors” means all such Persons. For purposes of the Act, the Directors shall be deemed to be the “managers” (as such term is defined and used in the Act) of the Company.

(s) “Dissolution Event” shall have the meaning set forth in Section 10.1 hereof.

(t) “Effective Date” means March 20, 2015.

(u) “Fiscal Year” means (i) any twelve-month period commencing on January 1 and ending on December 31 and (ii) the period commencing on the immediately preceding January 1 and ending on the date on which all Property is distributed to the Unit Holders pursuant to Section 10 hereof, or, if the context requires, any portion of a Fiscal Year for which an allocation of Profits or Losses or a distribution is to be made.

(v) “GAAP” means generally accepted accounting principles in effect in the United States of America from time to time.

(w) “Gross Asset Value” means with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows: (i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the Directors provided that the initial Gross Asset Values of the assets contributed to the Company pursuant to Section 2.1 hereof shall be as set forth in such section; (ii) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account), as determined by the Directors as of the following times: (A) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (B) the distribution by the Company to a Member of more than a de minimis amount of Company property as consideration for an interest in the Company; and (C) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), provided that an adjustment described in clauses (A) and (B) of this paragraph shall be made only if the Directors reasonably determine that such adjustment is necessary to reflect the relative economic interests of the Members in the Company; (iii) The Gross Asset Value of any item of Company assets distributed to any Member shall be adjusted to equal the gross fair market value (taking Code Section 7701(g) into account) of such asset on the date of distribution as determined by the Directors; and (iv) The Gross Asset Values of Company assets shall be increased (or decreased)
to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and subparagraph (vi) of the definition of “Profits” and “Losses” or Section 3.3(c) hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent that an adjustment pursuant to subparagraph (ii) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv). If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (ii) or (iv), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset, for purposes of computing Profits and Losses.

(x) “Issuance Items” has the meaning set forth in Section 3.3(h) hereof.

(y) “Liquidator” has the meaning set forth in Section 10.8 hereof.

(z) “Losses” has the meaning set forth in the definition of “Profits” and “Losses.”

(aa) “Member” means any Person (i) whose name is set forth as such on Exhibit “A” initially attached hereto or has become a Member pursuant to the terms of this Agreement, and (ii) who is the owner of one or more Units.

(bb) “Members” means all such Members.

(cc) “Membership Economic Interest” means collectively, a Member’s share of “Profits” and “Losses,” the right to receive distributions of the Company’s assets, and the right to information concerning the business and affairs of the Company provided by the Act. The Membership Economic Interest of a Member is quantified by the unit of measurement referred to herein as “Units.”

(dd) “Membership Interest” means collectively, the Membership Economic Interest and Membership Voting Interest.

(ee) “Membership Register” means the membership register maintained by the Company at its principal office or by a duly appointed agent of the Company setting forth the name, address, the number of Units, and Capital Contributions of each Member of the Company, which shall be modified from time to time as additional Units are issued and as Units are transferred pursuant to this Agreement.

(ff) “Membership Voting Interest” means collectively, a Member’s right to vote as set forth in this Agreement or required by the Act. The Membership Voting Interest of a Member shall mean as to any matter to which the Member is entitled to vote hereunder or as may be required under the Act, the right to one (1) vote for each Unit registered in the name of such Member as shown in the Membership Register.

(gg) “Net Cash Flow” means the gross cash proceeds of the Company less the portion thereof used to pay or establish reserves for all Company expenses, debt payments, capital
improvements, replacements, and contingencies, all as reasonably determined by the Directors. “Net Cash Flow” shall not be reduced by depreciation, amortization, cost recovery deductions, or similar allowances, but shall be increased by any reductions of reserves previously established.

(hh) “Nonrecourse Deductions” has the meaning set forth in Section 1.704-2(b)(1) of the Regulations.

(ii) “Nonrecourse Liability” has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

(jj) “Officer” or “Officers” has the meaning set forth in Section 5.14 hereof.

(kk) “Permitted Transfer” has the meaning set forth in Section 9.2 hereof.

(ll) “Person” means any individual, partnership (whether general or limited), joint venture, limited liability company, corporation, trust, estate, association, nominee or other entity.

(mm) “Profits and Losses” mean, for each Fiscal Year, an amount equal to the Company’s taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication): (i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of “Profits” and “Losses” shall be added to such taxable income or loss; (ii) Any expenditures of the Company described in Code Section 705(a)(2)(b) or treated as Code Section 705(a)(2)(b) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of “Profits” and “Losses” shall be subtracted from such taxable income or loss; (iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (ii) or (iii) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; (iv) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value; (v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year, computed in accordance with the definition of Depreciation; (vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Unit Holder’s interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and
(vii) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 3.3 and Section 3.4 hereof shall not be taken into account in computing Profits or Losses. The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 3.3 and Section 3.4 hereof shall be determined by applying rules analogous to those set forth in subparagraphs (i) through (vi) above.

(nn) “Property” means all real and personal property acquired by the Company, including cash, and any improvements thereto, and shall include both tangible and intangible property.

(oo) “Regulations” means the Income Tax Regulations, including Temporary Regulations, promulgated under the Code, as such regulations are amended from time to time.

(pp) “Regulatory Allocations” has the meaning set forth in Section 3.4 hereof.

(qq) “Related Party” means the adopted or birth relatives of any Person and such Person’s spouse (whether by marriage or common law), if any, including without limitation great-grandparents, grandparents, parents, children (including stepchildren and adopted children), grandchildren, and great-grandchildren thereof, and such Person’s (and such Person’s spouse’s) brothers, sisters, and cousins and their respective lineal ancestors and descendants, and any other ancestors and/or descendants, and any spouse of any of the foregoing, each trust created for the exclusive benefit of one or more of the foregoing, and the successors, assigns, heirs, executors, personal representatives and estates of any of the foregoing.

(rr) “Securities Act” means the Securities Act of 1933, as amended.

(ss) “Tax Matters Member” has the meaning set forth in Section 7.4 hereof.

(tt) “Transfer” means, as a noun, any voluntary or involuntary transfer, sale, pledge or hypothecation or other disposition and, as a verb, voluntarily or involuntarily to transfer, give, sell, exchange, assign, pledge, bequest or hypothecate or otherwise dispose of.

(uu) “Units” or “Unit” means an ownership interest in the Company representing a Capital Contribution made as provided in Section 2 in consideration of the Units, including any and all benefits to which the holder of such Units may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

(vv) “Unit Holders” means all Unit Holders.

(ww) “Unit Holder” means the owner of one or more Units.

(xx) “Unit Holder Nonrecourse Debt” has the same meaning as the term “partner nonrecourse debt” in Section 1.704-2(b)(4) of the Regulations.
(yy) “Unit Holder Nonrecourse Debt Minimum Gain” means an amount, with respect to each Unit Holder Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Unit Holder Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i)(3) of the Regulations.

(zz) “Unit Holder Nonrecourse Deductions” has the same meaning as the term “partner nonrecourse deductions” in Sections 1.704-2(i)(1) and 1.704-2(i)(2) of the Regulations.
EXHIBIT “C”

OTHER ALLOCATION PROVISIONS

3.3 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(f) of the Regulations, notwithstanding any other provision of this Section 3, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Unit Holder shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Unit Holder’s share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Unit Holder pursuant thereto. The items to be so allocated shall be determined in accordance with sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. This Section 3.3(a) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(b) Unit Holder Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, notwithstanding any other provision of this Section 3, if there is a net decrease in Unit Holder Nonrecourse Debt Minimum Gain attributable to a Unit Holder Nonrecourse Debt during any Fiscal Year, each Unit Holder who has a share of the Unit Holder Nonrecourse Debt Minimum Gain attributable to such Unit Holder Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Unit Holder’s share of the net decrease in Unit Holder Nonrecourse Debt Minimum Gain, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Unit Holder pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This Section 3.3(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit as soon as practicable, provided that an allocation pursuant to this Section 3.3(c) shall be made only if and to the extent that the Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 3 have been tentatively made as if this Section 3.3(c) were not in the Agreement.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Fiscal Year which is in excess of the sum of (i) the amount such Member is
obligated to restore pursuant to any provision of this Agreement; and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations, each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 3.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 3 have been made as if Section 3.3(c) and this Section 3.3(d) were not in this Agreement.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any Fiscal Year or other period shall be specially allocated among the Members in proportion to Units held.

(f) Unit Holder Nonrecourse Deductions. Any Unit Holder Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Unit Holder who bears the economic risk of loss with respect to the Unit Holder Nonrecourse Debt to which such Unit Holder Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

(g) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Unit Holder in complete liquidation of such Unit Holder’s interest in the Company, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Unit Holders in accordance with their interests in the Company in the event Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Unit Holder to whom such distribution was made in the event Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(h) Allocations Relating to Taxable Issuance of Company Units. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of Units by the Company to a Unit Holder (the “Issuance Items”) shall be allocated among the Unit Holders so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Unit Holder shall be equal to the net amount that would have been allocated to each such Unit Holder if the Issuance Items had not been realized.

3.4. Curative Allocations. The allocations set forth in Sections 3.3(a), 3.3(b), 3.3(c), 3.3(d), 3.3(e), 3.3(f), 3.3(g) and 3.5 (the “Regulatory Allocations”) are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 3.4. Therefore, notwithstanding any other provision of this Section 3 (other than the Regulatory Allocations), the Directors shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member’s Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory
Allocations were not part of the Agreement and all Company items were allocated pursuant to Sections 3.1, 3.2, and 3.3(h).

3.5 **Loss Limitation.** Losses allocated pursuant to Section 3.2 hereof shall not exceed the maximum amount of Losses that can be allocated without causing any Unit Holder to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. In the event some but not all of the Unit Holders would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 3.2 hereof, the limitation set forth in this Section 3.5 shall be applied on a Unit Holder by Unit Holder basis and Losses not allocable to any Unit Holder as a result of such limitation shall be allocated to the other Unit Holders in accordance with the positive balances in such Unit Holder’s Capital Accounts so as to allocate the maximum permissible Losses to each Unit Holder under Section 1.704-1(b)(2)(ii)(d) of the Regulations.

3.6 **Other Allocation Rules.**

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Directors using any permissible method under Code Section 706 and the Regulations thereunder.

(b) The Unit Holders are aware of the income tax consequences of the allocations made by this Section 3 and hereby agree to be bound by the provisions of this Section 3 in reporting their shares of Company income and loss for income tax purposes.

(c) Solely for purposes of determining a Unit Holder’s proportionate share of the “excess nonrecourse liabilities” of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Unit Holders’ aggregate interests in Company profits shall be deemed to be as provided in the capital accounts. To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the Directors shall endeavor to treat distributions of Net Cash Flow as having been made from the proceeds of a Nonrecourse Liability or a Unit Holder Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Unit Holder.

(d) Allocations of Profits and Losses to the Unit Holders shall be allocated among them in the ratio which each Unit Holder’s Units bears to the total number of Units issued and outstanding.

3.7 **Tax Allocations: Code Section 704(c).** In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Unit Holders so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition of Gross Asset Value). In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes.
and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder. Any elections or other decisions relating to such allocations shall be made by the Directors in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 3.7 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Unit Holder’s Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

3.8 Tax Credit Allocations. All credits against income tax with respect to the Company’s property or operations shall be allocated among the Members in accordance with their respective membership interests in the Company for the Fiscal Year during which the expenditure, production, sale, or other event giving rise to the credit occurs. This Section 3.8 is intended to comply with the applicable tax credit allocation principles of section 1.704-1(b)(4)(ii) of the Regulations and shall be interpreted consistently therewith.
**Exhibit “D”**

**Initial Board of Directors**

<table>
<thead>
<tr>
<th>Initial Board of Directors</th>
<th>Method of Election or Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walter Wendland, Chairman and Chief Executive Officer</td>
<td>Appointed pursuant to Section 5.3(c)</td>
</tr>
<tr>
<td>Edward Eller</td>
<td>Appointed pursuant to Section 5.3(a)(i)</td>
</tr>
<tr>
<td>Jeffrey Goebel</td>
<td>Appointed pursuant to Section 5.3(a)(i)</td>
</tr>
<tr>
<td>Kenton Johnson</td>
<td>Appointed pursuant to Section 5.3(a)(i)</td>
</tr>
<tr>
<td>Patrick Voorhees</td>
<td>Appointed pursuant to Section 5.3(a)(i)</td>
</tr>
<tr>
<td>Gary Wickersham</td>
<td>Appointed pursuant to Section 5.3(a)(i)</td>
</tr>
<tr>
<td>Kirk Yackley</td>
<td>Appointed pursuant to Section 5.3(a)(i)</td>
</tr>
</tbody>
</table>
EXHIBIT “E”

MEMBER SIGNATURE PAGE
ADDENDA
TO THE
AMENDED AND RESTATED OPERATING AGREEMENT OF
RING-NECK ENERGY & FEED, LLC

The undersigned does hereby represent and warrant that the undersigned, as a condition to becoming a Member in Ring-neck Energy & Feed, LLC, has received a copy of the Amended and Restated Operating Agreement, dated March 20, 2015, and, if applicable, all amendments and modifications thereto (the “Operating Agreement”), and does hereby agree that the undersigned, along with the other parties to the Operating Agreement, shall be subject to and comply with all terms and conditions of said Operating Agreement in all respects as if the undersigned had executed said Operating Agreement on the original date thereof and that the undersigned is and shall be bound by all of the provisions of said Operating Agreement from and after the date of execution hereof.

<table>
<thead>
<tr>
<th><strong>Individuals:</strong></th>
<th><strong>Entities:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Individual Member (Please Print)</td>
<td>Name of Entity (Please Print)</td>
</tr>
<tr>
<td>Signature of Individual</td>
<td>Print Name and Title of Officer</td>
</tr>
<tr>
<td>Name of Joint Individual Member (Please Print)</td>
<td>Signature of Officer</td>
</tr>
<tr>
<td>Signature of Joint Individual Member</td>
<td></td>
</tr>
</tbody>
</table>

Agreed and accepted on behalf of the Company and its Member:

**Ring-neck Energy & Feed, LLC**

By: ________________________________

Its: ________________________________
Exhibit C

Form of Subscription Agreement and Investor Suitability Questionnaire

Ringneck Energy LLC
EXHIBIT “C”
TO THE
RULE 506(c) CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
DATED JULY 29, 2015
OF RINGNECK ENERGY LLC

SUBSCRIPTION DOCUMENTS -
SUBSCRIPTION AGREEMENT, INVESTOR SUITABILITY QUESTIONNAIRE AND
PROMISSORY NOTE AND SECURITY AGREEMENT

PART A - INSTRUCTIONS

You should read the Private Placement Memorandum dated July 29, 2015 (the “Memorandum”) in its entirety including the exhibits for a complete explanation of an investment in Ringneck Energy & Feed, LLC, a South Dakota limited liability company doing business as Ringneck Energy LLC (the “Company”). You may mail questions, inquiries, and requests for information to our business office at: Ringneck Energy LLC, P.O. Box 68, 215A S. Main St., Onida, South Dakota 57564. Our office telephone number is (605) 258-2900. Additionally, you may contact our directors and officers who are offering our units on behalf of the Company at the telephone numbers listed below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walter Wendland</td>
<td>Chairman, President and CEO</td>
<td>(641) 420-5890</td>
</tr>
<tr>
<td>Janet Wendland</td>
<td>Secretary and Treasurer</td>
<td>(319) 430-8695</td>
</tr>
<tr>
<td>Edward Eller</td>
<td>Director</td>
<td>(605) 258-2767</td>
</tr>
<tr>
<td>Gary Wickersham</td>
<td>Director</td>
<td>(605) 222-2811</td>
</tr>
<tr>
<td>Jeffrey Goebel</td>
<td>Director</td>
<td>(605) 769-1136</td>
</tr>
<tr>
<td>Patrick Voorhees</td>
<td>Director</td>
<td>(605) 280-8019</td>
</tr>
<tr>
<td>Kenton Johnson</td>
<td>Director</td>
<td>(320) 894-9065</td>
</tr>
<tr>
<td>Kirk Yackley</td>
<td>Director</td>
<td>(605) 769-1775</td>
</tr>
</tbody>
</table>

INSTRUCTIONS IF YOU ARE SUBSCRIBING PRIOR TO THE COMPANY’S RELEASE OF FUNDS FROM ESCROW: If you are subscribing prior to the Company’s release of funds from escrow, you must follow the instructions contained in paragraphs 1 through 6 below.

1. Complete all information required in this Subscription Agreement, and date and sign the Subscription Agreement on page 7 and the Member Signature Page to our Operating Agreement attached to this Subscription Agreement on page 9.

2. Provide documents allowing us to verify your “accredited investor” status as required by Rule 506(c) (See “Accredited Investor Status” in D.5 below). Please select one of the three following methods below by which you are verifying your “accredited investor” status and include copies of the identified documents for our retention. We will confidentially retain your documents for a period of four (4) years before destroying them. We will otherwise disclose the contents of your documents only as required by either state or federal securities law regulators or otherwise as is required by a court of law. We will not return your documents to you.

   a. You may provide us with copies of any IRS form that reports your income for the last two years (including Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040). If you choose this option, you must also provide your written representation that you have a reasonable expectation of reaching the income level necessary to qualify as an “accredited investor” during the current year. You may either annotate and initial the margin of this subscription agreement or provide a separate letter signed by you which sets forth your consistent income expectation for the current year.

   b. You may provide us with information regarding your present net worth. You may provide one or more of the following types of documentation dated within the prior three months and a written representation that all liabilities necessary to make a determination of net worth have been disclosed: assets (bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments, and appraisal reports issued by independent third parties), and liabilities (a credit report from at least one of the nationwide consumer reporting agencies).
c. You may provide us with written confirmation of your “accredited investor” status from certain third-parties. Specifically, you may provide a written confirmation from a registered broker-dealer, a registered investment advisor, a licensed attorney, or a certified public accountant who have taken reasonable steps to verify that you are an “accredited investor” within the last three months. **We have provided a sample letter for such person’s consideration attached to the memorandum as Exhibit G.**

3. Immediately provide a personal (or business) check for the first installment of ten percent (10%) of your investment amount. The check should be made payable to “BankWest, Onida, SD, escrow agent for Ringneck Energy LLC.” You will determine this amount in box C.2 on page 3 of this Subscription Agreement.

4. Execute the Promissory Note and Security Agreement on page 9 of this Subscription Agreement evidencing your commitment to pay the remaining ninety percent (90%) due for the units. The Promissory Note and Security Agreement is attached to this Subscription Agreement and grant Ringneck Energy LLC a security interest in your units.

5. Deliver the original executed documents referenced in paragraphs 1, 2, and 4 of these instructions, together with a personal or business check as described in paragraph 3 of these instructions to: **Ringneck Energy LLC, P.O. Box 68, 215A S. Main St., Onida, South Dakota 57564.**

6. Within 20 days of written notice from Ringneck Energy that your subscription has been accepted, you must remit an additional personal (or business) check for the second installment of ninety percent (90%) of your investment amount made payable to “BankWest, Onida, SD, escrow agent for Ringneck Energy LLC” in satisfaction of the Promissory Note and Security Agreement on page 8. You will determine this amount in box C.3 on page 1 of this Subscription Agreement. You must deliver this check to the same address set forth above in paragraph 5 within twenty (20) days of the date of Ringneck Energy’s written notice. If you fail to pay the second installment pursuant to the Promissory Note and Security Agreement, Ringneck Energy shall be entitled to retain your first installment and to seek other damages, as provided in the Promissory Note and Security Agreement. This means that if you are unable to pay the 90% balance of your investment amount within 20 days of our notice, you may have to forfeit the 10% cash deposit.

Your funds will be placed in Ringneck Energy’s escrow account at BankWest, Onida, SD. The funds will be released to Ringneck Energy or returned to you in accordance with the escrow arrangements described in the memorandum. Ringneck Energy may, in its sole discretion, reject or accept any part or all of your subscription. If Ringneck Energy rejects your subscription, your Subscription Agreement and investment will be promptly returned to you, plus nominal interest, minus escrow fees. Ringneck Energy may not consider the acceptance or rejection of your subscription until a future date near the end of this offering.

**INSTRUCTIONS IF YOU ARE SUBSCRIBING AFTER THE COMPANY’S RELEASE OF FUNDS FROM ESCROW:** If you are subscribing after the Company’s release of funds from escrow, you must follow the instructions contained in paragraphs 1 through 3 below.

1. Complete all information required in this Subscription Agreement, and date and sign the Subscription Agreement on page 7 and the Member Signature Page to our Operating Agreement attached to this Subscription Agreement on page 9.

2. Immediately provide your personal (or business) check for the entire amount of your investment (as determined in box C.1 on page 1) made payable to “Ringneck Energy LLC.”

3. Deliver the original executed documents referenced in paragraphs 1, 2, and 4 of these instructions, together with a personal or business check as described in paragraph 3 of these instructions to: **Ringneck Energy LLC, P.O. Box 68, 215A S. Main St., Onida, South Dakota 57564.**

If you are subscribing after we have released funds from escrow and we accept your investment, your funds will be immediately at-risk as described in the memorandum. Ringneck Energy may, in its sole discretion, reject or accept any part or all of your subscription. If Ringneck Energy rejects your subscription, your Subscription Agreement and investment will be returned to you promptly, plus nominal interest, minus escrow fees. Ringneck Energy may not consider the acceptance or rejection of your subscription until a future date near the end of this offering.
PART B

SUBSCRIPTION AGREEMENT
Limited Liability Company Membership Units
$5,000 per Unit through December 15, 2015;
$5,500 per Unit after December 15, 2015
Minimum Investment of 10 Units ($50,000) ($55,000 after December 15, 2015)

The undersigned subscriber ("Subscriber"), desiring to become a member of Ring-neck Energy & Feed, LLC, a South Dakota limited liability company with its principal place of business at P.O. Box 68, 215A S. Main St., Onida, South Dakota 57564 (the “Company”), hereby subscribes for the purchase of units of the Company and agrees to pay the related purchase price identified below.

A. SUBSCRIBER INFORMATION. Please print your individual or entity name and address. If we accept your subscription, the units will be titled in the name of the subscriber as it appears below. Joint subscribers should provide both names. Your name and address will be recorded exactly as printed below. Please provide your home, business and/or mobile telephone number. If desired, please also provide your e-mail address.

1. Subscriber’s Printed Name: ____________________________________________
   Joint Subscriber’s Printed Name (if any): ____________________________________
2. Title, if applicable: ______________________________________________________
3. Subscriber’s Address:
   (Street)
   (City, State Zip Code)
4. Email Address (optional): ________________________________________________
5. Home Telephone Number: _______________________________________________
6. Business Telephone Number: _____________________________________________
7. Mobile Telephone Number: ______________________________________________

B. NUMBER OF UNITS PURCHASED. You must purchase at least 10 units. The minimum number of units to be sold is 13,000 and the maximum number of units to be sold in the offering is 19,200.

[ ] Units

C. PURCHASE PRICE. Indicate the dollar amount of your investment. The minimum subscription amount for subscriptions post-marked or received by the Company on or prior December 15, 2015 is $50,000. The minimum subscription after December 15, 2015 is $55,000.

1. Total Purchase Price* = 2. 1st Installment + 3. 2nd Installments
   (Multiply the Per Unit Price by the number of units) (10% of Total Purchase Price) (90% of Total Purchase Price)

   = +

* For subscriptions post-marked or received on or prior to December 15, 2015, the purchase price is $5,000 per unit. After December 15, 2015, the purchase price is $5,500 per unit.
D. Additional Subscriber Information. Subscriber, named above, certifies the following under penalties of perjury:

1. Form of Ownership. Check the appropriate box (one only) to indicate form of ownership. If the subscriber is a Custodian, Corporation, Limited Liability Company, Partnership or Trust, please provide the additional information requested.
   - Individual
   - Joint Tenants with Right of Survivorship (Both signatures must appear on page 8.)
   - Corporation, Limited Liability Company or Partnership (Corporate Resolutions, Operating Agreement or Partnership Agreement must be enclosed.)
   - Trust
     - Trustee’s Name: ____________________________
     - Trust Date: ____________________________
   - Other: Please provide detailed information in the space immediately below.

2. Subscriber’s Taxpayer Information. Check the appropriate box if you are a non-resident alien, a U.S. Citizen residing outside the United States, and/or subject to backup withholding. All individual subscribers should provide their Social Security Numbers. Trusts should provide the trust’s taxpayer identification number. Custodians should provide the minor’s Social Security Number. Other entities should provide the entity’s taxpayer identification number.
   - Check box if you are a non-resident alien
   - Check box if you are a U.S. citizen residing outside of the United States
   - Check this box if you are subject to backup withholding

Subscriber’s Social Security No.: ____________________________
Joint Subscriber’s Social Security No.: ____________________________
Taxpayer Identification No.: ____________________________

3. Member Report Address. If you would like duplicate copies of member reports sent to an address that is different than the address identified in section A, please complete this section.

   Street: ____________________________
   City, State, Zip Code: ____________________________


   State of Principal Residence (individual only): ____________________________
   State of Principal Place of Business (entity only): ____________________________
   State where driver’s license is issued: ____________________________
   State where resident income taxes are filed: ____________________________
   State(s) in which you have maintained your principal residence (or if an entity, principal place of business) during the past three years:
   a. ____________________________
   b. ____________________________
   c. ____________________________

5. Accredited Investor Status. You cannot invest in The Company unless you meet the definition of “accredited investor” as defined under Rule 501 of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”). Furthermore, you will be required to verify your “accredited investor” status through one of the methods provided above in Part A, Paragraph 2. Please review the following categories of “accredited investor” and check the applicable box.
   - The Subscriber is a natural person with a net worth, or joint net worth with my spouse, of at least $1 million, excluding the value of my primary residence;
   - The Subscriber is a natural person who had income of at least $200,000 in each year of the last two years (or $300,000 together with my spouse, if married), and have a reasonable expectation to earn the same amount in the current year;
☐ The Subscriber is a trust, with total assets of $5,000,000 or more not formed for the specific purpose of acquiring the units, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment;

☐ The Subscriber is a corporation, Massachusetts or similar business trust, limited liability company or partnership with total assets in excess of $5,000,000, not formed for the specific purpose of purchasing the Company’s units or other securities;

☐ The Subscriber is an investment company registered under, or a business development company as defined in, the U.S. Investment Company Act of 1940;

☐ The Subscriber is a small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958;

☐ The Subscriber is a private business development company as defined in the U.S. Investment Advisers Act of 1940;

☐ The Subscriber is an ERISA employee benefit plan and (i) the plan has total assets in excess of $5,000,000; (ii) the investment decision is made by a plan fiduciary that is a bank, savings and loan, insurance company or registered investment advisor; or (iii) the plan is a self-directed with investment decisions made solely by a person meeting one of the “accredited investor” tests set forth in this Section D.5;

☐ The Subscriber is an entity in which all of the equity owners meet one of the “accredited investor” tests set forth in this Section D.5.

6. Subscriber’s Representations and Warranties. You must read and certify your representations and warranties by placing your initials where indicated and by signing and dating this Subscription Agreement. Joint Subscribers are also required to initial and sign as indicated.

(Initial here) (Joint initials) By signing below the Subscriber represents and warrants to the Company that he/she/it:

a. has received a copy of the Company’s memorandum dated July 29, 2015, and the exhibits thereto and has had an opportunity to review the Memorandum and ask any relevant questions to the officers and directors of the Company;

b. has been informed that the units of the Company are offered and sold in reliance upon exemptions from federal securities registration and similar exemptions from state registration in South Dakota and various other states, and understands that the units to be issued pursuant to this Subscription Agreement can only be sold to a person meeting “accredited investor” qualifications;

c. has been informed that the Company is relying in part upon the representations of the undersigned Subscriber contained herein and the accuracy and completion of documentation regarding the Subscriber’s qualification as an “accredited investor”;

d. has been informed that the units subscribed for have not been approved or disapproved by the Securities and Exchange Commission, nor any other state or federal regulatory authority, nor has any regulatory authority passed upon the accuracy or completeness of the Memorandum;

e. intends to acquire the units for his/her/its own account without a view to public distribution or resale and that he/she/it has no contract, undertaking, agreement or arrangement to sell or otherwise transfer or dispose of any units or any portion thereof to any other person;
f. understands that there is no present market for the Company’s units, that the units will not trade on an exchange or automatic quotation system, that no such market is expected to develop in the future and that there are significant restrictions on the transferability of the units;

g. has been encouraged to seek the advice of his legal counsel and accountants or other financial advisers with respect to investor-specific tax and/or other considerations relating to the purchase and ownership of units;

h. has received a copy of the Company’s Amended and Restated Operating Agreement, dated March 20, 2015, and understands that the Subscriber and the units will be bound by the provisions of the Operating Agreement which contains, among other things, provisions that restrict the transfer of units;

i. understands that the units are subject to substantial restrictions on transfer under certain tax and securities laws along with restrictions in the Company’s Operating Agreement, and agrees that if the units or any part thereof are sold or distributed in the future, the Subscriber shall sell or distribute them pursuant to the terms of the Operating Agreement, and the requirements of the Securities Act, and applicable tax and securities laws;

j. meets the one of the “accredited investor” tests set forth in Item D.5 above and is capable of bearing the economic risk of this investment, including the possible total loss of the investment;

k. understands that the Company will place a restrictive legend on any certificate representing any unit containing substantially the following language as the same may be amended by the board of directors of the Company in their sole discretion:

THE TRANSFERABILITY OF THE COMPANY UNITS REPRESENTED BY THIS CERTIFICATE IS RESTRICTED. SUCH UNITS MAY NOT BE SOLD, ASSIGNED, OR TRANSFERRED, NOR WILL ANY ASSIGNEE, VENDEE, TRANSFEREE OR ENDORSEE THEREOF WILL BE RECOGNIZED AS HAVING ACQUIRED ANY SUCH UNITS FOR ANY PURPOSES, UNLESS AND TO THE EXTENT SUCH SALE, TRANSFER, HYPOTHECATION, OR ASSIGNMENT IS PERMITTED BY, AND IS COMPLETED IN STRICT ACCORDANCE WITH, THE TERMS AND CONDITIONS SET FORTH IN THE OPERATING AGREEMENT AND AGREED TO BY EACH MEMBER. THE UNITS REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, OFFERED FOR SALE OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND UNDER APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND UNDER APPLICABLE STATE SECURITIES LAWS.

l. understands that, to enforce the above legend, the Company may place a stop transfer order with its registrar and stock transfer agent (if any) covering all certificates representing any of the units;

m. may not transfer or assign this Subscription Agreement, or any of the Subscriber’s interest herein without the prior written consent of the Company;

n. has written his/her/its correct taxpayer identification number under Item D.2 on this Subscription Agreement;

o. understands that execution of the attached Promissory Note and Security Agreement will allow Ringneck Energy LLC or its assigns to pursue the obligor for payment of the
amount due thereon by any legal means, including, but not limited to, acquisition of a judgment against the obligor in the event that the subscriber defaults on that Promissory Note and Security Agreement; and

p. acknowledges that Ringneck Energy LLC may retain possession of certificates representing subscriber’s units to perfect its security interest in those units.

q. is not subject to back up withholding either because he/she/it has not been notified by the Internal Revenue Service (“IRS”) that he, she or it is subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified him, her or it that he is no longer subject to backup withholding (Note: This clause (o) should be initialed and crossed out if the backup withholding box in Item D.2 is checked);

<table>
<thead>
<tr>
<th>Individuals:</th>
<th>Entities:</th>
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<tbody>
<tr>
<td>Name of Individual Subscriber (Please Print)</td>
<td>Name of Entity (Please Print)</td>
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<tr>
<td>Signature of Individual</td>
<td>Print Name and Title of Officer</td>
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<tr>
<td>Name of Joint Individual Subscriber (Please Print)</td>
<td>Signature of Officer</td>
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<td>Signature of Joint Individual Subscriber</td>
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**ACCEPTANCE OF SUBSCRIPTION BY RINGNECK ENERGY LLC:**

Ringneck Energy LLC hereby accepts Subscriber’s subscription for units.

Dated this________day of___________________________, 2015.

**RINGNECK ENERGY LLC**

By:________________________

Its:________________________
PROMISSORY NOTE AND SECURITY AGREEMENT

Date of Subscription Agreement: ____________________________, 20______

$5,000 per Unit through December 15, 2015; $5,500 after December 15, 2015
Minimum Investment of 10 Units ($50,000 on or before December 15, 2015; $55,000 after December 15, 2015);
Additional Units Sold in Increments of 1 Unit Thereafter

_________________________ Number of Units Subscribed

_________________________ Total Purchase Price (Per unit price multiplied by number of units subscribed)

(__________) Less Initial Payment (10% of Principal Amount)

_________________________ Principal Balance

FOR VALUE RECEIVED, the undersigned hereby promises to pay to the order of Ring-neck Energy & Feed, LLC, a South Dakota limited liability company doing business as Ringneck Energy LLC (“Ringneck Energy”), at its principal office located at P.O. Box 68, 215A S. Main St., Onida, South Dakota 57564, or at such other place as required by Ringneck Energy, the Principal Balance set forth above in additional increments as determined by the Board of Directors of Ringneck Energy to be paid without interest within 20 days following the call of the Ringneck Energy Board of Directors, as described in the Subscription Agreement. In the event the undersigned fails to timely make any payment owed, the entire balance of any amounts due under this full recourse Promissory Note and Security Agreement shall be immediately due and payable in full with interest at the rate of 12% per annum from the due date and any amounts previously paid in relation to the obligation evidenced by this Promissory Note and Security Agreement may be forfeited at the discretion of Ringneck Energy.

The undersigned agrees to pay to Ringneck Energy on demand, all costs and expenses incurred to collect any indebtedness evidenced by this Promissory Note and Security Agreement, including, without limitation, reasonable attorneys’ fees. This Promissory Note and Security Agreement may not be modified orally and shall in all respects be governed by, construed, and enforced in accordance with the laws of the State of South Dakota.

The provisions of this Promissory Note and Security Agreement shall inure to the benefit of Ringneck Energy and its successors and assigns, which expressly reserves the right to pursue the undersigned for payment of the amount due thereon by any legal means in the event that the undersigned defaults on obligations provided in this Promissory Note and Security Agreement.

The undersigned waives presentment, demand for payment, notice of dishonor, notice of protest, and all other notices or demands in connection with the delivery, acceptance, performance or default of this Promissory Note and Security Agreement.

The undersigned grants to Ringneck Energy, and its successors and assigns (“Secured Party”), a purchase money security interest in all of the undersigned’s membership units of Ringneck Energy now owned or hereafter acquired. This security interest is granted as non-exclusive collateral to secure payment and performance on the obligation owed Secured Party from the undersigned evidenced by this Promissory Note and Security Agreement. The undersigned further authorizes Secured Party to retain possession of certificates representing such membership units and to take any other actions necessary to perfect the security interest granted herein.

Dated: ____________________________, 20______

OBLIGOR/DEBTOR: ____________________________

Printed or Typed Name of Joint Obligor

By: ____________________________ (Signature)

Officer Title if Obligor is an Entity

Address of Obligor

JOINT OBLIGOR/DEBTOR: ____________________________

Printed or Typed Name of Obligor

By: ____________________________ (Signature)
The undersigned does hereby represent and warrant that the undersigned, as a condition to becoming a Member in Ring-neck Energy & Feed, LLC, has received a copy of the Amended and Restated Operating Agreement, dated March 20, 2015, and, if applicable, all amendments and modifications thereto (the “Operating Agreement”), and does hereby agree that the undersigned, along with the other parties to the Operating Agreement, shall be subject to and comply with all terms and conditions of said Operating Agreement in all respects as if the undersigned had executed said Operating Agreement on the original date thereof and that the undersigned is and shall be bound by all of the provisions of said Operating Agreement from and after the date of execution hereof.

**Individuals:**

Name of Individual Member (Please Print)

Signature of Individual

Name of Joint Individual Member (Please Print)

Signature of Joint Individual Member

Dated:________________________

**Entities:**

Name of Entity (Please Print)

Print Name and Title of Officer

Signature of Officer

Dated:________________________

Agreed and accepted on behalf of the Company and its Member:

**RING-NECK ENERGY & FEED, LLC**

By:________________________

Its:________________________
Exhibit D

Certain Tax Aspects

*Ringneck Energy LLC*
CERTAIN TAX ASPECTS

THIS TAX DISCUSSION (THE “TAX DISCUSSION”) IS GENERAL IN NATURE, DOES NOT ADDRESS LOCAL, STATE OR CERTAIN OTHER MATERIAL TAX CONSIDERATIONS, AND IS NOT INTENDED TO BE A TAX OPINION OR TAX ADVICE. THE TAX DISCUSSION WAS WRITTEN EXCLUSIVELY IN CONNECTION WITH THE PROMOTION AND MARKETING BY THE COMPANY OF MEMBERSHIP INTERESTS OR “UNITS” IN THE COMPANY. SPECIFIC TAX CONSEQUENCES MAY VARY WIDELY DEPENDING ON A PARTICULAR INVESTOR’S CIRCUMSTANCES. THE TAX DISCUSSION MAY NOT BE RELIED UPON FOR ANY PURPOSE, INCLUDING THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE ASSERTED BY THE INTERNAL REVENUE SERVICE OR ANY OTHER TAXING AUTHORITY AGAINST AN INVESTOR. EVERY POTENTIAL INVESTOR IS URGED TO CONSULT, AND MUST SOLELY DEPEND UPON, THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY.

Partnership Taxation

The Company intends to classify itself as a partnership for federal income tax purposes. There is uncertainty under existing laws concerning certain income tax aspects of partnerships, and there can be no assurance that the Internal Revenue Service (“Service”) will agree with the partnership tax positions taken by the Company. The following discussion is merely a summary of certain federal income tax issues, does not purport to be a complete analysis of all of the potential tax risks inherent in purchasing or owning an interest in the Company and is not intended as a substitute for careful tax planning by each investor, particularly in light of the many uncertainties regarding the income tax consequences of an investment in the Company. The potentially adverse tax consequences of these uncertainties may not be the same for all investors. Consequently, investors should consult with their personal tax advisors with respect to these matters. Nothing in this memorandum is or should be construed as legal or tax advice to an investor or to the Company.

Partnership Status

The Company expects that the Service will respect its classification as a partnership. This classification of the Company is based on the Internal Revenue Code of 1986, as amended (“Code”), applicable Treasury regulations (“Treasury Regulations”), and administrative and judicial interpretations thereof. However, no ruling confirming the classification of the Company as a partnership for federal income tax purposes has been, or will be, requested from the Service. Accordingly, no assurance can be given that the classification of the Company as a partnership for federal income tax purposes will not be changed during the life of the Company, nor can any assurance be given that the Service or Congress may not attempt to apply any such future classification retroactively.

If the Company were to be classified as an association taxable as a corporation, the members would be treated as shareholders of a corporation with the result, among other things, that (i) income, deductions, losses and credits would be accounted for by the Company on its federal income tax returns and would not flow through to the members to be accounted for on their individual federal income tax returns, (ii) distributions, to the extent of the Company’s current and accumulated earnings and profits, would generally be treated as dividends, taxable as ordinary income to the members, with any distributions in excess of such earnings and profits being first applied as a reduction of their basis in their interests in the Company and the balance taxable as capital gain, (iii) the Company would become a taxable entity subject to the federal income tax imposed on corporations, and (iv) if the loss of partnership status occurred at a time when the Company’s total liabilities exceeded the aggregate tax basis of all of its assets, such loss of status could be treated as a constructive incorporation with the result that the members could conceivably be required to recognize gain under Section 357(c) of the Code to the extent such liabilities exceed the applicable tax basis. The effect of these changes could materially increase the tax burden of both the members and the Company.
Taxation of Members

The Code provides that no federal income tax is paid by a partnership. Assuming that the Company will be taxed as a partnership, each member will be required to include separately in the member’s tax return the appropriate distributive share of each class or item of Company income, gain, loss, deduction and credit. The treatment by each member of a distributive share of Company items on the member’s tax return must be consistent with the treatment of those items on the Company return unless the member discloses inconsistent treatment to the Service on the member’s individual return. Company items must be included by each member without regard to the amount, if any, of cash or other distributions made to the member. Thus, each member will be taxed on an allocated share of Company income even if the member has received no distributions, or the amount distributed was less than the resulting tax liability.

Allocation of Profits, Losses and Credits

Under Code Section 704(b), allocations of income, gain, loss, deduction or credit of a partnership to a partner will not be given effect for federal income tax purposes unless the allocation: (i) has “substantial economic effect”; or (ii) is in accordance with the partner’s interest in the partnership, determined by taking into account all the facts and circumstances, including the partner’s relative contributions to the partnership, the interest of the partners in economic profits and losses, the interest of the partners in cash flow and other non-liquidating distributions, and the rights of the partners to distributions of capital upon liquidation.

Treasury Regulations have been issued under Section 704(b) of the Code delineating the circumstances under which the Service will view partnership allocations as having “economic effect” and the circumstances in which such an effect will be viewed as “substantial.” Generally, in order for an allocation to have “economic effect” under the Treasury Regulations, (i) the allocation must be reflected as an appropriate increase or decrease in each partner’s capital account, (ii) upon liquidation of the partnership (or any partner’s interest in the partnership), liquidation proceeds must be distributed in accordance with the partner’s positive capital account balances, and (iii) any partner with a deficit in its capital account following the distribution of liquidation proceeds must be required to restore the amount of the deficit to the partnership (unless the alternate test described below is satisfied). The Regulations provide that a partner’s capital account must be increased by (i) the amount of money (or fair market value of property) it has contributed to the partnership and (ii) its distributive share of partnership income and gain (or items thereof), including income and gain exempt from tax; and decreased by (i) the amount of money (or fair market value of property) distributed to it by the partnership, (ii) its distributive share of certain partnership expenditures which are neither deductible nor properly capitalized, and (iii) its distributive share of partnership loss and deduction (or items thereof).

Special allocations may have “economic effect” in the absence of a full obligation to restore capital account deficits if provisions in the Company’s Operating Agreement satisfy the alternate test for economic effect. The alternate test for economic effect is satisfied if (i) the Operating Agreement contains a “qualified income offset” provision, and (ii) the allocation does not cause or increase a deficit balance in a partner’s specially adjusted capital account (adjusted for certain reasonably anticipated future distributions, among other adjustments) as of the end of the partnership taxable year to which the allocation relates. A qualified income offset requires that in the event of certain unexpected distributions enumerated in the regulations (or specified adjustments or allocations) there must be an allocation of income or gain to the distributee that eliminates the resulting capital account deficit as quickly as possible.

Treasury Regulations have also been issued dealing with the allocation of deductions and losses attributable to nonrecourse debt. The Treasury Regulations provide that an allocation of deductions attributable to nonrecourse liabilities cannot have substantial economic effect and, therefore, must be made in accordance with the partners’ interest in the partnership, but provide further that an allocation of nonrecourse deductions will be deemed to be made in accordance with the partners’ interests in the partnership where (i) the partnership agreement provides for allocations of nonrecourse deductions among the partners in a manner reasonably consistent with allocations that have substantial economic effect of some other significant partnership item attributable to the property securing the nonrecourse debt of the partnership, (ii) the partnership agreement contains a “minimum gain chargeback provision,” and (iii) all other material allocations and capital account adjustments are recognized under Section 704(b). A minimum gain chargeback provision provides that all partners with a deficit capital account balance at the end of a year in which there is a net decrease in partnership minimum gain (defined as the aggregate amount of gain
that would be realized by a partnership if it disposed of all partnership property subject to nonrecourse liabilities in full satisfaction thereof) will be allocated items of income and gain for such year in the amount and in the proportions needed to eliminate such deficits as quickly as possible.

The economic effect of a special allocation is “substantial” if there is a reasonable possibility that the allocation will affect substantially the dollar amounts to be received by the partners from the partnership, independent of tax consequences. In addition, an allocation will not be regarded as substantial if there is a strong likelihood that the allocation will enhance the after-tax economic consequences to one partner on a present-value basis at no substantial after-tax cost on a present-value basis to any other partner.

The tax law requires the Company to make “minimum gain chargeback” and “qualified income offset” allocations that substitute for the restoration of negative capital accounts. The tax law also requires the Company to establish and maintain the Capital Accounts in accordance with and as required by Section 704 of the Code. The Operating Agreement does not, however, require that upon liquidation of the Company (or any member’s interest in the Company), liquidation proceeds to be distributed in accordance with the member’s positive capital account balances. Therefore, the allocations of Company income, gain, loss, deduction and credit may not have “substantial economic effect” as defined in the Treasury Regulations. The Company believes, however, that the allocations of Company income, gain, loss, deduction and credit are made in accordance with each member’s interest in the Company. To the extent the Company is correct in its belief, the allocations will be respected by the Service. However, no ruling confirming that the Company’s allocations of income, gain, loss, deduction and credit has been, or will be, requested from the Service. Accordingly, no assurance can be given that Service will respect the Company’s allocations. If they do not, certain members may incur additional tax, interest and penalties.

**Deductions and Losses**

In the event that the Company produces tax losses, each member will (subject to applicable limitations) be allocated his or her appropriate distributive share of those losses. Such losses may result from deductions for a number of different types of expenses. The Company will attempt to deduct all items that are properly deductible at the most appropriate time. The Service, however, may attempt to disallow certain current deductions entirely or, alternatively, require that certain expenses by capitalized and deducted in later taxable years. There are many factual and legal questions, which affect the availability and timing of specific deductions. While the Company believes that the treatment of the Company’s expenses adopted in compiling the accompanying financial projections and assumptions is appropriate, there is no assurance that the deductions claimed by the Company will be accepted by the Service.

**Basis Limitation for Losses**

On a member’s federal income tax return, a member is permitted to offset a share of Company losses, if any, against income from other sources but only to the extent of the member’s adjusted tax basis in their Membership Interests.

Generally, the tax basis for a member’s Membership Interests will be equal to the purchase price paid by the member for such Membership Interests, decreased by the member’s share of any cash distributions and losses and increased by the member’s share of any allocable income. In addition, the member’s basis in the Membership Interests will be increased by the member’s proportionate share of liabilities, if any.

**Passive Activity**

Section 469 of the Code, added by the Tax Reform Act of 1986 (“1986 Act”), imposes an additional limitation on the deductibility of losses and the application of credits from an investment in an entity such as the Company, which has elected partnership tax treatment. Generally, for individuals and certain other taxpayers, a deduction for passive losses is allowed only to the extent of the taxpayer’s net income from other passive activities. Further, such taxpayers may claim tax credits allocated to them from investments in such companies only to the extent of that portion of their regular tax liability for the taxable year that is allocable to passive activities. Passive losses and credits that are not utilized in any year may be carried over to succeeding years and used to offset income or taxes from passive activities in such succeeding years. Passive losses may be taken into account (even to offset non-passive income) upon the taxpayer’s taxable disposition of his or her entire interest in the passive activity.
Tax losses, if generated, would be subject to the passive activity rules described above. Accordingly, investors should not purchase Membership Interests with the expectation of receiving significant tax benefits in the form of tax losses.

At Risk Limitations

The deductibility of a member’s distributive share of Company losses is further limited by Section 465 of the Code, which provides that an individual or closely held corporation may not deduct losses from certain activities (participated in directly or through a partnership) for a taxable year to the extent such losses exceed the aggregate amount as to which the taxpayer is considered “at risk” in respect of the activity at the end of the taxable year. In general, a member will be “at risk” initially to the extent of the purchase price of the Membership Interests. A member’s “at risk” amount will increase or decrease as its adjusted basis in its Membership Interests increases or decreases except that Company borrowing, with respect to which the member is not personally liable, will not increase the “at risk” amount.

Sale or Other Disposition of Membership Interests

Gain or loss upon a sale of Membership Interests will be based on the difference between the amount realized and the member’s tax basis for the Membership Interests sold. A member’s share of any Company nonrecourse indebtedness attributable to the Membership Interests sold will be included in both the amount realized and the tax basis. Accordingly, it is possible that gain recognized on the sale of Membership Interests could exceed the cash received by the member if a member’s share of Company deductions exceeds the portion of his basis attributable to the cash paid for the Membership Interests sold. Gain or loss recognized by a member (other than a “dealer” in Membership Interests) on the sale or exchange of Membership Interests held for more than the applicable holding period would generally be taxable as long-term capital gain or loss. A portion of this gain or loss, however, would be separately computed and taxed as ordinary income or loss to the extent attributable to “unrealized receivables” or “inventory” (collectively referred to as “Section 751 property”) owned by the Company. Section 751 property also includes property subject to depreciation recapture under Code Sections 1245 and 1250 (to the extent that any gain which would have resulted had the Company sold such property at its fair market value would be taxed as ordinary income under such sections). Ordinary income attributable to unrealized receivables, inventory or Section 1245 or Section 1250 property may exceed net taxable gain realized upon the sale of the Membership Interest and may be recognized even if there is a net taxable loss realized on the sale of the Membership Interest.

Capital gains are currently taxed at rates as high as 28% and there are limitations with respect to the deductibility of capital losses, which would limit a member’s ability to deduct capital losses to an amount equal to their capital gain for the tax year in question, plus $3,000 of ordinary income.

Self-Employment Tax

Subject to certain exceptions, Section 1402(a)(13) of the Code excludes from self-employment tax the distributive share of any item of income or loss from a partnership in which an individual partner is in the nature of a “limited partner.” On January 13, 1997, the Service issued proposed Treasury Regulations (“Proposed Regulations”) which would (i) revoke the prior proposed regulations defining “limited partner,” and (ii) proposed a new definition of “limited partner.” Subject to certain minor exceptions, Section 1.1402(a)-2 of the Proposed Regulations states that an individual will be considered to be a limited partner (and thus his or her distributive share of the income of the partnership will not be subject to self-employment tax) unless (i) the individual has personal liability for the debts of the partnership by reason of being a partner, (ii) the individual has authority to contract on behalf of the partnership, or (iii) the individual participates in the partnership’s trade or business for more than 500 hours during the partnership’s taxable year. Because of the uncertain future of the Proposed Regulations, the Company can provide no assurance that the members of the Company will not be subject to the self-employment tax on all or a portion of their distributive shares of the Company.
**Alternative Minimum Tax**

In addition to income tax otherwise payable, an alternative minimum tax for noncorporate taxpayers may apply. The alternative minimum tax base is equal to the taxpayer’s taxable income, subject to certain adjustments, increased by items of tax preference and reduced by the exemption described below.

Losses from passive activities are not allowed to offset other income of a taxpayer in computing alternative minimum taxable income. For purposes of the alternative minimum tax, the passive loss rules are generally applied after tax preferences and alternative minimum tax adjustments are taken into account. Therefore, suspended losses from passive activities may differ in amount for regular and alternative minimum tax purposes. It is anticipated that income generated by the business of the Company will be treated as income from a passive activity for some members. If so, such members will not be permitted to deduct any loss generated by the Company in computing alternative minimum taxable income unless specifically allowed by the Treasury Regulations.

It should be noted that when a taxpayer pays alternative minimum tax, the amount of such tax allocable to certain adjustments and timing preferences (such as adjustments or preferences relating to depreciation claimed by the Company) is allowed as a credit against the regular tax liability of the taxpayer in subsequent years. Timing adjustments and preferences are those for which the timing, rather than the amount, of a deduction gives rise to its treatment as an adjustment or tax preference. The credit allowed may not be used in any subsequent year to reduce a taxpayer’s minimum tax liability.

Because the impact of this tax is dependent upon each member’s particular tax situation, each member should consult his or her own tax advisor as to the effect of an investment in the Company.

**Distributions**

As a general rule, gain is not recognized on the distribution of money from a partnership. The recipient of a cash distribution must, however, reduce his or her basis in the Company Membership Interests, increased by his or her share of Company liabilities, by the amount of such distribution. Any reduction of a Member’s share of the Company’s liabilities, including nonrecourse liabilities, will be treated as a cash distribution. To the extent an actual or constructive cash distribution exceeds a Member’s basis in his or her Company’s Membership Interests, he or she may recognize gain. Such gain will normally be treated as taxable gain from the sale or exchange of a partnership interest and characterized as capital gain. Gain could be recognized in other circumstances. Such gain could be characterized as capital gain or ordinary income, depending upon the particular facts involved.

**Liquidation and Termination of the Company**

Upon termination and dissolution of the Company in accordance with the terms of the Articles and Operating Agreement, the members may receive a portion of the liquidation proceeds. If any liquidation proceeds are so distributed, the following general federal income tax treatment would be applicable: (i) the Company will not recognize gain or loss on such distribution; (ii) each member will be treated as having sold or exchanged its Membership Interests and will recognize capital gain and/or ordinary income to the extent that any money distributed to the member, together with the reduction in non-recourse Company liabilities allocated to the member (if any), exceeds the member’s adjusted tax basis for the Membership Interests sold or exchanged; and (iii) if property, as opposed to money, is distributed, the tax basis of each member in the property will be equal to the member’s adjusted tax basis for his or her Membership Interests reduced by any money (which term is deemed to include reduction of nonrecourse liabilities) distributed to the member in the same transaction.

Furthermore, in the event of dissolution of the Company, the Company might be required to dispose of its property within a limited period of time. This might result in a substantial economic loss. Nevertheless, the Company could recognize taxable income on such a sale or other disposition as a result of the reduction of the Company’s tax basis in its property due to depreciation deductions previously taken. As a result, the Company’s gain on such a sale, and, in some cases, the income tax payable by the members with respect to such gain, may exceed the proceeds of the sale, which are distributed to the members in the liquidation.
Certain Company Tax Elections

The Company may make various elections for federal income tax reporting purposes which could result in various items of Company income, gain, loss, deduction and credit being treated differently for tax purposes than for accounting purposes. Furthermore, the Code provides for optional adjustments to the basis of Company property for measuring both depreciation and gain upon distributions of Company property (Section 734) and transfers of Membership Interests of the Company (Section 743), provided that a Company election has been made pursuant to Section 754. The general effects of the Section 754 election are that transferees of Membership Interests of the Company are treated, for purposes of computing depreciation and gain, as though they had acquired a direct interest in the Company’s assets and that the Company is treated for such purposes, upon certain distributions to its members, as though it had newly acquired an interest in the Company assets and, therefore, acquired a new cost basis for such assets.

If a Section 754 election is made by the Company, it would apply to all distributions of Company property and all transfers of Membership Interests of the Company made during the taxable year with respect to which the election is made and all subsequent taxable years. Once made, the election is irrevocable without the consent of the Service.

Information Return Filing Requirements

Under Section 6050K of the Code, any member who sells or exchanges Membership Interests will be required to notify the Company of such transaction in writing within 30 days of the transaction (or, if earlier, by January 15 of the calendar year following the calendar year in which the transaction occurs). The notification must include (i) the names and addresses of the transferor member and the transferee; (ii) the taxpayer identification number on the transferor member and, if known, the transferee; and (iii) the date of the sale or exchange. Any transferor of Membership Interests who fails to notify the Company of the transfer may be subject to penalties.

In addition, the Company will be required under Section 6050K to notify the Service of any sale or exchange (of which the Company has notice) of Membership Interests and to report on Form 8308 the names, addresses and taxpayer identification numbers of the transferee, the transferor and the Company, the date of the transaction and any additional information required by the applicable information return. The Company also must provide this information to the transferor and the transferee on or before January 31 of the calendar year following the calendar year in which the transaction occurs. If the Company fails to furnish any such notification and fails to file a return with the Service, it may be subject to penalties.

Company Tax Returns and Possible Audit

Our board of governors will cause to be prepared and timely filed each year the federal, state and local tax returns of the Company. The Company will furnish to each member copies of (i) the Company’s Schedule K-1 on Form 1065 indicating the member’s distributive share of tax items and (ii) such additional information as is reasonably necessary to permit the member to prepare his or her own federal income tax returns and state and local tax returns in the state or states where the Company is organized, is qualified to do business, or owns property.

Although an organization treated as a partnership is not required to pay any federal income tax, tax audits are conducted at the entity level in a unified proceeding. Such audits streamline the assessment and collection process substantially, making it significantly more likely that the Service will be able to audit a larger number of pass-through entities and to assess and collect any tax deficiencies determined as a result thereof.

Audit Procedures

In the event of an audit of, or a proposed adjustment to, the income tax return of the Company, our board of governors will give notice of such proceedings or proposed adjustments to the members. All expenses of any proceedings undertaken by the Company with respect to any such audit or proposed adjustment, which may be considerable, will be paid for entirely out of the assets of the Company, which assets might otherwise be distributable to the members. The cost of any resulting audits of members’ tax returns will be borne solely by the affected members. Moreover, the Company is not obligated to contest adjustments made by the Service. Each member who elects to participate in such proceedings will be responsible for any expenses such member incurs in
connection with the proceedings. The Company will designate a tax matters partner for the Company who will have the authority to deal with the Service regarding Company audits and proposed adjustments.

Other Tax Aspects

In addition to federal income taxes, the members may be subject to other taxes, such as state or local income taxes and estate, inheritance or intangible property taxes that may be imposed by various jurisdictions. Although no analysis of these various taxes is presented here, prospective members should consider the potential state and local tax consequences of an investment in the Company. For example, income, deductions, and credits of the Company may be required to be included in determining a member’s income subject to tax under the law of the state or locality in which he or she is a resident, in which the Company does business, or in which property is located. ADVICE ON STATE, LOCAL AND OTHER TAXES IS VERY IMPORTANT, AND EACH MEMBER SHOULD CONSULT HIS OR HER OWN TAX ADVISOR WITH REGARD TO SUCH TAXES.

Conclusion

NO ASSURANCE CAN BE GIVEN THAT LEGISLATIVE OR ADMINISTRATIVE CHANGES OR COURT DECISIONS MAY NOT BE FORTHCOMING THAT WOULD SIGNIFICANTLY MODIFY THE STATEMENTS CONTAINED HEREIN. THE FOREGOING SUMMARY IS BASED UPON THE EXISTING PROVISIONS OF THE CODE, AS PRESENTLY AMENDED, CURRENT JUDICIAL DECISIONS, ADMINISTRATIVE RULINGS OF THE U.S. TREASURY DEPARTMENT, AND EXISTING AND PROPOSED TREASURY REGULATIONS, ALL OF WHICH ARE SUBJECT TO CHANGE. CHANGES, IF ANY, MAY OR MAY NOT BE RETROACTIVE TO THE TRANSACTION ENTERED INTO OR COMPLETED PRIOR TO THE EFFECTIVE DATE THEREOF. THE COMPANY DOES NOT INTEND TO UNDERTAKE ANY REVISION OF THE MATERIAL CONTAINED HEREIN IN RESPONSE TO ANY CHANGES IN THE CODE, TREASURY REGULATIONS, OR ADMINISTRATIVE OR JUDICIAL INTERPRETATIONS THEREOF, WHICH MAY OCCUR SUBSEQUENT TO THE DATE OF THIS MEMORANDUM.

THE FOREGOING SUMMARY IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING BY EACH INVESTOR. ACCORDINGLY, INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY WITH SPECIFIC REFERENCES TO THEIR INDIVIDUAL TAX SITUATIONS AND POTENTIAL CHANGES IN APPLICABLE LAW.
Exhibit E

Unaudited Balance Sheet
Dated June 30, 2015

Ringneck Energy LLC
RING-NECK ENERGY & FEED, LLC

BALANCE SHEET

June 30, 2015

CHRISTIANSON & ASSOCIATES, PLLP
Certified Public Accountants and Consultants
Willmar, Minnesota
Independent Accountant's Compilation Report

To the Members
Ring-Neck Energy & Feed, LLC
2260 Country Club Drive
Mason City, IA 50401

We have compiled the accompanying balance sheet of Ring-Neck Energy & Feed, LLC as of June 30, 2015. We have not audited or reviewed the accompanying balance sheet and, accordingly, do not express an opinion or provide any assurance about whether the balance sheet is in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the balance sheet in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the balance sheet.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of a balance sheet without undertaking to obtain or provide any assurance that there are no material modifications that should be made to it.

CHRISTIANSON & ASSOCIATES, PLLP
Certified Public Accountants and Consultants

July 14, 2015

Willmar
302 SW 5th St
Willmar, MN 56201
T. 320.235.5937
F. 320.235.5962

Litchfield
194 S Litchfield Ave
Litchfield, MN 55355
T. 320.693.7918
T. 320.373.1040
F. 320.373.1041

www.christiansoncpa.com
RNG-NECK ENERGY & FEED, LLC  
BALANCE SHEET  
June 30, 2015

ASSETS

CURRENT ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$343,196</td>
</tr>
<tr>
<td>Savings account</td>
<td>1,950,769</td>
</tr>
<tr>
<td>Grant receivable</td>
<td>50,000</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>9,841</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>2,353,806</strong></td>
</tr>
</tbody>
</table>

PROPERTY AND EQUIPMENT

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>432,019</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>20,877</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>2,806,702</strong></td>
</tr>
</tbody>
</table>

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$6,515</td>
</tr>
</tbody>
</table>

LONG-TERM LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Revenue</td>
<td>22,500</td>
</tr>
</tbody>
</table>

MEMBERS' EQUITY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members' contributions</td>
<td>3,000,004</td>
</tr>
<tr>
<td>Subscription receivable</td>
<td>(50,000)</td>
</tr>
<tr>
<td>Cost of raising capital</td>
<td>(44,346)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(127,971)</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND MEMBERS' EQUITY</strong></td>
<td><strong>2,806,702</strong></td>
</tr>
</tbody>
</table>

See independent accountant's compilation report.

-2-
Exhibit F

Financial Forecasts

Ringneck Energy LLC
RING-NECK ENERGY & FEED, LLC
70 Million Gallon Ethanol Plant

COMPILATION OF
FORECASTED FINANCIAL STATEMENTS

Years Ending One through Five

CHRISTIANSON & ASSOCIATES, PLLP
Certified Public Accountants and Consultants
Willmar, Minnesota
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>INDEPENDENT ACCOUNTANT’S COMPILATION REPORT</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL FORECASTS</td>
<td></td>
</tr>
<tr>
<td>Forecasted Balance Sheets</td>
<td>2</td>
</tr>
<tr>
<td>Forecasted Statements of Operations and Retained Earnings</td>
<td>3</td>
</tr>
<tr>
<td>Forecasted Statements of Cash Flows</td>
<td>4</td>
</tr>
<tr>
<td>Summary of Significant Accounting Policies and Assumptions</td>
<td>5</td>
</tr>
</tbody>
</table>
Independent Accountant's Compilation Report

To the Board of Directors
Ring-neck Energy & Feed, LLC
Pierre, South Dakota

We have compiled the accompanying forecasted balance sheets and related statements of operations and retained earnings and cash flows of RING-NECK ENERGY & FEED, LLC as of and for the years ending One through Five in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

As discussed in Note F, the forecast takes into account events and circumstances that were not anticipated at April 1, 2015, the date that a previous forecast was issued for the same period, and that forecast should no longer be relied on. Our report on that forecast is withdrawn and should no longer be relied on for any purpose.

Christianson & Associates, PLLP
CHRISTIANSON & ASSOCIATES, PLLP
Certified Public Accountants and Consultants

July 8, 2015
## ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$10,010,000</td>
<td>$9,543,978</td>
<td>$14,113,685</td>
<td>$18,935,013</td>
<td>$23,798,429</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>-</td>
<td>2,708,602</td>
<td>2,860,602</td>
<td>2,913,444</td>
<td>2,966,161</td>
</tr>
<tr>
<td>Inventories</td>
<td>-</td>
<td>9,039,756</td>
<td>9,301,466</td>
<td>9,465,893</td>
<td>9,630,196</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>10,010,000</td>
<td>21,292,335</td>
<td>26,275,753</td>
<td>31,314,349</td>
<td>36,394,786</td>
</tr>
<tr>
<td><strong>PROPERTY AND EQUIPMENT, net of depr.</strong></td>
<td>127,480,000</td>
<td>122,380,800</td>
<td>118,241,600</td>
<td>114,062,400</td>
<td>109,843,200</td>
</tr>
<tr>
<td><strong>FINANCING COSTS, net of amortization</strong></td>
<td>750,000</td>
<td>687,500</td>
<td>625,000</td>
<td>562,500</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$138,240,000</td>
<td>$144,360,635</td>
<td>$145,142,353</td>
<td>$145,939,249</td>
<td>$146,737,986</td>
</tr>
</tbody>
</table>

## LIABILITIES AND MEMBERS’ EQUITY

### CURRENT LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$10,000</td>
<td>$5,178,500</td>
<td>$5,272,732</td>
<td>$5,368,497</td>
<td>$5,464,374</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>-</td>
<td>270,840</td>
<td>251,241</td>
<td>230,575</td>
<td>208,785</td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>4,440,468</td>
<td>4,670,045</td>
<td>4,912,107</td>
<td>5,167,345</td>
<td>5,436,491</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>4,450,468</td>
<td>10,119,385</td>
<td>10,436,079</td>
<td>10,766,417</td>
<td>11,109,649</td>
</tr>
</tbody>
</table>

### LONG-TERM DEBT

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior debt</td>
<td>60,000,000</td>
<td>56,368,114</td>
<td>52,531,360</td>
<td>48,478,184</td>
<td>44,196,377</td>
</tr>
<tr>
<td>Lease financing</td>
<td>1,500,000</td>
<td>1,229,167</td>
<td>944,478</td>
<td>645,223</td>
<td>330,658</td>
</tr>
<tr>
<td>SD rail authority loan</td>
<td>4,000,000</td>
<td>3,462,252</td>
<td>2,913,649</td>
<td>2,353,973</td>
<td>1,783,001</td>
</tr>
<tr>
<td><strong>TOTAL LONG-TERM DEBT</strong></td>
<td>61,059,532</td>
<td>56,389,487</td>
<td>51,477,381</td>
<td>46,310,036</td>
<td>40,873,545</td>
</tr>
</tbody>
</table>

### MEMBERS’ EQUITY

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ equity</td>
<td>74,500,000</td>
<td>74,500,000</td>
<td>74,500,000</td>
<td>74,500,000</td>
<td>74,500,000</td>
</tr>
<tr>
<td>Cost of raising capital</td>
<td>(105,000)</td>
<td>(105,000)</td>
<td>(105,000)</td>
<td>(105,000)</td>
<td>(105,000)</td>
</tr>
<tr>
<td>Retained earnings (deficit)</td>
<td>(1,665,000)</td>
<td>3,456,763</td>
<td>8,833,893</td>
<td>14,467,797</td>
<td>20,359,792</td>
</tr>
<tr>
<td><strong>TOTAL MEMBERS’ EQUITY</strong></td>
<td>72,730,000</td>
<td>77,851,763</td>
<td>83,228,893</td>
<td>88,962,797</td>
<td>94,754,792</td>
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</tbody>
</table>

## TOTAL LIABILITIES AND MEMBERS’ EQUITY

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL LIABILITIES AND MEMBERS’ EQUITY</strong></td>
<td>$138,240,000</td>
<td>$144,360,635</td>
<td>$145,142,353</td>
<td>$145,939,249</td>
<td>$146,737,986</td>
</tr>
</tbody>
</table>

See independent accountant's compilation report and summary of significant accounting policies and assumptions. Note: Computer generated rounding inconsistencies may exist in this statement.
## REVENUES

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethanol</td>
<td>$</td>
<td>-</td>
<td>$112,000,000</td>
<td>$114,240,000</td>
<td>$116,480,000</td>
</tr>
<tr>
<td>Distillers dried grains</td>
<td>-</td>
<td>$21,420,000</td>
<td>$19,117,350</td>
<td>$16,707,600</td>
<td>$14,190,750</td>
</tr>
<tr>
<td>Modified distillers grains</td>
<td>-</td>
<td>$5,040,000</td>
<td>$7,711,200</td>
<td>$10,483,200</td>
<td>$13,356,000</td>
</tr>
<tr>
<td>Corn oil</td>
<td>-</td>
<td>$3,125,000</td>
<td>$3,187,500</td>
<td>$3,250,000</td>
<td>$3,312,500</td>
</tr>
</tbody>
</table>

**Total:** $141,585,000  $144,256,050  $146,920,800  $149,579,250

## COST OF REVENUES

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>$90,000,000</td>
<td>$91,800,000</td>
<td>$93,600,000</td>
<td>$95,400,000</td>
<td></td>
</tr>
<tr>
<td>Chemicals, and enzymes</td>
<td>-</td>
<td>$9,100,000</td>
<td>$9,282,000</td>
<td>$9,464,000</td>
<td>$9,646,000</td>
</tr>
<tr>
<td>Denaturant</td>
<td>-</td>
<td>$2,882,353</td>
<td>$2,940,000</td>
<td>$2,997,647</td>
<td>$3,055,294</td>
</tr>
<tr>
<td>Electricity</td>
<td>-</td>
<td>$2,989,000</td>
<td>$3,048,780</td>
<td>$3,108,560</td>
<td>$3,168,340</td>
</tr>
<tr>
<td>Natural gas</td>
<td>-</td>
<td>$6,947,831</td>
<td>$6,892,740</td>
<td>$6,830,039</td>
<td>$6,759,728</td>
</tr>
<tr>
<td>Direct production costs</td>
<td>-</td>
<td>$4,431,209</td>
<td>$4,576,390</td>
<td>$4,725,652</td>
<td>$4,879,621</td>
</tr>
<tr>
<td>Indirect production costs</td>
<td>-</td>
<td>$4,332,608</td>
<td>$4,462,586</td>
<td>$4,596,463</td>
<td>$4,734,357</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-</td>
<td>$5,161,700</td>
<td>$5,201,700</td>
<td>$5,241,700</td>
<td>$5,281,700</td>
</tr>
</tbody>
</table>

**Total:** $125,844,700  $128,204,196  $130,564,061  $132,925,041

## GROSS PROFIT

**Total:** $15,740,300  $16,051,854  $16,356,739  $16,654,209

## GENERAL AND ADMINISTRATIVE EXPENSES

**Total:** $3,850,736  $3,966,258  $4,085,246  $4,207,804

## INTEREST EXPENSE

**Total:** $3,353,291  $3,123,714  $2,881,652  $2,626,414

## NET INCOME BEFORE OTHER INCOME

**Total:** $8,536,272  $8,961,882  $9,389,840  $9,819,992

## OTHER INCOME (EXPENSE)

Development expenses | (1,665,000)

**Total:** $ (1,665,000)  $8,536,272  $8,961,882  $9,389,840  $9,819,992

## NET INCOME (LOSS)

**Total:** $ (1,665,000)  $8,536,272  $8,961,882  $9,389,840  $9,819,992

## RETAINED EARNINGS - beginning

**Total:** $ (1,665,000)  $3,456,763  $8,383,893  $14,467,797

## DISTRIBUTIONS TO MEMBERS

**Total:** $ (3,414,509)  $3,584,753  $3,755,936  $3,927,997

## NET INCOME (LOSS)

**Total:** $ (1,665,000)  $8,536,272  $8,961,882  $9,389,840  $9,819,992

## RETAINED EARNINGS - ending

**Total:** $ (1,665,000)  $3,456,763  $8,383,893  $14,467,797  $20,359,792

## EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

**Total:** $ (1,665,000)  $17,051,263  $17,287,296  $17,513,192  $17,728,106

## RETURN TO MEMBER INVESTMENT

-2.23% 10.89% 11.43% 11.97% 12.52%

## RETURN PER BUSHEL PROCESSED

- 0.34 $ 0.35 $ 0.36 0.37

## RETURN PER GALLON PRODUCED

- 0.12 $ 0.13 $ 0.13 0.13

See independent accountant's compilation report and summary of significant accounting policies and assumptions.

Note: Computer generated rounding inconsistencies may exist in this statement.
### OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss)</td>
<td>$(1,665,000)</td>
<td>$8,536,272</td>
<td>$8,961,882</td>
<td>$9,389,840</td>
<td>$9,819,992</td>
</tr>
<tr>
<td>Charges to net income (loss) not affecting cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>$5,099,200</td>
<td>$5,139,200</td>
<td>$5,179,200</td>
<td>$5,219,200</td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>$62,500</td>
<td>$62,500</td>
<td>$62,500</td>
<td>$62,500</td>
</tr>
<tr>
<td>(Increase) decrease in current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>-</td>
<td>$(2,708,602)</td>
<td>$(152,000)</td>
<td>$(52,842)</td>
<td>$(52,717)</td>
</tr>
<tr>
<td>Inventories</td>
<td>-</td>
<td>$(9,039,756)</td>
<td>$(261,710)</td>
<td>$(164,428)</td>
<td>$(164,303)</td>
</tr>
<tr>
<td>Increase (decrease) in current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$10,000</td>
<td>$5,168,500</td>
<td>$94,232</td>
<td>$95,765</td>
<td>$95,877</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>-</td>
<td>$270,840</td>
<td>$(19,599)</td>
<td>$(20,665)</td>
<td>$(21,791)</td>
</tr>
</tbody>
</table>

#### NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

$(1,655,000) \quad 7,388,955 \quad 13,824,505 \quad 14,489,370 \quad 14,958,758$

### INVESTING ACTIVITIES

<p>| | | | | | |</p>
<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of property and equipment</td>
<td>$(127,480,000)</td>
<td>-</td>
<td>$(1,000,000)</td>
<td>$(1,000,000)</td>
<td>$(1,000,000)</td>
</tr>
</tbody>
</table>

### FINANCING ACTIVITIES

<p>| | | | | | |</p>
<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Member contributions (distributions)</td>
<td>$74,500,000</td>
<td>$(3,414,509)</td>
<td>$(3,584,753)</td>
<td>$(3,755,936)</td>
<td>$(3,927,997)</td>
</tr>
<tr>
<td>Payment of cost of raising capital</td>
<td>$(105,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payment of financing costs</td>
<td>$(750,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Principal payments on long-term debt</td>
<td>-</td>
<td>$(4,440,468)</td>
<td>$(4,670,045)</td>
<td>$(4,912,107)</td>
<td>$(5,167,345)</td>
</tr>
<tr>
<td>Proceeds from long-term debt borrowings</td>
<td>$65,500,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

$139,145,000 \quad (7,854,977) \quad (8,254,798) \quad (8,668,043) \quad (9,095,341)$

### NET INCREASE IN (DECREASE IN) CASH

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH - beginning of period</td>
<td>-</td>
<td>$10,010,000</td>
<td>$9,543,978</td>
<td>$14,113,685</td>
<td>$18,935,013</td>
</tr>
<tr>
<td>CASH - end of period</td>
<td>$10,010,000</td>
<td>$9,543,978</td>
<td>$14,113,685</td>
<td>$18,935,013</td>
<td>$23,798,430</td>
</tr>
</tbody>
</table>

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for interest (net of capitalized interest)</td>
<td>$ -</td>
<td>$3,082,451</td>
<td>$3,143,313</td>
<td>$2,902,317</td>
<td>$2,648,205</td>
</tr>
</tbody>
</table>

---

See independent accountant's compilation report and summary of significant accounting policies and assumptions. Note: Computer generated rounding inconsistencies may exist in this statement.
This financial forecast presents, to the best of management’s knowledge and belief, the company’s expected financial position, results of operations, and cash flows for the forecasted period. Accordingly, the forecast reflects their judgment of the expected conditions and their expected course of action as of July 8, 2015, the date of this forecast. The financial forecast is based on management’s assumptions concerning future events and circumstances. The assumptions disclosed herein are those that management believes are significant to the forecast and are not intended to be all inclusive, but are key factors upon which the financial results of the project depend.

Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to July 8, 2015, the date of this forecast. Therefore, the actual results achieved during the forecasted period will vary from the forecast, and the variations may be material. Management does not intend to revise this forecast to reflect changes in present circumstances or the occurrence of unanticipated events.

NOTE A: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS

PROJECT – The company was created for the purpose of building, owning and operating an ethanol plant near Onida, South Dakota. The company anticipates the design build contract to be for the construction of a 70 million gallon per year nameplate with anticipated annual production at the facility expected to be over 70 million gallons of denatured ethanol. The company was organized as a South Dakota Limited Liability Company as of September 12, 2014. The forecast has assumed production will begin at 70 million gallons during the first year of production and increase by 2% annually each year of the forecast period.

RISKS AND UNCERTAINTIES – Management has made certain assumptions that have a significant impact on the forecasted net income. The critical assumptions would include but are not limited to the following: ethanol gallons produced annually and sales price, distillers’ grains and solubles production and sales price, corn oil production and sales price, feedstock consumption and market price, energy usage and energy pricing, operating expenses, construction costs, construction timing and plant performance. Each one of these assumptions will have a significant impact on the forecasted net income. The forecast was developed using management’s assumptions.

See independent accountant’s compilation report.
NOTE A:  NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (CONTINUED)

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results will differ from those estimates.

METHOD OF ACCOUNTING – The company utilized the accrual basis method of accounting for the forecast which management uses for historical financial statements. This method recognizes revenues as earned and expenses as incurred.

FINANCING COSTS – Financing costs of $750,000 are subject to amortization using the straight-line method over twelve years, the expected term of the senior debt.

PROPERTY AND EQUIPMENT - Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and Improvements</td>
<td>20 years</td>
</tr>
<tr>
<td>Equipment</td>
<td>12 years</td>
</tr>
</tbody>
</table>

INCOME TAXES – The company is organized as a limited liability company under state law. Under this organization, the company’s earnings pass through to the members and are taxed at the member level. Accordingly, no income tax provisions have been calculated.

OTHER ASSUMPTIONS – The forecast presents the expected results of operations for the initial organization period, considered year one and the next four years of operations are years two through five. The first year represents the organizational period for construction of the plant. The construction budget contains all of the costs including construction costs, organizational and startup costs necessary to make the plant operational. Year two is the first consecutive twelve month period from the date of commencement of operations. The costs associated with raising the company’s equity are included in the sources and uses under cost of raising capital. These expenses totaling $105,000 have been recorded in the total members’ equity section on the balance sheet. The forecast has also assumed the company will use equity funds first, and then draw on the senior debt as needed during the construction period.

See independent accountant’s compilation report.

-6-
NOTE B: PROPOSED SOURCES AND USES OF FUNDS

The proposed sources and uses of funds are summarized as follows:

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior debt</td>
<td>$ 60,000,000</td>
</tr>
<tr>
<td>Lease financing</td>
<td>1,500,000</td>
</tr>
<tr>
<td>SD rail authority loan</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Member equity</td>
<td>74,500,000</td>
</tr>
<tr>
<td><strong>Total sources</strong></td>
<td><strong>$ 140,000,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant design build</td>
<td>$ 110,000,000</td>
</tr>
<tr>
<td>Corn oil extraction</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Rail infrastructure</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Land</td>
<td>425,000</td>
</tr>
<tr>
<td>Site development costs</td>
<td>4,090,000</td>
</tr>
<tr>
<td>Fire protection, water supply and pretreatment</td>
<td>2,260,000</td>
</tr>
<tr>
<td>Construction insurance</td>
<td>130,000</td>
</tr>
<tr>
<td>Construction manager</td>
<td>120,000</td>
</tr>
<tr>
<td>Administrative building</td>
<td>300,000</td>
</tr>
<tr>
<td>Office equipment</td>
<td>100,000</td>
</tr>
<tr>
<td>Computer, software, network</td>
<td>100,000</td>
</tr>
<tr>
<td>Capitalized interest</td>
<td>1,250,000</td>
</tr>
<tr>
<td>Rolling stock</td>
<td>655,000</td>
</tr>
<tr>
<td>Construction contingency</td>
<td>2,550,000</td>
</tr>
<tr>
<td>Startup costs:</td>
<td></td>
</tr>
<tr>
<td>Financing costs</td>
<td>750,000</td>
</tr>
<tr>
<td>Cost of raising capital</td>
<td>105,000</td>
</tr>
<tr>
<td>Organization costs</td>
<td>1,265,000</td>
</tr>
<tr>
<td>Preproduction period costs</td>
<td>400,000</td>
</tr>
<tr>
<td>Inventory – working capital</td>
<td>10,000,000</td>
</tr>
<tr>
<td><strong>Total uses</strong></td>
<td><strong>$ 140,000,000</strong></td>
</tr>
</tbody>
</table>
NOTE B: PROPOSED SOURCES AND USES OF FUNDS (CONTINUED)

SENIOR DEBT – The company anticipates obtaining financing in the amount of $60,000,000. The loan is expected to be for a total term of 160 months, comprised of a construction loan for 16 months and a term loan for 144 months. The forecast has assumed the interest rate on the loan to be 5.5% for both the construction period and the term loan. The forecast has assumed interest will be capitalized during the construction period, and has estimated $1,250,000 of interest will be accrued during the construction period. The forecast has assumed the term loan will be payable in 144 monthly payments of principal plus interest. The company is currently negotiating the terms of the loan and it is anticipated that the terms will include an annual reduction in principal amount.

LEASE FINANCING – The company anticipates obtaining lease financing in the amount of $1,500,000. The loan is expected to be for a total term of 60 months. The forecast has assumed repayment terms of monthly interest and principal payments and the forecast has assumed the interest rate on the loan to be 5%.

SD RAIL AUTHORITY – The company anticipates obtaining financing in the amount of $4,000,000. The loan is expected to be for a total term of 84 months. The forecast has assumed the interest rate on the loan to be 2% and repayment terms to consist of monthly payments of principal plus interest with a balloon payment due at the end of the 7 year term.

MEMBER EQUITY – The company has raised $500,000 from its existing founders. The company anticipates the founders contributing an additional $500,000 prior to raising any additional equity. The company also anticipates raising an additional $2,000,000 in seed capital to complete organizational activities. The company has forecasted it will raise an additional $71,500,000 of member equity into the company under a private placement memorandum. The original seed capital investors and founders are anticipated to retain approximately 4% dilution of ownership in the company. The company has forecasted that it will cost $105,000 to raise this equity and has included these costs in the cost of raising equity, a contra equity account.

NOTE C: FORECASTED BALANCE SHEET ASSUMPTIONS

CASH – Cash was computed as the residual asset balance of all balance sheet accounts after applying all assumptions.

ACCOUNTS RECEIVABLE – Accounts receivable collections are forecasted to be 7 days on ethanol sales, distillers’ grains and solubles sales, modified wet distillers grains and soluble sales, and corn oil sales.

See independent accountant’s compilation report.
NOTE C: FORECASTED BALANCE SHEET ASSUMPTIONS (CONTINUED)

INVENTORIES – Inventories consist of $750,000 of spare parts, 15 days of chemicals and ingredients usage, 15 days of ethanol production, 7 days of distillers’ grains and solubles production, 3 days of modified distillers grains and solubles production, 5 days of corn oil production, and 10 days of corn usage. Ethanol, distillers’ grains and solubles, modified distillers grains and solubles and corn oil inventories are stated at net realizable value. Spare parts, chemicals and ingredients, and corn inventories are stated at the lower of cost or market.

PROPERTY AND EQUIPMENT – Property and equipment is stated at cost. The forecast has assumed the company will spend $1,000,000 annually on capital expenditures in years three through five. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

FINANCING COSTS – Other assets are recorded at cost and include all financing costs incurred with the construction of the facility. These costs will be amortized over the life of the loan.

ACCOUNTS PAYABLE AND ACCRUED EXPENSES – These items consist of 30 days of operating costs and general and administrative expenses and 10 days of corn costs.

ACCRUED INTEREST – The forecast has assumed accrued interest represents one full month of unpaid interest during the entire forecast period.

COST OF RAISING CAPITAL – The company anticipates expenses directly related to the issuance of equity to total $105,000. These costs are recorded in the members’ equity section of the balance sheet.

RETAINED EARNINGS – Retained earnings represent the accumulated earnings and losses for the respective periods. The forecast assumes 40% of the accumulated earnings will be distributed to the stockholders on an annual basis.

See independent accountant’s compilation report.
NOTE D: FORECASTED STATEMENTS OF OPERATIONS ASSUMPTIONS

REVENUES – Forecasted revenue for the company consists of the sale of ethanol, dried distillers’ grain and solubles, modified wet distillers grains and solubles, and corn oil. The distillers’ grains and solubles, modified wet distillers grains and solubles and corn oil are by-products of the ethanol production. The production days per year are calculated using 347 days (365 days total less 18 days for scheduled and unscheduled maintenance) during the first year of operations. In years three through five the forecast has assumed the facility will operate 353 days (365 days total less 12 days for scheduled and unscheduled shut down for maintenance) annually.

ETHANOL – The forecast has assumed the company will produce approximately 70,000,000 gallons of denatured fuel-grade ethanol in its first year of operations. The forecast has assumed the production will increase in the years three through five by 2% annually for an anticipated production of 71,400,000 gallons in year three, 72,800,000 gallon in year four and 74,200,000 gallons in year five. Under these production assumptions, the projects forecasted daily rate of anhydrous alcohol production is approximately 185,000 gallons. The forecast has assumed a 2.8 yield of denatured ethanol per bushel of corn.

Management has assumed a national marketing firm will be hired to market all of the ethanol gallons produced. Management has assumed the net back price to the company for the sale of ethanol will be $1.60 per gallon after freight and marketing fees. Please see the Break Even Matrices included in NOTE I, which illustrate the effect of the cost of corn and the net back price of ethanol pricing on our forecasted operating and financial results based on the other assumptions used in these forecasts.
NOTE D: FORECASTED STATEMENTS OF OPERATIONS ASSUMPTIONS (CONTINUED)

DISTILLERS’ DRIED GRAINS AND SOLUBLES (DDGS) – Distillers’ dried grains and solubles (DDGS) is a by-product of ethanol production. Management has determined it will sell a portion of its distillers’ grains and solubles in the dry form, dried to a 10% moisture level. The forecast has assumed the company will sell 80% of its distillers grains in the dry form in the first year of operations and decrease the amount of dry it sells by 10% annually in years three through five, or 70% in year three, 60% in year four and 50% in year five. Management has assumed, based on industry standards, that 17 pounds of DDGS per bushel of corn will be produced, resulting in an annual production of approximately 170,000 tons in year two, 151,725 tons in year three, 132,600 tons in year four and 112,625 in year five. Management has assumed the company will receive approximately 100% of the price of corn on a dry matter basis for its distillers’ grains. The gross sales price of DDGS is forecasted to average $130.36 per ton in during the forecast period. Management has assumed it will hire a marketing firm as the DDGS marketer with an estimated marketing fee of 2% of the gross DDGS sales price for all years. The marketing fee was netted against the DDGS revenues.

MODIFIED WET DISTILLERS’ GRAINS AND SOLUBLES – The company has assumed it will sell a portion of its distillers’ grains and solubles at a higher moisture level. The forecast has assumed the modified wet distillers grains will be sold at a 50% moisture level. The company anticipates that it will grow this market for modified wet distillers grains and has forecasted an annual increase of 10% annually until the modified wet distillers production is at the target percentage of 50%. The forecast has assumed 20% of distillers will be sold in the modified form in year two, 30% in year three, 40% in year four and 50% in year five. The forecast has assumed the company will produce 32 pounds of modified wet distillers grains will be produced per bushel of corn. The forecast has assumed the company will produce 80,000 tons in year two, 122,400 tons in year three, 166,400 tons in year four and 212,500 tons in year five. The forecast has assumed the company will receive $65.18 per ton of modified distillers grains during the forecast period, which is approximately 50% of the cost of corn on a dry matter basis. The forecast has assumed these prices are net of any freight and commission.
NOTE D: FORECASTED STATEMENTS OF OPERATIONS ASSUMPTIONS
(CONTINUED)

CORN OIL – The forecast has assumed the company will extract corn oil during the ethanol production process. The forecast has assumed the company will extract corn oil at a rate of .5 pounds of corn oil per bushel of corn. The forecast has assumed the company will produce approximately 12.5 million pounds of corn oil in year two, 12.75 million pounds in year three, 13 million pounds in year four, and 13.25 million pounds in year five. Management has assumed a net sales price to the company of $0.25 for the entire forecast period which is net of any commissions or freight.

EXPENSES – Forecasted expenses for the company consist of the cost of corn, chemicals and ingredients for production, denaturant, energy usage, direct and indirect expenses, general and administrative costs, and interest expense.

CORN – The forecast has assumed the plant will consume approximately 25 million bushels of corn in year two, 25.5 million bushels in year three, 26 million bushels in year four and 26.5 million bushels in year five. Management has assumed the total cost of corn per bushel for the entire forecast period to be $3.60 per bushel. The forecast has assumed the corn price includes any freight, procurement costs and the cumulative effect of hedging with derivative instruments. Our results of operations are highly sensitive to changes in the per gallon net back price to us of ethanol and the cost of corn per bushel of corn. Please see the Break Even Matrices included in NOTE I, which illustrate the effect of the cost of corn and the net back price of ethanol pricing on our forecasted operating and financial results based on the other assumptions used in these forecasts.

CHEMICALS, INGREDIENTS, AND DENATURANT – The forecast has determined the cost of chemicals and ingredients used in the production of ethanol based on the number of gallons of anhydrous alcohol produced. Management has assumed the total cost of chemicals and ingredients to be $0.13 per gallon of ethanol produced.

Denaturant is the additive mixed with the anhydrous alcohol produced resulting in ethanol. Management has assumed denaturant will be added at a 2% rate. Management has assumed the cost per gallon of denaturant at $2.10 per gallon of denaturant for the entire forecast period.

ELECTRICITY – The electricity cost has been assumed utilizing .61 kilowatts per gallon of ethanol produced. The cost of electricity per kilowatt hour has been estimated at $0.07 per kilowatt-hour for the entire forecast period.

See independent accountant’s compilation report.
NOTE D: FORECASTED STATEMENTS OF OPERATIONS ASSUMPTIONS (CONTINUED)

NATURAL GAS – The forecast has assumed the company will utilize 29,325 million BTU (MMBTU)'s of natural gas per gallon of ethanol produced if the facility was producing 100% dried distillers grains and solubles. The forecast has assumed the usage of natural gas will be reduced resulting from the production of modified wet distillers grains and solubles due to a reduction in the usage of the dryers. The forecast has assumed the reduction in the natural gas due to the production of modified wet distillers grains to be approximately 26% of the total usage of natural gas. The forecast has assumed the usage of natural gas to be 27,802 MMBTUs per gallon in year two, 27,041 MMBTUs per gallon in year three, 26,280 MMBTUs per gallon in year four, and 25,519 MMBTUs per gallon in year five. Management has assumed the natural gas cost to be $3.57 per MMBTU for the entire forecast period.

DIRECT AND INDIRECT PRODUCTION COSTS – These costs primarily consist of water and water treatment costs, payroll costs, payroll taxes and benefits, corn handling costs, and repairs and maintenance. Payroll costs have been estimated at 40 employees at 40 hours per week and 10% overtime, increasing annually by 3%. Benefits have been estimated at 35% of direct payroll costs and include taxes, insurance, and other benefits. Direct and indirect costs are forecasted to increase annually at a rate of 3%.

GENERAL AND ADMINISTRATIVE EXPENSES – These expenses consist primarily of forecasted property taxes, insurance, administrative payroll costs, payroll taxes and benefits, office expenses, management, and marketing expenses. Management has assumed property taxes of $250,000 annually. Management has assumed an annual increase in general and administrative costs of 3% annually.

INTEREST EXPENSE – The interest on the senior debt has been assumed at 5.5%. The interest on the lease financing has been included at 5%. The interest on the SD rail authority loan has been included at 2%.

See independent accountant’s compilation report.
NOTE E: CALCULATIONS

The forecasted Statements of Operations and Retained Earnings and Note: G Selected Financial Data include forecasted EBITDA for the years ending One through Five. EBITDA is defined as earnings before interest expense, income tax expense, depreciation and amortization. We believe that EBITDA is useful to management in evaluating our operating performance in relation to other companies in our industry because the calculation of EBITDA generally eliminates the effects of financings and income taxes which items may vary for different companies for reasons unrelated to overall operating performance. EBITDA is also generally used in calculating our anticipated financial covenants on our senior debt financing such as debt service ratios or fixed charge coverage ratios. Management uses EBITDA as a measure of our performance. EBITDA is not a measure of financial performance, cash flows or liquidity under GAAP, and should not be considered an alternative to net income, or to cash flows from operating, investing or financing activities. EBITDA has its limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our forecasted results as calculated and presented under GAAP. Some of the limitations of EBITDA are: EBITDA does not reflect our cash used for capital expenditures; although depreciation and amortization are non-cash charges, the assets being depreciated or amortized often will have to be replaced and EBITDA does not reflect the cash requirements for replacements; EBITDA does not reflect changes in, or cash requirements for, our working capital requirements; EBITDA does not reflect the cash necessary to make payments of interest or principal on our indebtedness; and EBITDA includes non-recurring payments to us which are reflected in other income.

Because of these limitations, EBITDA should not be considered as a measure of forecasted discretionary cash available to us to service our debt or to invest in the growth of our business. We compensate for these limitations by relying on forecasted results calculated under GAAP as well as on forecasted EBITDA.

See independent accountant’s compilation report.
NOTE E: CALCULATIONS (CONTINUED)

The following table reconciles our forecasted net income to forecasted EBITDA for the years ending One through Five:

**EBITDA:**

<table>
<thead>
<tr>
<th></th>
<th>Year Two</th>
<th>Year Three</th>
<th>Year Four</th>
<th>Year Five</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$8,536,272</td>
<td>$8,961,882</td>
<td>$9,389,840</td>
<td>$9,819,992</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>3,353,291</td>
<td>3,123,714</td>
<td>2,881,652</td>
<td>2,626,414</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5,099,200</td>
<td>5,139,200</td>
<td>5,179,200</td>
<td>5,219,200</td>
</tr>
<tr>
<td>Amortization</td>
<td>62,500</td>
<td>62,500</td>
<td>62,500</td>
<td>62,500</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$17,051,263</td>
<td>$17,287,296</td>
<td>$17,513,192</td>
<td>$17,728,106</td>
</tr>
</tbody>
</table>

The Return on Stockholders’ Investment on the Statement of Operations and Retained Earnings and Note: G Selected Financial Data was calculated by dividing the net income by the total amount of members’ equity on the balance sheet plus the anticipated dilution of 4% for founders and seed capital members.

The Return per Bushel Processed calculation on the Statement of Operations and Retained Earnings and Note: G Selected Financial Data was calculated by dividing the net income by the number of bushels of corn processed for the year.

The Return per Gallon Produced calculation on the Statement of Operations and Retained Earnings and Note: G Selected Financial Data was calculated by dividing the net income by the number of ethanol gallons produced for the year.

The Current Ratio in Note G: Selected Financial Data, was calculated by dividing the total current assets by the total current liabilities.

The Working Capital calculation in Note G; Selected Financial Data, was calculated by subtracting the total current liabilities from the total current assets.

The Net Worth calculation in Note G; Selected Financial Data, was calculated by subtracting the total liabilities from the total assets.

See independent accountant’s compilation report.
NOTE E: CALCULATIONS (CONTINUED)

The Members’ Equity to Total Assets ratio in Note G; Selected Financial Data, was calculated by dividing the total members’ equity by the total assets.

The Debt Service ratio in Note G; Selected Financial Data, was calculated by dividing the earnings before interest, taxes, depreciation, and amortization (EBITDA) by the sum of interest expense and principle payments on long-term debt.

NOTE F: UPDATED PROJECTED FINANCIAL STATEMENTS

The company previously issued compiled forecasted financial statements for the same reporting period with a report date of April 1, 2015. The current compiled forecasted financial statements dated July 8, 2015 have been modified to reflect events and circumstances not anticipated at the time of the earlier report.

See independent accountant’s compilation report.
NOTE G: SELECTED FINANCIAL DATA

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INCOME (LOSS)</strong></td>
<td>$(1,665,000)</td>
<td>$8,536,272</td>
<td>$8,961,882</td>
<td>$9,389,840</td>
<td>$9,819,992</td>
</tr>
<tr>
<td><strong>EBITDA - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION</strong></td>
<td>$(1,665,000)</td>
<td>$17,051,263</td>
<td>$17,287,296</td>
<td>$17,513,192</td>
<td>$17,728,106</td>
</tr>
<tr>
<td><strong>RETURN TO MEMBER INVESTOR</strong></td>
<td>-2.23%</td>
<td>10.89%</td>
<td>11.43%</td>
<td>11.97%</td>
<td>12.52%</td>
</tr>
<tr>
<td><strong>RETURN PER BUSHEL PROCESSED</strong></td>
<td>$ -</td>
<td>$0.34</td>
<td>$0.35</td>
<td>$0.36</td>
<td>$0.37</td>
</tr>
<tr>
<td><strong>RETURN PER GALLON PRODUCED</strong></td>
<td>$ -</td>
<td>$0.12</td>
<td>$0.13</td>
<td>$0.13</td>
<td>$0.13</td>
</tr>
<tr>
<td><strong>CURRENT RATIO</strong></td>
<td>2.25</td>
<td>2.10</td>
<td>2.52</td>
<td>2.91</td>
<td>3.28</td>
</tr>
<tr>
<td><strong>WORKING CAPITAL</strong></td>
<td>$5,559,532</td>
<td>$11,172,951</td>
<td>$15,839,673</td>
<td>$20,547,932</td>
<td>$25,285,137</td>
</tr>
<tr>
<td><strong>MEMBER EQUITY/TOTAL ASSETS</strong></td>
<td>53%</td>
<td>54%</td>
<td>57%</td>
<td>61%</td>
<td>65%</td>
</tr>
<tr>
<td><strong>DEBT SERVICE RATIO</strong></td>
<td>-</td>
<td>2.19</td>
<td>2.22</td>
<td>2.25</td>
<td>2.27</td>
</tr>
</tbody>
</table>

NOTE H: SUMMARY OF SIGNIFICANT ASSUMPTIONS:

- **ETHANOL NET BACK SALE PRICE/GAL** $1.60
- **DISTILLER DRIED GRAINS & SOLUBLES/TON** $128.57
- **DISTILLER MODIFIED GRAINS & SOLUBLES/TON** $64.29
- **CORN OIL PRICE/LB** $0.25
- **CORN PRICE/BU** $3.60
- **NATURAL GAS PRICE/MMBTU** $3.57
- **DENATURANT/GAL** $2.10
- **CHEMICALS/GAL** $0.130
- **ELECTRICITY/KWH** $0.070
- **EMPLOYEES** 40

See accountants' compilation report.
The break-even analysis is based on year three of our proposed operations, using the same assumptions used for our forecasted financial statements, but varying corn and ethanol pricing. The sole purpose of the break-even analysis is to illustrate the effect of corn and ethanol pricing on the profitability of the proposed ethanol plant. The break-even analysis is not a guarantee of future results and should not be relied upon as such.

See the accountant's report and summary of significant accounting policies and assumptions in our forecasted financial statements for more information on the assumptions used in this analysis and the limitations on such assumptions.

See independent accountant's report.
# Break-Even Matrix

## Return on Investment - Year 3

<table>
<thead>
<tr>
<th>Ethanol Net Back Price</th>
<th>Ethanol Price Per Gallon</th>
<th>Corn Price Per Bushel</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.000</td>
<td>$1.100</td>
<td>$1.200</td>
</tr>
<tr>
<td>$1.300</td>
<td>$1.600</td>
<td>$1.500</td>
</tr>
<tr>
<td>$1.800</td>
<td>$2.000</td>
<td>$2.100</td>
</tr>
<tr>
<td>$2.200</td>
<td>$2.300</td>
<td>$2.400</td>
</tr>
<tr>
<td>$2.500</td>
<td>$2.600</td>
<td></td>
</tr>
</tbody>
</table>

### Assumptions:
- Corn Price Per Bushel: $3.60
- Ethanol Net Back Price: $1.60
- DDGS Price Per Ton: $128.57
- MDGS Price Per Ton: $64.29

### Natural Gas Cost Per MMBTU: $3.57

### BTUs Used/Gallon Ethanol: 27,041

### Total Project Cost: $140,000,000

### Total Equity: $74,500,000

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The break-even analysis is based on year three of our proposed operations, using the same assumptions used for our forecasted financial statements, but varying corn and ethanol pricing. The sole purpose of the break-even analysis is to illustrate the effect of corn and ethanol pricing on the profitability of the proposed ethanol plant. The break-even analysis is not a guarantee of future results and should not be relied upon as such.

See the accountant's report and summary of significant accounting policies and assumptions in our forecasted financial statements for more information on the assumptions used in this analysis and the limitations on such assumptions.

See independent accountant's report.
## 70 MILLION GALLON ETHANOL PLANT

### BREAK EVEN MATRIX

**NET INCOME IN THOUSANDS - YEAR 3**

<table>
<thead>
<tr>
<th>Ethanol Price per Gallon</th>
<th>Ethanol Net Back Price</th>
<th>Correlation of Corn Price per Bushel</th>
<th>Assumptions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.000</td>
<td>$1.100</td>
<td>$1.200</td>
<td>$1.300</td>
</tr>
<tr>
<td>$5.500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$4.750</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$4.500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$4.250</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$4.000</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>$3.900</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>$3.850</td>
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<td></td>
</tr>
<tr>
<td>$3.800</td>
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<td>$3.750</td>
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<td></td>
<td></td>
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<tr>
<td>$3.700</td>
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<td></td>
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</tr>
<tr>
<td>$3.650</td>
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<td>$3.600</td>
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<td>$3.550</td>
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<tr>
<td>$3.500</td>
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<tr>
<td>$3.450</td>
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<tr>
<td>$3.400</td>
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<tr>
<td>$3.350</td>
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<tr>
<td>$3.300</td>
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<tr>
<td>$3.250</td>
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<td>$3.200</td>
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<td></td>
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<tr>
<td>$3.150</td>
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<td></td>
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<tr>
<td>$3.100</td>
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<tr>
<td>$3.050</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>$3.000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ASSUMPTIONS:**

- Correlation of Corn Price per Bushel: $3.00
- Ethanol Net Back Price: $1.60
- DDGS Price per Ton: $128.57
- MDDGS Price per Ton: $64.29

See independent accountant's report.

---

The break-even analysis is based on year three of our proposed operations, using the same assumptions used for our forecasted financial statements, but varying corn and ethanol pricing. The sole purpose of the break-even analysis is to illustrate the effect of corn and ethanol pricing on the profitability of the proposed ethanol plant. The break-even analysis is not a guarantee of future results and should not be relied upon as such.

See the accountant's report and summary of significant accounting policies and assumptions in our forecasted financial statements for more information on the assumptions used in this analysis and the limitations on such assumptions.
## RING-NECK ENERGY & FEED, LLC
### 70 MILLION GALLON ETHANOL PLANT
#### BREAK EVEN MATRIX

**EBITDA IN THOUSANDS - YEAR 3**

<table>
<thead>
<tr>
<th>ETHANOL NET BACK PRICE</th>
<th>ETHANOL NET BACK PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ETHANOL PRICE PER GALLON</td>
<td>$1.0000</td>
</tr>
<tr>
<td>CORN PRICE PER BUSHEL</td>
<td>$5.0000</td>
</tr>
<tr>
<td></td>
<td>$4.7500</td>
</tr>
<tr>
<td></td>
<td>$4.5000</td>
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<tr>
<td></td>
<td>$4.2500</td>
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<td></td>
<td>$4.0000</td>
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<td>$3.7500</td>
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<tr>
<td></td>
<td>$3.2500</td>
</tr>
<tr>
<td></td>
<td>$3.0000</td>
</tr>
</tbody>
</table>

**ASSUMPTIONS:**

- **CORN PRICE PER BUSHEL:** $3.60
- **ETHANOL NET BACK PRICE:** $1.60
- **DDGS PRICE PER TON:** 128.57
- **MDDGS PRICE PER TON:** 64.29

**NATURAL GAS COST PER MMBTU:** $3.57

**BTUS USED/GALLON ETHANOL:** 27,041

**TOTAL PROJECT COST:** $140,000,000

**TOTAL EQUITY:** $74,500,000

The break-even analysis is based on year three of our proposed operations, using the same assumptions used for our forecasted financial statements, but varying corn and ethanol pricing. The sole purpose of the break-even analysis is to illustrate the effect of corn and ethanol pricing on the profitability of the proposed ethanol plant. The break-even analysis is not a guarantee of future results and should not be relied upon as such.

See independent accountant's report.
Exhibit G

Sample Accredited Investor Verification Representative Letter

Ringneck Energy LLC
EXHIBIT “G”
TO THE
RULE 506(c) CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
DATED JULY 29, 2015 OF
RINGNECK ENERGY LLC

Walter W. Wendland, CEO
Ringneck Energy LLC
P.O. Box 68
215A S. Main St.
Onida, SD 57564

Re: Accredited Investor Status

Dear Mr. Wendland:

I am [a(n)] [registered broker-dealer] [investment advisor registered with the Securities and Exchange Commission] [licensed attorney who is in good standing under the laws of the jurisdictions in which I am admitted to practice law] [certified public accountant who is duly registered and in good standing under the laws of the place of my residence or principal practice] representing [name of investor] of [City], [State]. The purpose of this letter is to certify for the benefit of Ringneck Energy LLC that [name of investor] is an “accredited investor” as defined under Rule 501(a) of Regulation D of the Securities Act of 1933.

In my capacity as [name of investor]’s [registered broker-dealer] [registered investment advisor] [licensed attorney] [certified public accountant], I have taken reasonable steps to verify that [name of client] is an accredited investor within the prior three months, and I have determined that [name of investor] is an accredited investor.

I provide this certification for the limited purpose of my client’s investment in Ringneck Energy LLC pursuant to the requirements of Rule 506(c) of Regulation D of the Securities Act of 1933. My certification is accurate as of the date hereof.

Sincerely,

[Signature]

[Name of signatory]