RINGNECK Energy

DECEMBER 2017

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Weather cooperates with construction

Fermentation civil work is complete. All concrete, splash pads, bollards, ring walls and sumps are finished in this area. Winbco, our tank builders/welders subcontractor mobilized Nov. 27. They have the floor and one ring placed for the beer well in fermentation. They will be erecting the fermenters from south to north.

Civil has moved on to the process building area. We have begun excavation of the perimeter footings. We have poured the south and east footings, walls, and piers. We have excavated and placed the duct bank for the electrical feed for the process power and the chiller. Grounding is ongoing in all areas. Liquefaction tanks are complete and ready for Winbco.

The footing and walls of the cook water, thin stillage, and syrup tanks are complete and crews will be pouring for the whole stillage tank soon. We are placing the engineered fill and drain pipes in these exterior tanks and backfilling around them.

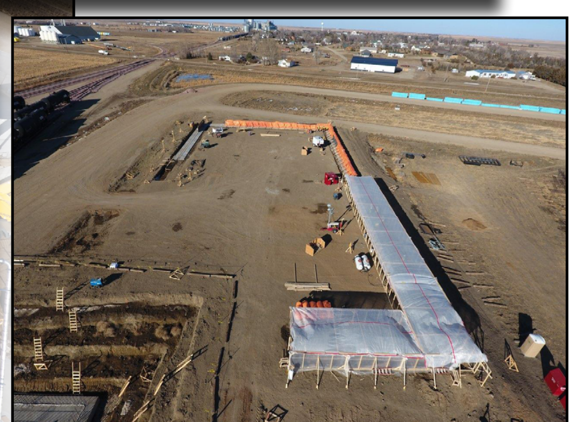
Work has also begun in the grains area. The grains boot pit is excavated and ready for rebar. This excavation is approximately 16 feet deep, below finished grade. The next step is to work on the slab, walls and lid on grade for the boot pit.

We have excavated, placed rebar, set anchor bolts, formed and poured 1/2 of the perimeter footing for the dried distillers grain (DDG) building. Our plan is to finish the perimeter of the DDG building by the end of December. J&D will mobilize on Jan. 8, 2018, to begin erection of the building. When J&D completes the building, we will then begin to pour the floor.

We have been fortunate with the conditions we have encountered to date. This has helped our construction team make and beat our target dates in many areas. Last but not least, we have had no safety issues. Our crew has been superb when it comes to safety. We have had numerous safety audits from our Corporate Safety Director and passed with superb and excellent reviews.

—Rob Schladetzky, Project Manager
Fagen Inc.

Favorable conditions have allowed construction to meet or beat many target dates. Left: Tank builders Winbco mobilized Nov. 27 to begin work in the fermentation area. Right: Half of the perimeter footing for the DDG building is now complete.



CEO Update:

From vision to reality: 2017 advances

Looking back to where we were at this time last year, Ringneck Energy has moved from the vision stage into reality:

- Offering closed July 29 having raised $86.1 million in equity
- Financing closed Sept. 15
- And Fagen Inc. moved into full construction mode on the process portion of the plant.

What was a greenfield site is now bustling with crews from Fagen, general site contractor AGE Corporation, and all of their subs. It is an exciting time.

Site preparation responsibilities

While Fagen Inc. is charged with building the ethanol plant itself, Ringneck Energy's management is responsible for coordinating many other aspects of site development. Our general contractor, AGE Corporation of Ft. Pierre, with connections in Onida, prepared the DDG area for construction in September, followed by getting the energy center site ready for building by mid-November. The next area for ground work is the where the grain bins will be sited, with plans to complete grading, stabilization and bringing in engineered fill for an early spring start on building the bins.

In addition, Ringneck management will oversee construction of the gas line and electrical distribution on the site, as well as construction of the administration building.

Board involvement

Ringneck's board of directors has been busy interviewing marketers for ethanol, DDGs and corn oil, and recently approved moving forward to contract with CHS for DDGs and corn oil. CHS has a strong local presence, and we look forward to maintaining relationships with them. An ethanol marketer is expected to be chosen in the next month.

The board has also received notice of approval for a loan from the Rural Electric Economic Development fund to be used for improvement of the road to the site, with repayment to be made through TIF funds approved by Oahe County. Interim financing will be through BankWest in Onida, continuing the participation of local businesses in our project.

Ethanol industry outlook

2017 has been a positive year for exports for ethanol, as total exports continue to grow. That positive is tempered by the continued efforts of the oil industry to push back against the RFS and expansion of E-15.

I continue to believe that exports are a great opportunity, especially for our facility, with access to the West Coast and Pacific Rim nations, but still, the reality is that 14 of every 15 gallons of ethanol produced in the U.S. is also used here. That underscores the need to continue to develop the domestic and North American market as our best opportunity for continued industry growth.

Efforts are paying off, as E-15 is expanding in availability, with 90 percent of the cars currently on the road able to use the higher blend. I think retailers are getting on board, but getting the oil companies to come around has really been a battle.

Yields, prices and how ethanol and farmers support each other

Despite less than ideal conditions throughout the growing season, corn crops both in central South Dakota and across the country surprised growers. Nationally, the 2017 corn crop broke a record for average yield at 175.4 bu. per acre, according to a ProFarmer news alert. Even locally, the impacts of advanced technology on inputs and precision planting could be seen with higher than anticipated yields.

Together, those figures show that even in really challenging years, the land and the farmers can make the most of what Mother Nature gives them.

Our commitment at Ringneck is to make the most of what our producers and members give us, adding value to the region's agricultural products and providing additional revenue for our members in tight years.

"With an increase in corn acres on farms, improvements in hybrids and genetics and our no-till practices, our yields have increased and we need additional outlets to move our production," says Jeff Goebel, a Gettysburg, S.D., farmer and member of Ringneck Energy's board of directors. "Our current farm economy and commodity prices indicate we need all the help we can get. An ethanol plant in our area is a big step in the right direction"

Thank you to our investors for their support as we bring this vision to reality, implementing the newest in ethanol process technology and efficiency.

—Walt Wendland, President, CEO & Chairman

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Holiday cheers &
wishes for a prosperous New Year!
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Board of Directors:

President, CEO, & Chairman
Walt Wendland
Vice President
Scott Mundt, Dakota Ethanol
Secretary
Kenton Johnson, Project Hawkeye
Treasurer
Ed Eller
Directors
Jeff Goebel
Pat Voorhees
Gary Wickersham
Steve Sukup, Sukup Manufacting
Steve Christensen, Granite Falls Energy
Tim Luken, Oahe Grain Corp.

Our Mission:

To produce renewable energy that adds value to grain and livestock production, enhances the income of our investor partners, provides a safe and rewarding work environment that creates economic opportunities for the surrounding area.

Goals for the Company:

- Produce 80 million gallons per year of bio-fuel ethanol focusing on the local, regional and national markets by seond quarter 2018.
- Produce a high-protein feed source for the local livestock.
- Return maximum profits to member investors.
- Add value to agriculture in the area.
- Meet the standard 20% reduction in greenhouse gas emissions.
- Improve efficiency with the latest technology.

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Export numbers & opportunities

U.S. ethanol exports totaled 93.6 million gal. in October, up 8% from September shipments, according to government data released this week and analyzed by the Renewable Fuels Association.

Ann Lewis, research analyst for the association, noted that Canada was again the top destination for U.S. exports, at 33.9 million gal. (more than one-third of total exports) — an 18% increase over September. Spain was the second-leading market for U.S. ethanol in October, making its first meaningful purchase in 37 months and taking in 13.4 million gal. India's imports of U.S. ethanol fell 35% from September to 13.2 million gal., but still ranked third in October.

U.S. ethanol exports to all destinations for the first 10 months of 2017 stood at 1.09 billion gal., indicating an annualized export volume of 1.30 billion gal.

Canada, Spain, India and Brazil combined accounted for 78% of all shipments in October, while another 20% was parsed out among seven other markets.

Exports to Brazil in October ticked downward for the third straight month—32% less than in September, which Lewis said was likely a result of the nation implementing a tariff rate quota and 20% tariff in September.

Canada has potential to become an even stronger export market also. Ontario's Ministry of the Environment and Climate Change released a proposal in early December to update the province's Ethanol in Gasoline Regulation, increasing the blending mandate from 5 to 10 percent by 2020. In addition, the proposal stipulates that the ethanol used must emit at least 35 percent less greenhouse gas emissions on a lifecycle basis than petroleum gasoline.

A comment period on the proposal is open through Jan. 23, followed by a final rule and legislation. Jim Grey, chair of Renewable Industries Canada, said he's hopeful legislation could be passed and implemented in the next few months. "In moving to a 10 percent ethanol requirement, Ontario is showing leadership in the fight against climate change," Grey said in a statement. "This policy will generate a substantial reduction in greenhouse gas emissions, while creating jobs and economic growth. This is what clean growth is all about."

Wishing all of our members & partners

Happy Holidays!

Ringneck Energy is looking forward to joining you in a prosperous New Year!