Ringneck Energy

MAY 2019

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Ringneck Energy is up and running!

Join us for an open house & annual meeting June 25

Despite a challenging winter and spring and difficult start-up process, Ringneck Energy is beginning operation, with plans for an annual meeting of investors, followed by an open house and tours at the plant, on Tuesday, June 25.

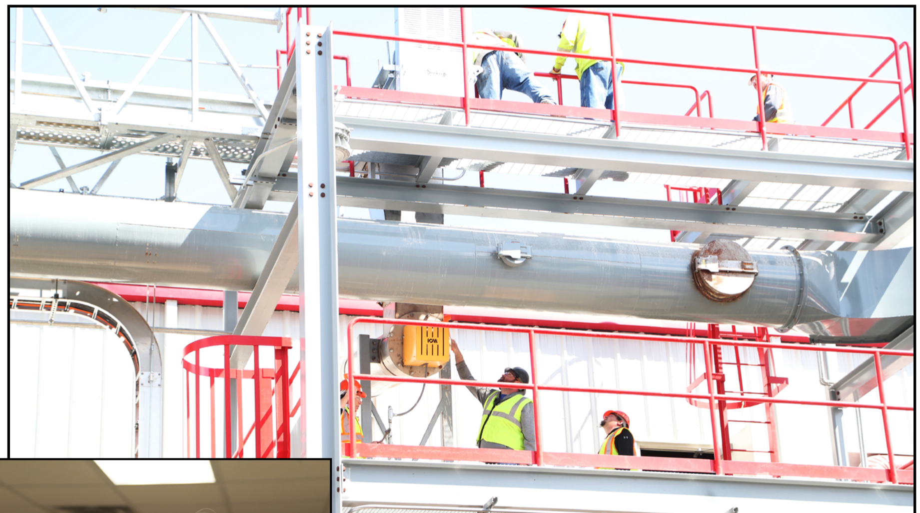
The annual meeting will be held at the Phoenix Center in Onida, S.D., with registration beginning at 10 a.m. and the actual meeting at 10:30. The open house, including tours and light refreshments, will be at the plant itself from 12:30 to 4 p.m.

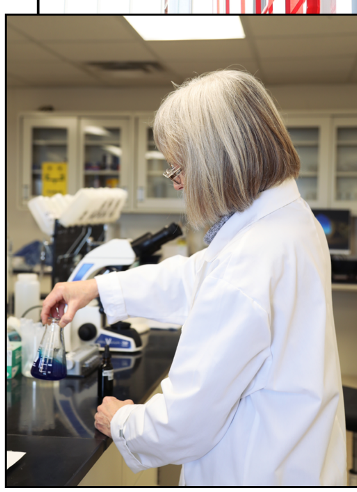
A complete packet, including ballots and details about the meeting, should arrive at your home within days of this newsletter. Please return the ballot and RSVP by June 21 (mail or email) to help us plan.

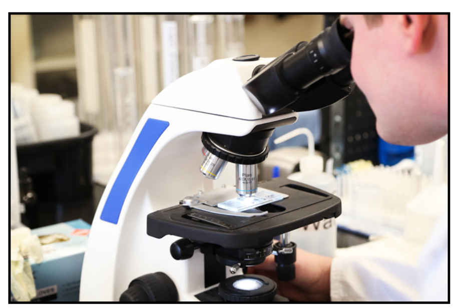
Final preparations for full production

Crews are in the process of performance testing, said CEO Walt Wendland. "From what I've seen, it easily exceeds the performance requirements in the contracts with Fagen Inc. and ICM."

He credits both businesses with doing everything in their power to counter the impacts of adverse weather during the construction process—including steady, heavy rains this spring—and the challenges of bringing on-line one of the first plants to incorporate newer technologies directly into the design. "Ron Fagen and Fagen Inc. have done all they can to help Ringneck get off to a successful start," Wendland said. "Now I look forward to having the plant fully operating this summer, with that technology that should make the plant more efficient to operate."







Ringneck Energy's employees have been working in recent weeks alongside Fagen and ICM crews to bring the plant online and test processes and more.

"We are just starting our performance test to verify we can produce at the guaranteed rates," confirmed plant manager Mike Stanley. "We are also in the process of getting the corn oil extraction equipment up and running. We should be making oil by the end of May. We loaded our first car of ethanol on May 24 with RPMG present to oversee and train employees."

Stanley also reported that the plant was nearly fully staffed as of the end of May, still hiring for one grains operator and one maintenance tech. Some interior driveways and truck load out areas still need to be completed.

Employee spotlight:

Ann Peacock, commodities originator

Tell us about your previous experience in ethanol or related industries.

I have 28 years of experience in the grain industry here in South Dakota. I worked for CHS for 10 years in accounts receivable and payables as well as grain sales. I then moved on to work for Harrold Grain/ADM for the last 18 years as senior accountant..

What attracted you to Ringneck Energy?

What attracted me to Ringneck Energy was the opportunity to learn another aspect of the grain industry.

Share a bit about your family and/or hobbies.

I have been married to my husband, David, for 10 years, and we have four children together and four grandchildren. I enjoy spending time with my grandkids, fishing and hunting.

Commodity Comments

Weather, tariff talks take corn prices on wild ride

On Friday, May 10, the May Supply and Demand report from the government gave an extremely bearish outlook for the corn market.

Lower ethanol demand and exports raised 2018/19 corn carryout by 60 million bushels. It also estimated the 2019/20 corn carryout at 2.485 billion bushels, more than 350,000 bushels higher than the average analysts' prediction, and it was 250,000 bushels higher than even the highest guess. Higher 2018/19 carryout, increased 2019/20 production, and lower export demand caused the ending stocks number to swell.

This news coupled with President Trump's announcement of implementing tariffs on an additional $200 billion of Chinese goods sent prices plummeting. This continued Sunday night and prices pressed into fresh lows. Just when it looked like the sun would never come out again—it didn't.

The reason was it was cloudy and raining all over corn country waking people up to the fact that maybe we won't see an extra 2.7 million acres of corn planted this coming year.

The markets have rebounded after the concerns of issues on planting. US corn plantings were reported to be 58% complete vs the 5-year average of 90%. Illinois at 35% vs 95%, Indiana at 22% vs 85%, Ohio at 22% vs 78%, and South Dakota at 25% vs 90% average were just a few of the trouble spots.

When the session ended on Tuesday July corn futures settled 25 cents above Friday's lows. In conclusion look for the market to remain volatile taking direction from ever-changing weather forecast and Presidential tweets.

If you have questions about current pricing or would like to sell corn or milo to Ringneck Energy, please call Kevin Kjorsvik at (605) 945-6982.

Don't settle for high gas prices; tell automakers you want more FFV choices

In recent months, auto manufacturers have signaled they are pulling back on the production of flex-fuel vehicles, which can run on a variety of higher ethanol blends up to E85. These higher blends are routinely priced significantly less than gasoline, saving American drivers money at the pump.

A grassroots effort has begun to let auto manufacturers know American drivers want more flex-fuel vehicle options, not fewer!

If you want the option to purchase low-cost, higher-performing fuels like E30 and E85, sign the free petition at the link below and tell auto manufacturers not to limit your choices.

Find the petition at https://www.ipetitions.com/petition/global-automakers-offer-more-ethanol-vehicles.

EU drops anti-dumping duties

Renewable fuels groups are pleased that the European Commission has decided to not renew anti-dumping duties on European Union imports of U.S. ethanol. Representatives of Growth Energy, the Renewable Fuels Association, and the U.S. Grains Council welcomed Wednesday's decision.

Growth Energy's Craig Willis says removing the duties on U.S. ethanol opens opportunities for EU member states to take advantage of affordable, low-carbon biofuels. The European Commission says it found no evidence warranting continuation of the duties and that their removal would not encourage ethanol dumping in the EU.

Renewable Fuels Association CEO Geoff Cooper says he looks forward to resuming more open ethanol trade with the EU. The duties have been in place since 2013.

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 first quarter of 2019.
- 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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CEO's industry, market comments

While wet weather in Onida has created a challenge to completing plant construction in a timely manner, weather is also impacting farmers and ethanol producers in South Dakota and across the country.

Wet weather has delayed or prevented planting across much of the state of South Dakota. While the area directly around the plant has been impacted less than other regions, we still are likely to see a reduction in corn acres planted as farmers are unable to get into the fields due to heavy and continued precipitation.

Those heavy rains are also impacting ethanol plants in other parts of the Midwest by delaying an important transportation option. Plants near the Missouri and Mississippi rivers have been unable to ship DDGs by barge due to flood conditions that have stalled barge traffic on much of those waterways. This will limit the ability to meet export expectations.

Speaking of exports, Ringneck Energy's first unit train is contracted to the export market. We continue to feel that a strong export market for ethanol will be an important component of Ringneck's success.

—Walt Wendland, CEO

Concept to Reality: Fagen's final construction report

In 2015, I first became a part of the planning and execution of the construction at Ringneck Energy's Onida ethanol plant. I had the pleasure to work on behalf of Ringneck Energy to prepare the site for construction. Unfortunately I retired before the project went into the major construction phase. Now, in the spring of 2019, it has been so gratifying to come back and see the operating plant with the construction complete. When opening a Fagen-built plant we usually have a few expected problems, and as we have learned over time, it seems they are rarely the same problems from plant to plant. (I call them a "search for the gremlins.") With hundreds of thousands of new component pieces interacting for the first time, it still amazes me how so many activities can begin concurrently with the success we observe.

The wonderful news is that the Ringneck plant has shown to be able to run ethanol at the expected nameplate rate to produce a very high grade of ethanol. The sieves show very efficient production with plenty of room for growth. This plant wants to make ethanol. Some of the engineering improvements from lessons learned in other facilities have been engineered into Ringneck to create a state of the art ethanol plant here in Onida. This creates potential for a wonderful return on investment for the investors, farmers, ranchers and City of Onida as a whole.

From the construction side, we are down to a small manageable punch list and a few pieces of plant equipment that need tweaking. All controls are completed and systems have been checked with just a few manageable logic changes currently underway. Construction is also supporting the plant as they approach the performance run. Currently Fagen, Inc. is in full demobilization phase with material trailers, surplus materials and equipment moving out at a rapid pace. We are almost complete and should be off site during the next 30 day period.

Tim Griffin,
Vice President - Construction
Fagen Inc.

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