

www.ringneckenergy.com

hwarner@rne-sd.com

605.258.2900 • Onida, SD

Plant hosts open house, annual meeting



Above left and below, Ringneck CEO Walt Wendland and Bill Paulsen host South Dakota Governor Kristi Noem and Lieutenant Governor Larry Rhoden for a tour of Ringneck's plant. Above right: Ringneck Energy investors gather for the company's first annual meeting June 25 in Onida.

South Dakota governor tours Ringneck facility shortly after production begins

South Dakota Governor Kristi Noem and Lt. Gov. Larry Rhoden joined more than 100 investors and partners in Ringneck Energy for an open house and tour at the plant, following the company's first annual member meeting held June 25 in Onida.

"We appreciate all of our members who participated in the annual meeting and tour," said Walt Wendland, CEO. "It was a pleasure to show you what we have been working on the last five years."

The plant began firing up operations on April 27, passing performance tests June 3, as the newly-engineered ICM design makes its first appearance. "There have been a few ups and downs," Wendland said, "but we are happy with the performance as far as energy consumption, conversion and yields."

A few upgrades are still being implemented in the DDGS drying areas to increase capacity as the area needs to be optimized. As demand this summer for wet feed was down due to producers being able to utilize more pasture



and feedlots having reduced numbers.

"Right now, our production rate is controlled by the

Continued on Page 3

Employee Spotlight:

Chad Charter, operations manager

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

I have 15 years of ethanol industry experience. I started out as a processor and worked my way up over the years. I have also been a plant process trainer for ICM and most recently held the title of process manager.

What attracted you to Ringneck Energy?

A family member told me about this new facility and it's job opportunities. I enjoy this area and working in the ethanol industry, so it was a no brainer joining the Ringneck team.

Share a bit about your family and/or hobbies.

My wife, Tara, and I have been married for 4 years. I have a son and a step-daughter who are both 20 years old. I enjoy golfing, being out on the water, and I hope to get back into hunting this fall.



Commodity Comments

USDA shakes up corn prices with higher yield/production estimates

The corn market has been reeling since the Aug. 12 USDA supply and demand report. The report had corn acreage, production and ending stocks well above the previous guesses of trade analysts, which precipitated a 50 cent sell off in September corn futures prices.

The USDA pegged acreage at 90 million acres and yield at 169.5 bu/acre, which raised production to 13.9 billion bushels. Consequently, increased production expectations along with weakening corn demand grew 2019/20 ending stocks from 2 billion bushels to almost 2.2 billion when compared to USDA's July estimate.

Analysts have compared this year to 1993 when similar spring weather hampered planting. The lateness of the crop and wet growing season ultimately caused yield and production shortfalls that the USDA didn't pick up on until the November report.

So, the bulls are clinging to this fact to support their long positions that have gone against them during the last month.

Ethanol prices were also adversely affected with the report and backed off 15 cents a gallon since the WASDE report was release. Ethanol is also struggling with burdensome stocks and poor demand. This has forced some plants to slow production and, in the case of a few plants, to shut down completely due to declining margins.

The EPA's decision to grant 31 small refinery exemptions earlier this month doesn't help the ethanol price outlook either.

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 or Ann Peacock at (605) 945-6986.

— Kevin Kjorsvik,
commodity manager

CEO Comments:

How weather, waivers impact ethanol

This summer has proven to be a volatile one for weather and for the ethanol market at times.

While much of the country experienced at least some delayed or prevented planting, central South Dakota is looking at what could be its best corn and milo crop in the last few years.

An early August hailstorm was destructive, especially for wheat and sunflower fields, in an area directly around Onida, but how corn fields in the area will recover is still uncertain, and the damage was limited to a small swath. We continue to get more than adequate rainfall, and we have enough moisture to finish the corn crop.

That is good news for Ringneck, as we purchase 90 percent of our grain directly from farmers, and have a strong supply available, though we may end up having to compete for this corn as ethanol plants in areas with lower yields and more prevented planting acres eye the surplus available here.

All this moisture, however, has reduced the demand for our wet feed product as livestock producers have less need to supplement range.

We are currently working with Dakotaland Feed to develop programs through which livestock producers would purchase wet feed in the summer and bunker it for winter usage, which should help even out demand for the product and prevent low demand from limiting our ethanol production capabilities. Increased

Continued on Page 4



Start-up report ... continued from Page 1

amount of wet feed market we can find," he noted

On the ethanol side, Wendland applauded ethanol marketer RPMG for successfully managing rail traffic to keep outbound ethanol moving smoothly.

The majority of Ringneck's dried feed product currently goes out by truck to local customers and those as far away as Wyoming, Montana, Idaho and Canada, with limited amounts shipped by rail.

Ringneck is now fully staffed, with plans to add seasonal help next year.

Financial Comments

Final construction costs being tallied

For those who attended the annual meeting in June, some of these comments will be sound familiar. While construction is complete, and we passed the performance test on June 4, there are still some construction bills trickling in. I hope by next newsletter to have hard data on total construction costs.

Financing is a critical part of Ringneck Energy's success in our infant stage. One of the primary covenants on our loans is to maintain \$9 million in working capital. I'm proud to say that we have been able to meet the \$9 million covenant for both June and July. This is a huge milestone to come out of start-up and perform at this level. This management team and the employees that make-up Ringneck Energy are dedicated to holding costs down and working at the highest efficiency level. Member equity is \$90,600,000 after a capital call of \$4.5 million.

We have sold a total of 6 trains so far, mostly undenatured ethanol for export. At publication, we have achieved the 20% requirement set by the EPA which allows us to be able to market both denatured and undenatured ethanol.

While our retained earnings are currently negative, partially due to starting production in a down ethanol economy and a few adjustments as the system gets all the kinks worked out, there are some very exciting milestones that give us momentum as we continue to ask this plant to perform at levels we know it can achieve. Over the next few months, the accounting department will be finishing the cost segregation study, which helps us set our depreciation schedule, and digging into research and development tax credit options.

If you have any questions, comments, or concerns, please feel free to reach out at any time.

—Danci Baker, CFO

Balance Sheet	7/31/19
Current Assets	\$18,064,004.28
Fixed Assets	\$138,679,680.10
Other Assets	\$2,540,740.50
Total Assets	\$159,284,424.88
Current Liabilities	\$8,014,183.25
Long Term Liabilities	\$65,929,761.38
Total Equity	\$85,340,480.25
Total Liabilities & Equity	\$159,284,424.88

Income Statement	7/31/19
Revenue	\$17,855,351.31
Cost of Goods Sold	\$16,968,009.24
Operating Expense	\$6,633,221.71
Other Expense	-
Other Income (Loss)	\$2,183,127.81
Net Income (Loss)	\$(3,562,751.83)

Board of Directors:**President, CEO, & Chairman**

Walt Wendland

Vice President

Scott Mundt, Dakota Ethanol

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Kenton Johnson, Project Hawkeye

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Steve Sukup, Sukup Manufacturing

Steve Christensen, Granite Falls Energy

Tim Luken, Oahe Grain Corp.

Chad Friese, CVEC

Dale Schwade, Schwade Investments

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.

Address:

901 Redwood Avenue
Onida, SD 57564
605-258-2900

CEO's ethanol outlook ... Cont'd from Page 2

demand in the fall, with more feedlots bringing in feeders and producers backgrounding cattle, should clear the current bottleneck effectively.

The dark cloud hanging over the industry now is a decreased demand for ethanol, exacerbated by the EPA's recent approval of 31 more small

refinery waivers. This puts the ethanol industry in a terrible pinch, especially when coupled with tariffs on the largest potential export market. This administration continues to prefer Big Oil over the American farmer.

—Walt Wendland, CEO

Ethanol news to know

EPA waivers, flex fuel

SD Corn Growers: EPA waivers are hammering agriculture

The South Dakota Corn Growers Association expressed frustration last month with the issuance of 31 new small-refinery biofuel waivers by the US Environmental Protection Agency, saying that the decisions destroy demand for 1.4 billion gallons of ethanol (in perspective, that is more than South Dakota's total ethanol production).

"At a time when U.S. farmers are suffering due to trade tariffs, weather problems and low prices, the EPA granted waivers that free prosperous refiners from their obligation under the Renewable Fuel Standard (RFS) to blend biofuels like ethanol into their gasoline or purchase credits from others that do. The agency denied only 7 of 38 applications. That action shows

a lack of commitment to the RFS, as well as a lack of commitment to farmers," the article states.

Read more at: <https://www.sdcorn.org/2019/08/epa-waivers-are-hammering-agriculture>.

Sign on for flex fuel

As vehicle manufacturers seem to moving away from producing flex fuel vehicles, members are encouraged to join the online petition at iPetitions.com—"To Global Automakers-Offer More Ethanol Vehicles in U.S.!" (<https://www.ipetitions.com/petition/global-automakers-offer-more-ethanol-vehicles>).

Organizers hope to gather 20,000 or more signatures in support of vehicles that can use higher octane flex fuels. Says organizer Chris Schwarck: Every corn grower has a lot at stake here, whether they use ethanol or not.

DISCLAIMER

This newsletter contains historical information, as well as forward-looking statements about Ringneck Energy LLC and our future performance and prospects and expected future operations and actions. All statements that are not historical or current facts are forward-looking statements. In some cases you can identify forward-looking statements by words such as "believe", "hope", "expect", "anticipate" and similar expressions. We caution readers not to place any undue reliance on any forward-looking statements. Forward looking statements are only our predictions based on current information and involve numerous assumptions, risks and uncertainties including, without limitation, changes in the availability of credit, demand and supply of ethanol, corn production, plant operations and the actions of regulatory authorities. Our actual results or actions may differ materially from these forward-looking statements for many reasons, including risks associated with the ethanol industry generally, and the ability of the company to timely meet all requirements of financing and construction of the plant. We undertake no responsibility to update any forward-looking statement.

Additionally, certain information contained in this newsletter was obtained from our own research and other sources believed to be credible and reliable. 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 believe our sources are reliable, we have not independently verified such information and make no guarantees as to its accuracy or completeness.



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