

Happy Holidays from all of us at:

Newsletter
Edition 1, Dec. 2006

Cardinal Ethanol



Contracts

We have engaged Murex NA Ltd. to be our ethanol marketer. Murex is one of the largest marketers of ethanol as well as other fuels in the United States. We have also engaged Commodity Specialist Company (CSC) to market our distillers grains. We executed our design/build agreement with Fagen, Inc. on December 20, 2006.

Air Permit Status

Our air permit went to public notice on November 27, 2006. The public has 30 days to comment on the air permit. At the end of the public comment period IDEM (Indiana Department of Environment Management) will either issue or deny the permit.



"It is the heart that makes a man rich. He is rich according to what he is, not according to what he has."

Henry Ward Beecher

Site Purchase

After releasing funds from escrow on December 12, 2006, we closed on the purchase of the land for the site on December 13, 2006.

The plant will be located near Harrisville, Indiana which is between Union City and Winchester on US Hwy 32. This site has a CSX main line running tangent to it.

Final Equity & Investor Count

The amount of equity we raised is just over \$70,000,000 and the final investor count is just over 1,060 investors. Approximately 44% of the equity came from about a 25-30 mile radius around the plant site, which is pretty impressive! About 65% came from a 100 mile radius around the plant site! We are very excited to have so many investors, and to have so many of you local! Thank you!

Debt Finance Closing

The loan closing with our lead lender occurred in Indianapolis on December 19, 2006. Our lead lender is First National Bank of Omaha. They are the fifth-largest agricultural lender as well as one of the leading providers of project finance to the ethanol industry.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Any statements in this communication that are not historical or current facts are forward-looking statements. All forward-looking statements in this communication are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements express or implied by the forward-looking statements. Certain of these risk and uncertainties are described in the "Risk Factors" section of the final prospectus relate to our recent offering as filed with the SEC, as well as in our subsequent reports filed with the SEC which are available at the SEC's website www.sec.gov.

Membership Certificates

Enclosed with this newsletter, you should find your membership certificate. Please let us know ASAP if there is anything incorrect on your certificate once you receive it. To those of you who have pledged your certificate or invested with IRAs; your membership certificates will be mailed to your lender or IRA custodian. Please check with your lender if you have any concerns about your certificate.

SEC Filings

We filed our annual report with the SEC on December 22, 2006. You may review this report by visiting our website.

Ethanol Driver Visits

Jeff Simmons, the driver of the Indy series ethanol car, visited President Troy Prescott's farm during harvest. Jeff's visit was for promotional purposes but also to have a behind-the-scenes look at corn production. While there he learned how to operate a combine and posed for several photographs.



Cardinal Ethanol, LLC
2 OMCO Square, Suite 201
P.O. Box 501
Winchester, Indiana 47394

Fueling Energy Independence



Contact information:
cardethanol@verizon.net

Notes:

- Updated project timeline
- Dirt bid package was distributed recently
- Site preparation is to start in the first of 2007
- Plant is expected to be operational by Fall 2008

Watch our website for updates as they occur!

www.cardinalethanol.com

Check the prospectus for answers to most questions, but feel free to call our office at 765-584-2209 or 877-584-2209!