

CARDINAL ETHANOL, LLC AUDIT COMMITTEE CHARTER

Pursuant to Section 5.4 of the Second Amended and Restated Operating Agreement of Cardinal Ethanol, LLC (the "Operating Agreement"), and in accordance with other provisions therein, the Board of Directors ("Board") of Cardinal Ethanol, LLC ("Company"), established an Audit Committee ("Committee") and this Audit Committee Charter ("Charter") on the 1st day of July, 2006, as amended on this 20th day of December 2016.

I. Purpose

The Committee is appointed to assist the Board in fulfilling its oversight responsibilities. The primary duties and responsibilities of the Audit Committee are to:

- Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting, legal and regulatory compliance;
- Appoint, compensate, retain and monitor the independence and qualifications of the Company's independent auditors (also referred to herein as external auditors);
- Monitor the performance of the Company's internal audit function and independent auditors;
- Provide an avenue of communication among the independent auditors, management, and the Board; and
- Prepare an Audit Committee report as required by the Securities and Exchange Commission ("SEC") to be included in the Company's annual proxy statement.

II. Authority

The Committee shall have the authority to conduct or authorize any investigation appropriate to fulfill its responsibilities, and is empowered to:

- Appoint, compensate, retain and oversee the work of the public accounting firm employed by the Company to conduct the annual audit who shall report directly to the Committee;
- Retain independent counsel and other advisers as it deems necessary in the performance of its duties;
- Resolve any disagreements between management and the independent auditor regarding financial reporting;
- Pre-approve all auditing and permitted non-audit services performed by the Company's external audit firm;
- Seek any information it requires from employees—all of whom are directed to cooperate with the Committee's requests—or external parties;
- Meet with Company officers, external auditors, or outside counsel, as necessary;
- Delegate authority to subcommittees including the authority to pre-approve all auditing and permitted non-audit services, providing that such decisions are presented to the full Committee at its next scheduled meeting; and
- Determine appropriate funding for the payment of compensation to the independent auditors engaged for the purpose of issuing an audit report, performing other audit review or attestation services for the Company and to any advisers employed by the Committee which funding must be paid for by the Company.

III. Composition

Committee members' qualifications shall meet the requirements as may be set by the Board from time to time, in addition to all applicable legal and regulatory requirements. The Committee shall be comprised of at least three independent directors of the Company (as defined in Section V.A. below), all in good standing, each of whom must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, statement of members' equity and cash flow statement. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication. At least one member of the Committee must be an "audit committee financial expert" as defined in Item 407 of Regulation S-K. A person who satisfies this definition will be presumed to have financial sophistication.

Committee members and a Committee chair shall be recommended and appointed by the Board. Unless a Chairperson is appointed by the directors, the members of the Committee may designate a Chairperson by a majority vote of the full Committee. The Chairperson shall govern all regular and special sessions of the Committee, be responsible for the scheduling of regular meetings, and set agendas for all such meetings. The Chairperson shall serve until the expiration of his or her term or until his or her resignation, retirement, or removal and a successor has been appointed. If the Chairperson is absent from a meeting, another member of the Committee shall serve as chairperson for the purposes of that meeting.

IV. Responsibilities and Duties

Charter Review

Review and reassess the adequacy of this Charter annually. Consider changes that are necessary as a result of new laws and regulations. Recommend any proposed changes to the Board. Submit the Charter to the Board for approval and publish the document as required.

Financial Reporting

- Review the Company's annual audited financial statements and the documents containing such filings prior to filing or distribution. The review should include discussion with management and independent auditors of the following:
 - Significant issues regarding accounting principles, practices, audit findings, disclosures, judgments and any other requirements under accounting standards and rules;
 - Complex or unusual transactions and areas in which an unusual degree of judgment must be exercised;
 - The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and
 - "Quality of earnings" of the Company from a subjective as well as objective standpoint.
- Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgment made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered. This review will include any restrictions on the scope of the independent auditors' activities or on access to requested information, and any significant disagreement with management.

- Discuss the annual audited financial statements and quarterly financial statements with management and external auditors, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") Consider any items required to be communicated by the independent auditors in accordance with certain statements on auditing standards.
- Recommend to the Board that the audited statements, and the MD&A section be included in the Company's Form 10-K and 10-Q and produce the Committee report required to be included in the Company's proxy statement.
- Review disclosures made by Principal Executive Officer and Principal Financial Officer in the Forms 10-KSB or 10-K and 10-QSB or 10-Q certification process about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Company's internal control.

Internal Control

- Consider the effectiveness of the Company's internal control system, including information technology, security and control.
- Understand the scope of the external auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

In the event the Company employs an internal audit department, the Committee shall:

- Review with management the Charter, plans, activities, staffing and organizational structure of the internal audit function.
- Review the effectiveness of the internal audit function.

Independent Auditors

Each year, review the independence and performance of the independent auditors and retain or discharge the independent auditors as circumstances warrant. In performing this review, the Committee will:

- At least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company.
- Take into account the opinions of management and, in the event the Company has employed an internal audit, the opinions of the internal audit department.
- Present its conclusions with respect to the external auditor to the Board.
- Prescribe such policies and procedures as the Committee deems appropriate pertaining to relationships with the independent auditors, including clear hiring policies for employees and former employees of the independent auditors.
- Approve the independent auditors' engagement terms and fees for annual audit services as well as advance approval of all non-audit engagements with that firm. Any such approval of non-audit services by the independent auditor shall be disclosed in periodic reports as prescribed by law.

- On at least an annual basis, review a formal, written statement from the independent auditors on such matters as are prescribed by law, including all relationships between the auditors and the Company or its management. Discuss with the independent auditors all significant relationships they have with the Company and their impact on the auditors' objectivity and independence, including non-audit services and the fees proposed and charged therefore. Take appropriate action in response to these matters to satisfy itself of the auditors' independence.
- Review the independent auditors audit plan; discuss scope, staffing, locations, reliance upon management, and general audit approach, including coordination of audit effort with the internal audit department, if any.
- Ensure the rotation of the lead audit partner and other audit partners as required by law, and consider whether there should be regular rotation of the audit firm itself.
- Present its conclusions with respect to the independent auditor to the Board.
- Meet separately with the external auditors on a regular basis to discuss any matters that the committee or auditors believe should be discussed privately.
- Review all material written communications between the independent auditors and management, e.g., management letter, schedule of unadjusted differences and/or reportable conditions letter.

Compliance

- At least once annually, review with the Company's legal counsel any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations (in coordination with other committees), and inquiries received from regulators or governmental agencies.
- Establish procedures for:
 - The receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review the process for communicating the Code of Ethics to appropriate company personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and Company legal counsel regarding compliance matters.

Reporting Responsibilities

- Annually prepare such report and certification to unit holders as required by SEC regulations.
- Report to the Board about Committee activities and issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the performance and independence of the Company's independent auditors, and, in the event the Company has employed an internal audit department, the performance of the internal audit function.

Other Audit Committee Responsibilities

- Discuss and review with management the Company's major policies with respect to risk assessment and risk management.

- As considered necessary by the Committee, review policies and procedures as well as audit results associated with directors' and officers' expense accounts and perquisites, including the use of the Company's assets.
- Perform any other activities consistent with this Charter, the Company's operating agreement, and governing law, as the Committee or the Board deems necessary or appropriate.
- Periodically review materials or receive education on Committee-related and new accounting and auditing-related developments and best practices.
- Annually evaluate the Committee's performance of its responsibilities, confirm that all responsibilities outlined in this Charter have been carried out, and create an agenda for the ensuing year.

V. Procedures and Eligibility Requirements

A. Independence Requirements

The Committee has adopted a policy of maintaining an independent audit committee. For the purpose of carrying out such policy, a Committee member will NOT be considered independent if such person:

- is or was within the past three years an employee of the Company or a family member of the person is or was during the past three years an executive officer of the Company;
- or a family member of that person received more than \$120,000 in compensation from the Company during any 12-month period in the past three years (other than compensation for Board or committee services; benefits under a tax qualified retirement plan or non-discretionary compensation; compensation paid to a family member who is an employee of the Company, other than an executive officer; or compensation for service as an interim executive officer if that service was for less than one year);
- or a family member of that person is a partner of the Company's auditor firm;
- or a family member of that person was a partner or employed by the Company's auditor firm, and who worked on the Company's audit at any time within the past three years;
- or a family member of that person is an executive officer of another entity of which during the past three years the executive officers of that company served on the compensation committee of that entity;
- is or has an family member who is a partner or controlling member/shareholder or executive officer of any organization to which the Company made, or from which the Company received, payments from for property or services in an amount (in the current fiscal year or any one of the past three fiscal years), that exceeds the greater of (i) 5% of the recipient's consolidated gross revenues of that year, or (ii) \$200,000. This calculation excludes payments arising solely from investments in the Company's securities or payments under non-discretionary charitable contribution matching programs.
- is an executive officer of a charitable organization and the Company's annual charitable contributions to the organization (exclusive of gift-matching payments) exceed the greater of \$200,000 or 5% of the charitable organizations revenues;
- is a partner of or of counsel to a law firm that receives payments from the Company;
- is a partner, officer or employee of an investment bank or consulting firm that performs substantial services to the Company on a regular basis;
- may not, other than in that person's capacity as a member of the Committee, the Board or any other Board committee, have accepted, directly or indirectly, any consulting, advisory or other compensatory fee from the Company; or
- be an affiliate (as defined below) of the Company or any subsidiary of the Company.

The term “*family member*” is defined to include spouses, parents, children, siblings, whether by blood, marriage or adoption, and anyone else sharing that person’s home.

In cases where a person has a relationship that is not described above or is otherwise not covered in the above example, a majority of the Company’s independent Directors, after considering all of the relevant circumstances, may make a determination whether or not such relationship is material and whether that person may therefore be considered independent. The Board may consider all factors relevant to whether a person has a relationship to the Company which is material to his or her ability to be independent from management, including:

- The sources of the person’s compensation.
- Any affiliate relationships between that person and the Company, and any of its subsidiaries or an affiliate of any subsidiary.

The term *affiliate* means a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the Company. A person will be deemed not to be in control of the Company for purposes of this section if such person or entity: (1) is not a beneficial owner, directly or indirectly, of more than 10% of any class of voting equity securities of the Company; and (2) is not an executive officer of the Company.

The ownership requirement set forth in the previous subparagraph does not create a presumption in any way that a person holding more than 10% of any class of the Company’s voting equity securities controls or is otherwise an affiliate of the Company.

The following will also be deemed affiliates:

- An executive officer of an affiliate;
- A director who is also an employee of an affiliate;
- A general partner of an affiliate; and
- A managing member of an affiliate.

B. Meetings

The Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall meet separately, periodically with management, with internal auditors, if any, and with external auditors. The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. All members are expected to attend each meeting, in person or via teleconference or video-conference. The Committee is otherwise governed by the same rules regarding meetings, action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board and set forth in the Operating Agreement.

The minutes of each meeting are to be prepared at the direction of the Audit Committee Chair and sent to Committee members and all other directors. Copies are to be promptly provided to the independent auditors and the Company’s legal counsel.

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with any provision of this Charter, the Company's Articles of Organization, Operating Agreement, and the laws of the State of Indiana.