

Red Trail Energy

PO Box 11, 3682 Hwy 8 S, Richardton, ND 58652

RED TRAIL REPORT

3rd Quarter 2015

I would like to start off by thanking everyone that responded to our request for sending in comments to the EPA (Environmental Protection Agency) on their proposed changes to the RFS II. Your support for our industry and Red Trail Energy, LLC is greatly appreciated.

We have just completed another quarter and filed our 10-Q with the SEC. Our third quarter was a breakeven quarter, please review Jodi's financial report on page three of the news letter or the filing of the 10-Q for more details. One of the things I receive many questions on is the unrealized hedging losses on the financial statements. I will try to shed some light on this. Currently RTE has contracted approximately 5.7 million bushels of corn to be delivered over the next 6 months. When we contract the bushel we generally sell the futures on the CME (Chicago Mercantile Exchange) in order to offset our price risk relative to those bushels. We use fair value accounting for these futures, which means as the current market price of our hedge positions changes, the gains and losses are immediately recognized in our cost of sales. When the market moves above our sale price of the futures we show an unrealized hedging loss on the financial statements and when it moves below the sale price of the futures we show an unrealized gain. The immediate recognition of hedging gains and losses under fair value accounting can cause net income to be volatile from quarter to quarter and year to year due to the timing of the change in value of the futures relative to the cost of the commodity being hedged. The actual gain or loss on the bushel is realized on the financial statements in the month when the bushel is ground.



Gerald Bachmeier
CEO

Another question we repeatedly receive is the suspension of trading of our membership units. As stated in the 10-Q, our board of governors voluntarily decided to suspend trading on the qualified matching service operated by FNC Ag Stock LLC. Trading is suspended indefinitely while it conducts due diligence on a potential transaction in order to protect the interests of our members, and at this time we are still conducting due diligence. As many of you know being a SEC reporting company this is as much as I and the board can disclose at this time. Thank you for your patience on this matter.

On the operational side we commissioned our new boilers in March and have seen very positive results. Our capacity has increased to sixty million gallons per year, our electrical cost per gallon has dropped by 3 cents and we are producing a gallon of ethanol with 27,500 BTU's of input energy.

I would like to take this time to personally thank the board of governors for the approval of the distribution at the July board meeting; this was mailed the week of August 3rd. I hope everyone received theirs and if you haven't please notify the office as soon as possible.

On behalf of the entire staff here at RTE I would like to thank you for your continued support. As we head into this harvest season we would like to wish everyone a safe and bountiful harvest.

The Mission of Red Trail Energy is to create economic benefit for our investors, local communities, and the state of North Dakota by converting our natural resources and regional corn production into ethanol and beneficial coproducts.

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Have you moved?

Red Trail is committed to getting the most up-to-date information out to our investors in a timely manner. To ensure this please email or call us with any address/phone number changes.

Are you a snowbird? Please give us your temporary address as well.

You can call Stacy at (701) 974-3308 ext. 103 or send her an email at stacy@redtrailenergy.com to update your contact information.

Questions or Comments?

Email us at
info@redtrailenergy.com

Websites to visit to get the latest in Ethanol and Renewable energy News

- ND Corn council/ND Corn Growers Council-
www.ndcorn.org
- North Dakota Ethanol Council-
www.ndethanol.org
- Ethanol Producer Magazine-
www.ethanolproducer.com
- Renewable Fuels Association-
www.ethanolrfa.org



Market Update

Ryan Wiege, Corn Procurement Manager

Fall is definitely in the air! Small grains harvest is in full force; school is starting back up and we are getting geared up for the 2015 corn harvest! We are currently working on getting all of our preventative maintenance checks done within our elevator system as well as getting our corn inventories low to allow us to handle the harvest rush as efficiently as possible. Although we are seeing a decrease of corn acres in our trade area, the reports from the field continue to be promising for seeing good yields and quality. Mother Nature allowed many of our customers to get the corn in the ground on time this spring and the overall growing conditions have been good for many areas. We have our fingers crossed that the weather will cooperate the rest of the growing season and enable this year's corn crop to finish out and reach full potential.

Our main goal this coming year will again be to procure 100% of our annual corn needs directly from our local farmers and elevators. This has been and will continue to be our number one goal within our corn procurement strategies. To date, Red Trail has not bought a corn train since June of 2012 and that is largely due to our continued support and loyalty of our farmers. Going forward into this coming crop year, we will again continue to work very hard to offer our customers as competitive corn bids as possible along with making sure our customers have a hassle free and respectful experience every single time they do business with Red Trail Energy. Please feel free to give me a call at any time to discuss current pricing and contracting options for your old and new crop corn needs.

It is also that time of year when our cattlemen will start looking ahead to their fall cattle feeding rations. Our Modified Distillers Grains are marketed in house and we look to have good availability throughout the upcoming fall and winter months. Please contact me directly for current pricing and contracting options. Our Dried Distillers Grains will continue to be marketed by RPMG. The direct number for them is 877-776-4334.

In closing I would like to thank all of our farmers and ranchers for your continued loyalty and support. It always has been and will continue to be a great privilege doing business with you! I look forward to continuing that strong relationship Red Trail holds with their outstanding customer base. Have a safe and bountiful harvest season!!

FINANCIALS

Financial Report



Jodi Johnson
CFO

As Gerald mentioned in his report, RTE's third quarter was a breakeven quarter. RTE had a net income of ~\$12,000 during this quarter which was significantly less than the third quarter of our 2014 fiscal year. The lower net income is primarily due to lower prices for our products mixed with a hedging loss. The average price we received for our ethanol was approximately 33.8% less during the third quarter of our 2015 fiscal year compared to the third quarter of our 2014 fiscal year, and the average DDG price was 20.5% less.

Year-to-date RTE's net income is ~\$3.33m through the third quarter of our fiscal year. This is also significantly lower than the 2014 fiscal year's year-to-date net income of ~\$23.58m. Again this decrease is due to lower prices for our products. The average price for our ethanol was 31.6% less during the nine months ended June 30, 2015 compared to the same period of our 2014 fiscal year. Similarly, DDG prices were 35.11% lower during the nine months ended June 30, 2015. These lower prices lead to lower revenues for our 2015 fiscal year and a lower net income.

Additional information about the Company's third quarter performance can be accessed via a link to the SEC's website under the Investors tab on Red Trail Energy's website.

Statements of Operations	For the Three Months Ended June 30, 2015 (unaudited)	%	For the Nine Months Ended June 30, 2015 (unaudited)	%
Revenues	\$28,571,787	100.00%	\$75,175,964	100.00%
Gross Profit (Loss)	\$274,491	0.96%	\$3,649,772	4.85%
Net Income (Loss)	\$11,987	0.04%	\$3,333,721	4.43%
Net Income/(Loss) Per unit— Basic	—	—	\$0.08	
Average Units Outstanding—Basic	40,148,160		40,148,160	

Balance Sheets	June 30, 2015 (unaudited)	September 30, 2014 (audited)
Total Assets	\$80,493,231	\$95,658,429
Total Liabilities	\$13,940,229	\$24,404,425
Members Equity	\$66,553,002	\$71,254,004
Book Value per Unit	\$1.66	\$1.77
Debt to equity ratio	0.21	0.34

Going Green

Would you prefer your newsletter by email? Please send an email to:

stacy@redtrailenergy.com

Newsletters are also available on our website:
www.redtrailenergy.com



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