

**CHARTER OF THE
AUDIT COMMITTEE OF THE BOARD OF GOVERNORS
OF RED TRAIL ENERGY, LLC
Last Updated on December 22, 2010**

I. Purpose

The Audit Committee (“Committee”) is appointed by the Board of Governors (“Board”) of Red Trail Energy, LLC (the “Company”) 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; and
- Provide an avenue of communication among the independent auditors, management, and the Board.

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 independent auditors who are employed by the Company to conduct the annual audit and who shall report directly to the Committee;
- 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 independent audit firm;
- Determine appropriate funding for the Company’s payment of compensation to the independent auditors for issuing an audit report or performing other audit review or attestation services for the Company; and
- Determine appropriate funding for the Company’s payment of compensation to any other advisers employed by the Committee.

III. Composition

1. 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.
2. The Committee shall be comprised of at least three governors of the Company, 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. A majority of the governors on the Committee must be independent as defined in subparagraph 3 of this Article III below.
3. A governor will NOT be considered independent for purposes of this Article III, if such governor:
 - (a) Receives any consulting, advisory, or other compensatory fees from the Company, other than board or committee fees and fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service);
 - (b) Is an employee of the Company or any current subsidiary of the Company;
 - (c) Has a family member who is employed by the Company or any of its subsidiaries as an executive officer;
 - (d) Is or has a family member who is employed as an executive officer of another entity where any of the executive officers of the company serve on the compensation committee of such other entity; or
 - (e) Is or has a family member who is a current partner of the Company's outside auditor who worked on the Company's audit;
4. To clarify subparagraph 3 of this Article II, the independence of a governor will not be compromised if a governor or an entity controlled by a governor engages in the sale of commodities to or the purchase of commodities from the Company, so long as any purchase or sale of commodities is on the same terms as those available to the public.

IV. Meetings

The Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall meet (i) separately; (ii) periodically with management; (iii) with internal auditors, if any; and (iv) with external auditors. The Committee may request any officer or employee of the Company, the Company's outside counsel, and/or the 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 tele- or video-conference.

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 governors. Copies are to be promptly provided to the independent auditors and the Company's legal counsel.

V. Scope of Responsibilities and Duties

A. Charter Review

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

B. Financial Reporting

1. Review the Company's annual audited financial statements and the documents containing such filings prior to filing or distribution. The review should include discussions with management and independent auditors about 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;
 - Effectiveness of price protection strategies in place for commodity and other inputs.
2. 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.
3. 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.

4. Review disclosures made by CEO and CFO in the Forms 10-K and 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.

C. Internal Control

1. Consider the effectiveness of the Company's internal control system, including information technology, security and control.
2. 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.

D. Independent Auditors

1. Each year, the Audit Committee shall 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 shall:
 - (a) Obtain and review a report by the independent auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal or peer quality-control 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 in order to assess the auditor's independence, all relationships between the independent auditor and the Company.
 - (b) 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.
 - (c) Present its conclusions with respect to the external auditor to the Board.
2. 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 SEC reports as prescribed by law.

E. Compliance

1. Establish procedures for: (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
2. Obtain regular updates from management and Company legal counsel regarding compliance matters.

F. Reporting Responsibilities

1. Annually prepare such report and certification to unit-holders as required by SEC regulations.
2. 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.