

**HERON LAKE BIOENERGY, LLC
TRADING SERVICE SUMMARY
JANUARY 1, 2014**

The following is a summary of the basic provisions of a Trading Service for members and non-members of Heron Lake BioEnergy, LLC (“Heron Lake BioEnergy” or the “Company”) to buy and sell membership units of Heron Lake BioEnergy. This is not a complete description of all the material aspects of the Trading Service. You should read the entire Operational Manual carefully before buying or selling Heron Lake BioEnergy’s membership units on the Trading Service.

- Trading Restrictions. Strict regulation of trading of Heron Lake BioEnergy’s membership units is necessary in order to remain exempt from IRS regulations that would result in double taxation of earnings. Accordingly, you may only trade or transfer membership units in accordance with the Trading Service Agreement and Operational Manual and all transfers must be approved by the Board of Governors. All unauthorized trades or transfers will be void.
- Trading Periods. The Board of Governors will consider trades and transfers once per quarter. All trades and transfers that are approved will be effected on the first day of the following quarter, except when an offer to sell is posted the last 45 days of a quarter and is matched with an offer to buy in which case the transfers are approved the next following quarter. The quarters begin on January 1, April 1, July 1 and October 1 of each calendar year.
- Transfer Requirements. No member may transfer any unit if, in the determination of the Board of Governors, such transfer would cause the Company to be treated as a publicly traded partnership. The Board of Governors may elect in its sole discretion not to recognize any transfer unless and until (i) the Company has received an opinion of counsel satisfactory in form and substance to the Board that the transfer may be lawfully made without registration under applicable state and federal securities laws and that such transfer will not cause the Company to be treated as a publicly traded partnership and (ii) all documents of conveyance are executed and delivered to the Company including the transferor’s membership certificate. Each member of the Company must own a minimum of twenty five hundred (2,500) units.
- New Members. All new members must sign a counterpart signature page to Heron Lake BioEnergy’s Member Control Agreement.
- Private transfers. Private transfers, such as a transfer by gift or a bequest to a spouse or child of a transferring member or to a trust established for the benefit of such spouse or child, must also be approved by the Board of Governors. To make a private transfer, you must complete a Private Transfer Application and submit it to the Board of Governors for approval and submit any other required documentation.

- Trading Service. Heron Lake BioEnergy has engaged FNC Ag Stock, LLC (“FNC Ag Stock”) to operate a Trading Service for Heron Lake BioEnergy’s membership units. Except as otherwise permitted by the Board of Governors of Heron Lake BioEnergy, you may not sell or transfer Heron Lake BioEnergy’s membership units to any unrelated party other than through this Trading Service. Sellers shall pay FNC Ag Stock a commission of three percent (3%) of the purchase price for each trade, with a minimum of Two Hundred Fifty Dollars (\$250.00) per transaction. Offers to buy or sell membership units through the Trading Service are non-binding until a written contract for sale has been executed. All offers to buy and sell remain subject to authorization by Heron Lake BioEnergy’s Board of Governors.
 - Offers to buy or sell membership units through the Trading Service are non-binding until a written contract for sale has been executed. All matched offers to buy and sell remain subject to authorization by the Transfer Agent.
 - Members interested in buying or selling their membership units should contact FNC Ag Stock at (701) 780-2828 to complete a Listing Agreement or place a bid. You must indicate the price and number of membership units you desire to buy or sell in whole unit increments. You may submit your offer to buy or sell at any time during the quarter; however, if you list the membership units for sale during the last 45 days of the quarter, the transaction will not be submitted to the Transfer Agent until the end of the next quarter. Offers to buy or sell membership units will be made available by FNC Ag Stock upon request and the lowest asking price will be posted on FNC Ag Stock’s website at www.fncagstock.com.
- FNC Ag Stock will match bids with the listed offers for sale on a daily basis (with the exception of weekends and holidays), except that bids may not be matched with offers to sell until the membership units have been listed for at least 15 days. In matching offers, preference is generally given first to the lowest priced offers to sell or the highest bid price, then in the order received. The purchase price will be the buyer’s bid price.
- When an offer to sell is matched with a bid, FNC Ag Stock will contact the buyer and seller by telephone to confirm the sale and then send buyer a Unit Transfer Application. The buyer must return the signed contract to FNC Ag Stock within ten (10) business days with a 100% deposit of the purchase price plus the counterpart signature page to the Member Control Agreement and other documentation, if applicable. The purchase price deposit will be held by an independent escrow agent until the sale is completed.
- After FNC Ag Stock receives the buyer’s contract and deposit, FNC Ag Stock will send the contract to the seller who must sign and return it to FNC Ag Stock within ten (10) business days. The seller must also deliver his or her membership unit certificate(s) (or a lost certificate affidavit) to the Transfer Agent. In the Listing Agreement, the seller agrees to pay FNC Ag Stock’s commission if the seller fails to sign and return these documents as required.

- If you have pledged your membership units to secure a loan, you must get a signed consent from your lender to sell your membership units. The escrow agent will make the check for the sale proceeds payable to both you and the lender upon written request by the lender.
- Approximately 30 days prior to the end of each quarter, FNC Ag Stock will submit to the Company's Transfer Agent the contracts and related documentation to confirm compliance with all Member Control Agreement restrictions, including Board approval.
- If the sale is authorized, the Company's Transfer Agent will reissue the membership units to the buyer and inform FNC Ag Stock to direct the escrow agent to disburse the net sale proceeds to the seller, after payment of FNC Ag Stock's commission. If the sale is not authorized, the purchase price will be returned to the buyer and no commission will be charged.
- Offers to sell and offers to buy may not be listed any longer than 120 days. After an offer to sell or buy has been listed for 120 days it will be removed. A buyer may repost his or her offer to buy immediately; however, a seller will not be able to list any membership units for sale for at least 60 days after the offer is removed.
- No more than 10% of Heron Lake BioEnergy's outstanding membership units may be traded through the Trading Service in any taxable year. If the 10% limit is reached, no further trading will be authorized until after the end of the tax year.

CAUTION: This summary is current only as of the date printed on the first page. It may be updated or revised from time in the discretion of Heron Lake BioEnergy's Board and in coordination with FNC Ag Stock. The most current version will always be available on Heron Lake BioEnergy's website, upon request to Heron Lake BioEnergy or by link on FNC Ag Stock's website. Buyers and sellers should confirm that they are referring to the most current version of the Trading Service Operational Manual when using the Trading Service or transferring membership units.

**HERON LAKE BIOENERGY, LLC
TRADING SERVICE SCHEDULE**

<u>Activity</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
First day of quarter	January 1	April 1	July 1	October 1
Deadline to submit offers to sell that can be approved during quarter if matched	February 13	May 16	August 16	November 15
Deadline to submit offers to purchase for match to be approved during quarter*	February 28	May 31	August 31	November 30
Deadline for purchaser to submit entire balance of purchase price to FNC Ag Stock	March 15	June 15	September 15	December 15
Deadline for FNC Ag Stock to submit required documentation to Transfer Agent for authorization	March 15	June 15	September 15	December 15
Effective date of trades authorized by Transfer Agent	April 1	July 1	October 1	January 1