FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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Soy Energy, LLC
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the quarterly period ended July 31, 2012

OR

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the transition period from to .

COMMISSION FILE NUMBER 000-53112

SOY ENERGY, LLC

(Exact name of registrant as specified in its charter)

Iowa	**20-4026473**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4172 19th Street SW, Mason City, Iowa 50401
(Address of principal executive offices)

(641) 421-7590
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer ☐	Accelerated Filer ☐
Non-Accelerated Filer ☐	Smaller Reporting Company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of October 8, 2012, we had 33,348 membership units outstanding.

INDEX

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

SOY ENERGY, LLC
Condensed Balance Sheets

ASSETS	July 31, 2012	October 31, 2011
	(Unaudited)	
Current Assets		
Cash and cash equivalents	$ 111,399	$ 662,946
Certificates of deposit	—	255,923
Accounts receivable	389,264	88,036
Accrued interest receivable	—	850
Inventories	2,735,894	3,602,931
Prepaid cost and other	22,469	60,746
Total current assets	3,259,026	4,671,432
Property, Plant and Equipment		
Land and improvements	508,526	502,176
Buildings	4,332,952	3,278,738
Equipment	16,028,797	6,313,762
Accumulated depreciation	(994,940)	(24,955)
Total	19,875,335	10,069,721
Construction in progress	—	9,902,982
Net property, plant and equipment	19,875,335	19,972,703
Other Assets		
Other	10,854	43,419
Assets held for sale	1,875,637	1,875,637
Escrow deposit	379,961	379,894
Debt service reserve	150,964	150,766
Debt issuance costs, net	—	135,530
Total other assets	2,417,416	2,585,246
Total Assets	$ 25,551,777	$ 27,229,381

Notes to Unaudited Condensed Financial Statements are an integral part of this Statement.

SOY ENERGY, LLC
Condensed Balance Sheets

LIABILITIES AND MEMBERS' EQUITY	July 31, 2012	October 31, 2011
	(Unaudited)	
Current Liabilities		
Accounts payable	$ 3,175,240	$ 911,865
Accrued expenses	279,063	209,730
Line of credit	1,698,109	610,500
Note payable	250,000	—
Current maturities of long-term debt	5,663,185	473,826
Total current liabilities	11,065,597	2,205,921
Long-Term Debt, Net of Current Maturities	1,048,111	5,577,058
Member contributions, 33,348 and 33,018 Units Issued and Outstanding, respectively	13,438,069	19,446,402
Total Liabilities and Members' Equity	$ 25,551,777	$ 27,229,381

Notes to Unaudited Condensed Financial Statements are an integral part of this Statement.

SOY ENERGY, LLC
Condensed Statement of Operations

	Three Months Ended July 31, 2012	Three Months Ended July 31, 2011	Nine Months Ended July 31, 2012	Nine Months Ended July 31, 2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	$ 3,347,738	$ —	$ 7,283,379	$ —
Costs of Goods Sold	4,759,507	—	11,091,049	—
Gross Loss	(1,411,769)	—	(3,807,670)	—
Operating Expenses				
General and administrative	489,248	271,591	1,514,204	607,712
Professional fees	208,783	64,971	485,712	227,618
Impairment	—	175,743	—	175,743
Total operating expenses	698,031	512,305	1,999,916	1,011,073
Operating Loss	(2,109,800)	(512,305)	(5,807,586)	(1,011,073)
Other Income (Expense)				
Interest income	104	6,265	1,070	43,776
Other income	726	1,072	2,263	5,773
Interest expense	(136,775)	—	(410,330)	—
Total other income (expense), net	(135,945)	7,337	(406,997)	49,549
Net Loss	$ (2,245,745)	$ (504,968)	$ (6,214,583)	$ (961,524)
Weighted Average Units Outstanding - Basic and Diluted	33,330	33,018	33,153	33,018
Net Loss Per Unit - Basic and Diluted	$ (67.38)	$ (15.29)	$ (187.45)	$ (29.12)

Notes to Unaudited Condensed Financial Statements are an integral part of this Statement.

SOY ENERGY, LLC
Condensed Statements of Cash Flows

	Nine Months Ended July 31, 2012 (Unaudited)	Nine Months Ended July 31, 2011 (Unaudited)
Cash Flows from Operating Activities		
Net loss	$ (6,214,583)	$ (961,524)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	981,384	12,330
Write-off of loan costs	120,914	—
Loss on sale of assets held for sale	1,462	45,000
Noncash interest income	(265)	(5,708)
Impairment of long-lived assets	—	175,743
Accrued interest added to long-term debt	10,111	—
Changes in operating assets and liabilities:		
Accounts receivable	(268,663)	—
Accrued interest receivable	850	1,569
Inventories	867,037	(15,292)
Prepaid costs and other	38,277	(146,822)
Accounts payable	2,027,304	81,622
Accrued expenses	69,333	72,848
Net cash used for operating activities	(2,366,839)	(740,234)
Cash Flows from Investing Activities		
Capital expenditures	(633,313)	(323,836)
Proceeds from disposal of equipment	400	200,000
Payments for certificates of deposit	—	(774,820)
Proceeds from maturing certificates of deposit	255,923	255,722
Net cash used for investing activities	(376,990)	(642,934)
Cash Flows from Financing Activities		
Proceeds from line-of-credit, net	1,087,609	—
Proceeds from note payable	250,000	—
Proceeds from long-term debt	1,038,000	—
Payments on long-term debt	(389,577)	(1,668)
Capital contributions	206,250	—
Net cash (used for) provided by financing activities	2,192,282	(1,668)
Net Decrease in Cash and Cash Equivalents	(551,547)	(1,384,836)
Cash and Cash Equivalents at Beginning of Period	662,946	6,352,955
Cash and Cash Equivalents at End of Period	$ 111,399	$ 4,968,119
Supplemental Cash Flow Information		
Interest expense paid	$ 239,106	$ —

Capitalized interest paid	81,910	227,472
Supplemental Schedule of Noncash Investing and Financing Activities		
Construction-in-progress in accounts payable	$ —	$ 818,744
Property, plant and equipment in accounts payable	236,071	10,119
Assets held for sale reclassified to construction-in-progress	—	529,000
Prepaid costs reclassified to construction-in-progress	—	95,000
Amortization of loan fees, discounts and prepaid costs capitalized as construction-in-progress	5,318	102,910
Accrued interest added to long-term debt	10,111	—
Payment of construction-in-progress with escrow deposit	—	5,630,037

Notes to Unaudited Condensed Financial Statements are an integral part of this Statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed interim financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted as permitted by such rules and regulations. These financial statements and related notes should be read in conjunction with the financial statements and notes thereto included in the Company's audited financial statements for the year ended October 31, 2011, contained in the Company's Form 10-K.

In the opinion of management, the interim condensed financial statements reflect all adjustments, consisting of only normal recurring adjustments, considered necessary for fair presentation of the Company's financial position as of July 31, 2012 and the results of operations and cash flows for all periods present.

Nature of Business

Soy Energy, LLC, an Iowa limited liability company, (the Company) operates a 30 million gallon per year (MGY) production biodiesel facility in Mason City, Iowa. The Company produces and sells biodiesel, glycerin and soapstock. The Company commenced operations in January 2012. Prior to January 2012, the Company was in the development stage.

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported revenues and expenses. The Company uses estimates and assumptions in accounting for significant matters, among others, the carrying value of property, plant, and equipment and related assumptions related to impairment testing and the carrying value of assets held for sale. Actual results may differ from previously estimated amounts and such differences may be material to the financial statements.

Revenue Recognition

The Company generally sells biodiesel and related products pursuant to marketing agreements. Revenues are recognized when the marketing company (the "customer") has taken title and has assumed the risks and rewards of ownership, prices are fixed or determinable and collectability is reasonably assured.

Accounts Receivable

In the normal course of business, the Company provides credit to its customers and evaluates the status of outstanding balances on a regular basis. At July 31, 2012, the Company considered all remaining accounts receivable to be fully collectible and an allowance for doubtful accounts was not considered necessary.

Inventory

Inventory consists of raw materials, work-in-progress and finished goods. Inventories are stated at the lower-of-cost, which is determined by the first-in, first-out method, or market.

Property, Plant and Equipment

Property, plant and equipment is stated at cost and is depreciated over estimated service lives of related assets, using the straight-line method of accounting. Property, plant and equipment undergoing development that is not in service is shown in the balance sheet as construction-in-progress and is not depreciated. Estimated service lives computing depreciation for financial reporting are as follows:

Description	Minimum Years	Maximum Years
Land improvements	20	39
Buildings	7	39
Equipment	2	20

Ordinary maintenance and repairs are expensed as incurred. Cost of renewals and betterments are capitalized in appropriate property and equipment accounts and depreciated as discussed above.

The Company capitalizes construction costs as construction-in-progress until the assets are placed in service. The Company had construction-in-progress of approximately $0 and $9,903,000 as of July 31, 2012 and October 31, 2011, respectively, relating to the Mason City, Iowa plant improvements.

Debt Issuance Costs

Loan costs are capitalized and amortized to interest expense over the terms of the related loans using the effective interest rate method.

As noted in Note 5, the Company wrote off the remaining debt issuance costs of approximately $121,000 as of April 30, 2012. Additionally, Company capitalized amortization of debt issuance costs as part of the construction-in-progress during the nine months ended July 31, 2012 of approximately $5,000.

Long-Lived Assets

The Company reviews its long-lived assets, such as property, plant and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. The Company reviews assets held for sale at each reporting date to determine that the carrying value is equal or greater than the estimated net selling price.

Fair Value of Financial Instruments

The Company believes the carrying value of cash and equivalents, escrow deposit, debt service reserve, accounts payable, and other working capital items approximate fair value due to the short maturity nature of these instruments. The Company believes the carrying amount of the long-term debt approximates the fair value due to terms of the debt approximating the current market interest rates. The fair value of assets held for sale is disclosed in Note 4.

2. GOING CONCERN

The financial statements have been prepared on a going concern basis, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business. On January 1, 2012, the Company commenced operations and transitioned from a "development stage company" to an "operating company". The Company incurred losses of approximately $6,200,000 for the nine months ended July 31, 2012 and had previously incurred losses in fiscal 2011 and 2010 while it was in the development stage. Additionally, the Company is out of compliance with certain provisions of the term loan agreement as described in Note 5, which also triggered a default on our line-of-credit. The Company is in the process of resolving the events of default and working to receive waivers for the violations. However, there is no assurance when or if any waiver or amendment will be provided by the lenders. As a result, the Company reclassified the term loans of approximately $5,168,000 as current. If the Company's lenders exercised their rights to accelerate the maturity of the debt outstanding, the Company would not have adequate available cash to repay the amounts currently outstanding. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company has begun generating revenues and cash flows from operations since commencing operations in January. Although production levels are nearing the Company's targeted range and are consistent with initial stages of operation, the Company is not operating at full capacity. The Company's production runs are using corn oil as the main feedstock, which is believed to have significant cost advantages over soybean oil based production.

Management has raised money through the issuance of convertible subordinated notes and equity capital offerings, subject to certain conditions and lender approvals. The Company intends to continue raising additional funds through equity and convertible note offerings. On August 16, 2012, the Company entered into a production tolling arrangement with an unrelated party which will allow us to operate at a high rate without requiring a significant amount of cash and working capital to purchase biodiesel production feedstock. While the Company believes these measures will significantly improve the operating performance of the plant and provide additional working capital, there has not been sufficient time and execution of these measures to determine their impact and ultimate success.

3. INVENTORIES

At July 31, 2012 and October 31, 2011, inventories are composed as follows:

	July 31, 2012	October 31, 2011*
Raw materials	$ 377,654	$ 1,691,724
Work-in-progress	360,278	200,000
Finished goods	1,997,962	1,711,207
	$ 2,735,894	$ 3,602,931

*Derived from audited financial statements.

4. ASSETS HELD FOR SALE

The Company is actively working to sell the assets held for sale. These assets have been recorded at their estimated selling price, less estimated selling costs. The fair value of these assets was determined based on recent sales of similar assets.

Amounts included in assets held for sale are as follows:

	July 31, 2012	October 31, 2011*
Land	$ 250,262	$ 250,262
Equipment	1,625,375	1,625,375
Total assets held for sale	$ 1,875,637	$ 1,875,637

* Derived from audited financial statements.

5. LONG-TERM DEBT

Term Loans

The Company has a term loan for $6,000,000 with a financial institution with a fixed rate of 5.0% until October 2016. The interest rate will then adjust to the greater of the five-year LIBOR swap rate plus 3.5% or 5.0%. The Company began making monthly payments of approximately $64,000, including interest in November 2011, which will continue until maturity in September 2021.

The Company has a non-interest bearing note with the same financial institution for $77,595 which will be due in full in September 2021. The carrying value of the loan is shown net of unamortized discount of $23,165 and $25,043 as of July 31, 2012 and October 31, 2011, respectively, and is calculated using a 5.0% market interest rate. The amortization of the debt discount is recognized as interest costs.

The term loans are secured by substantially all business assets and are subject to various financial and non-financial covenants that limit distributions, capital expenditures, and require minimum debt service coverage requirements. In June and July 2012, the Company received written notices of default (the "Notices") from our lender. The Notices provided that the Company was not in compliance with the provisions of its term loan agreements related to properly naming its lender as an insured party, delivery of fully executed copies of subordinated intercreditor agreements satisfactory to the lender prior to obtaining any subordinated loan, allowing mechanics liens to be filed against the property and untimely submission of monthly financial information. Additionally, the Company is not in compliance with its Debt to Equity ratio loan covenant at July 31, 2012.

The Company is working to obtain waivers from our lender related to the defaults under our loan agreement. However, since the Company has not received waivers for actual or future violations, the Company has classified approximately $5,168,000 of this debt as current and has written-off the related debt issuance costs to interest expense of approximately $121,000 as of April 30, 2012.

Convertible Subordinate Notes

The Company issued convertible subordinated notes with a fixed rate of 12.0%. The Company owes semiannual interest only payments beginning in May 2012 until the notes become due and payable in October 2017. The Company has the right to defer all interest payments until the notes are redeemed, converted, or mature. Accrued interest on the notes totaled approximately $30,000 as of July 31, 2012. The notes are convertible any time after October 31, 2015 and prior to the maturity date at a book value per unit rate. The notes may be redeemed by the Company any time after April 30, 2014 without penalty or premium. The Company's borrowings through the convertible subordinated notes include $368,466 from related parties.

Amounts included in long-term debt are as follows:

	July 31, 2012	October 31, 2011*
Term loan	$ 5,608,755	$ 5,998,332
Term loan	54,430	52,552
Subordinated debt	1,048,111	—
Total long-term debt	6,711,296	6,050,884
Less current maturities	5,663,185	473,826
	$ 1,048,111	$ 5,577,058

* Derived from audited financial statements.

The estimated maturities of long-term debt, net of unamortized discount, at July 31, 2012 are as follows:

2013	5,663,185
2014	—
2015	—
2016	—
2017	1,048,111
Total	$ 6,711,296

6. LINE OF CREDIT

At July 31, 2012, the Company has available a $2,500,000 line of credit from a financial institution, subject to borrowing base limitations, maturing on October 31, 2012, and bearing a variable rate of interest equal to the greater of the Wall Street Journal Prime Rate plus 1.00% or 6.00%. The Company owed $1,698,109 and $610,500 on the line of credit at July 31, 2012 and October 31, 2011, respectively. The line of credit is secured by a real estate mortgage on the Company's Marcus, Iowa property and a first lien on the Company's accounts receivable, inventory, including prepaid deposits for the purchase of inventory, deposit and hedging accounts and assets held for sale. The line of credit is secured by various covenants. As described in Note 5, the Company was in default on the term loans at July 31, 2012, which triggered a default on the line of credit. On August 29, 2012, the Company repaid the balance of its line-of-credit from cash received from the sale of inventory and was subsequently terminated.

7. NOTE PAYABLE

The Company has a note payable for $250,000 with a financial institution bearing interest at 4.5%, maturing on July 30, 2013. The note is secured by a real estate mortgage on the Company's Marcus, Iowa property and guaranteed by certain Company unit holders, both of whom are members of the board, one of whom is the chairman.

8. COMMITMENTS AND CONTINGENCIES

Construction Agreement

On August 11, 2010, the Company entered into a construction agreement with an unrelated party (contractor) for the design and construction of modifications of the Mason City, Iowa biodiesel facility allowing for the use of multiple feedstocks. The Guaranteed Maximum Price of the project is $8,000,000. The contract was complete pending final approval at July 31, 2012. The Company had incurred $8,000,000 on this contract at July 31, 2012 and October 31, 2011 which was included in construction-in-progress at October 31, 2011. The plant was put into service in January 2012. The retaintage payable related to this contract approximates $374,000 at July 31, 2012 and October 31, 2011 and is included in accounts payable in the balance sheet. Payables related to construction are approximately $1,179,000 at July 31, 2012.

Legal Proceedings

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. While the ultimate outcome of these matters is not presently determinable, it is in the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the financial position or results of operations of the Company. Due to the uncertainties in the settlement process, it is at least reasonably possible that management's view of outcomes will change in the near term.

In May and August 2012, a subcontractor of the general contractor that performed the conversion to allow corn oil processing and maintenance of the plant filed mechanics liens and a lawsuit to foreclose on the mechanics liens against the Company seeking payment of retainage amounts as well as other costs beyond the scope of the original contract totaling approximately $847,000. As of July 31, 2012, the Company has accrued approximately $847,000 related to the subcontractors claim.

Marketing Agreement

On August 12, 2010, the Company entered into a marketing agreement with an unrelated party whereby the marketer would sell and market all of the biodiesel produced by the Company. The agreement commenced on the effective date, August 12, 2010, and has an initial term of two years from the date when the Company first delivered biodiesel pursuant to the marketing agreement with options to renew for additional terms. The Company plans to terminate in December 2013.

Crude Corn Oil Purchase Agreement

On June 19, 2008, the Company entered into a three year contract with an unrelated party to purchase 820,000 pounds of corn oil per month at a price based on a percentage of an index. Additionally, the contract includes a provision that allows for a profitability incentive to be paid by the Company to the unrelated party under certain conditions. The contract provides the Company the option to purchase additional corn oil at the prevailing market price. The agreement also provides for its renewal in one year increments unless terminated by either party with 90 days notice.

9. MEMBERS' EQUITY

During the nine months ended July 31, 2012, the Company issued 330 units at a price of $625 per unit, which resulted in total proceeds of $206,250.

10. SUBSEQUENT EVENT

On August 16, 2012, the Company entered into a tolling agreement with an unrelated party. The agreement provides for the unrelated party to be the exclusive supplier of feedstock processed at the Company's facility as well as the primary buyer. The agreement runs through December 31, 2013 and renews for successive one year terms thereafter unless written notice is given by either party at least 30 days prior to expiration. The agreement provides for specified operating performance as well as variability to changing commodity prices. The Company's revenue from the agreement will be based on a processing fee subject to the production of the plant during a given time period. Processing fees are earned based on terms as defined within the tolling agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

We prepared the following discussion and analysis to help you better understand our financial condition, changes in our financial condition, and results of operations for the three and nine month periods ended July 31, 2012. This discussion should be read in conjunction with the financial statements and notes and the information contained in our annual report on Form 10-K for the fiscal year ended October 31, 2011. Unless otherwise stated, references in this report to particular years or quarters refer to our fiscal years ended in October and the associated quarters of those fiscal years.

Forward Looking Statements

This report contains forward-looking statements that involve future events, our future performance and our expected future operations and actions. In some cases you can identify forward-looking statements by the use of words such as "may," "will," "should," "anticipate," "believe," "expect," "plan," "future," "intend," "could," "estimate," "predict," "hope," "potential," "continue," or the negative of these terms or other similar expressions. These forward-looking statements are only our predictions and involve numerous assumptions, risks and uncertainties, including, but not limited to, those business risks and factors described elsewhere in this report, in our other Securities and Exchange Commission filings, as well as those listed below.

- Our ability to maintain compliance with the terms of our loan agreement;
- Our liability from litigation, including the foreclosure lawsuit that has been filed;
- Our ability to profitably operate the biodiesel production facility pursuant to the Bunge toll manufacturing agreement;
- Overcapacity within the biodiesel industry;
- Our ability to successfully operate the biodiesel production facility and profitably produce biodiesel;
- Changes in our business strategy, capital improvements or development plans;
- Availability and costs of feedstock;
- Actual biodiesel and co-product production varying from expectations;
- Changes in or elimination of governmental laws, tariffs, trade or other controls or enforcement practices such as national, state or local energy policy; federal biodiesel tax incentives; or environmental laws and regulations that apply to the Mason City biodiesel production facility;
- Changes in the weather or general economic conditions impacting the availability and price of vegetable oils and animal fats;
- Total U.S. consumption of diesel;
- Changes in interest rates or the availability of credit;
- Our ability to generate free cash flow to operate and invest in our business;
- Our ability to sell assets held for sale at their carrying value minus selling costs;
- Changes and advances in biodiesel production technology;
- Restrictive covenants in our loan agreements;
- Competition from other alternative fuels; and
- Other factors described elsewhere in this report.

We undertake no duty to update these forward looking statements, even though our situation may change in the future. Furthermore, we cannot guarantee future results, events, levels of activity, performance or achievements. We caution you not to put undue reliance on any forward-looking statements which speak only as of the date of this report. You should read this report completely and with the understanding that our actual future results may be materially different from what we currently expect. We qualify all of our forward looking statements by these cautionary statements.

Overview

Soy Energy, LLC (referred to herein as "Soy Energy" the "Company" "us" or "we") is an Iowa limited liability company which only recently commenced operations. Soy Energy sold its first batch of biodiesel in January 2012 and sold its first batch of corn stillage oil based biodiesel in March 2012. We were organized as an Iowa limited liability company by filing articles of organization with the Iowa Secretary of State on December 15, 2005.

Soy Energy restarted operations in 2011 by retrofitting a biodiesel production facility that was previously in bankruptcy in order to allow it to process multiple types of feedstock to produce biodiesel. We primarily use corn oil as the feedstock to produce ASTM standard biodiesel but we have the ability to use various other types of biodiesel production feedstock. We are one of a very few biodiesel production facilities that are able to operate on 100% corn stillage oil, which is a product produced by various ethanol manufacturers. Our flexible pretreatment ability allows us to use a broad range of feedstock to produce biodiesel. Due to our location near several ethanol producers, we believe our location allows us to secure sufficient corn stillage oil to operate the biodiesel production facility and that corn stillage oil represents our most favorable biodiesel production feedstock.

On September 14, 2012, the EPA issued the volume requirement under the Federal Renewable Fuels Standard ("RFS") for biomass based diesel, which is the biodiesel use requirement in the RFS. The EPA increased the biodiesel use requirement from the 2012 use requirement of 1 billion gallons to 1.28 billion gallons per year for 2013. This increase in the biomass based diesel volume requirement may increase biodiesel demand in 2013 which may positively impact our ability to profitably operate the biodiesel production facility. Further, biodiesel qualifies as an Advanced Biofuel under the RFS. An Advanced Biofuel must reduce carbon output by at least 50% compared to petroleum diesel. Due to our ability to produce biodiesel using corn stillage oil, our biodiesel production facility has an exceptionally low carbon footprint. In addition to the increased RFS requirement for biodiesel, more Original Equipment Manufacturers ("OEM") have approved biodiesel blends to be used in their engines which has expanded the acceptance of biodiesel by these OEMs and may lead to increased biodiesel demand.

Several states have enacted various pieces of legislation that are designed to benefit the biodiesel industry, including production incentives or biodiesel use mandates. We are directly benefited by a piece of legislation that Iowa adopted in May 2011. The Iowa law provides a biodiesel production incentive of $0.03 per gallon in 2012, $0.025 per gallon in 2013, and $0.02 per gallon in 2014, for each gallon of biodiesel produced in an Iowa biodiesel production facility. This biodiesel production incentive is capped at the first 25 million gallons of biodiesel produced per biodiesel production facility. Further, the Iowa law provides a credit for biodiesel retailers in Iowa. In 2012, retailers earn $0.02 per gallon for B2 blends, which is a fuel blend which contains 2% biodiesel and 98% diesel. The Iowa legislation also provides that in 2012, retailers can earn $0.045 per gallon for B5 blends, which is a fuel blend that contains 5% biodiesel and 95% diesel. For 2013 through 2017, Iowa retailers earn $0.045 per gallon of B5.

On August 21, 2012 we were served with a foreclosure lawsuit by Wolin & Associates, Inc. ("Wolin") which seeks to foreclose two mechanics liens it filed against the Mason City biodiesel production facility. The total amount of these mechanics liens is approximately $847,000. Management has answered Wolin's claims in the foreclosure lawsuit. Management anticipates that our lenders will join in the foreclosure lawsuit if we are unable to reach an agreement with Wolin. If we are unable to successfully resolve the foreclosure lawsuit, we may lose our interest in the Mason City biodiesel production facility which could reduce or eliminate the value of our units.

Effective August 16, 2012, we executed a Feedstock and Biodiesel Sale and Service Agreement with Bunge North America, Inc. ("Bunge") that allows us to produce biodiesel from feedstock provided and owned by Bunge. Terms of the agreement call for Bunge to be the exclusive feedstock supplier to our Mason City facility. Bunge agreed to provide a processing fee to us in exchange for the biodiesel production pursuant to the agreement. The initial term of the agreement ends on December 31, 2013, unless the agreement is terminated pursuant to the terms of the agreement. The agreement automatically renews for successive one-year terms unless either party gives 30 days notice of its intent not to renew the agreement prior to the expiration of the initial term.

On August 29, 2012, we repaid the balance of our line of credit with First Citizens and the line of credit was terminated. We have the ability to reapply for this line of credit with First Citizens in the event that we have enough unencumbered assets to use as collateral for the line of credit. Management anticipates that our cash needs will be less now that we have the manufacturing arrangement with Bunge. Pursuant to the manufacturing agreement, Bunge will provide and own feedstock which we will process which we anticipate will reduce the amount of cash we need to operate the biodiesel production facility.

We received written notices of default (the "Notices"), dated June 21, 2012 and July 13, 2012, from OSM-REO FF, LLC ("OSM") our primary lender. Our loan agreement with OSM contains various covenants and restrictions with which we are obligated to comply. The loan agreement is secured by a mortgage and security interest granted by the Company in favor of OSM in substantially all of our real property and personal property, with the exception of the real property owned by the Company which is located in Marcus, Iowa.

The Notices provided that we are in default pursuant to Section 7.01(f) of the loan agreement due to the fact that we failed to procure a Lender's Loss Payable Endorsement in favor of OSM from our insurance company. We were also in default pursuant to Section 7.01(c) of the loan agreement due to our failure to deliver certain subordinated intercreditor agreements in a form satisfactory to OSM. We were in default pursuant to Section 7.01(c) due to the mechanics liens that were filed by Wolin. Finally, we were in default pursuant to Section 7.01(e) due to our failure to deliver unaudited financial statements as required by Section 5.01(b) of the loan agreement.

OSM requested that the Company immediately cure each of the events of default which have occurred pursuant to the loan agreement. The Notices advise, and the loan agreement provides, that upon the occurrence of an event of default, OSM may exercise a variety of remedies afforded to OSM under the loan agreement or by applicable law or equity, including without limitation, acceleration of the due date of the unpaid principal balance of the loan agreement and all accrued but unpaid interest thereon. Further, according to the loan agreement, OSM may, during an event of default and in accordance with applicable law, foreclose its mortgage on the Company's real property and its security interest in the Company's personal property and exercise any other remedies provided therein.

We are working to obtain waivers from OSM related to the defaults under our loan agreement. However, since we have not received waivers for these violations, we have classified approximately $5,168,000 of our long-term debt as current and have written-off the related debt issuance costs of approximately $121,000.

On May 15, 2012, a methanol storage tank rupture occurred at our biodiesel production facility. Following the tank rupture, the biodiesel production facility was evacuated. None of our employees were injured. Following the incident, the biodiesel production facility was inspected by an independent third party. The independent third party generated a report which was shared with our insurance company and OSHA. We restarted operations at the biodiesel production facility in July after the methanol tank rupture. During the time that the biodiesel production facility was down following the methanol tank rupture, we performed other plant maintenance and upgrades which has allowed us to improve our biodiesel production facility's efficiency. The biodiesel production facility is currently operating, however, we continue to experience plant down-time as we work to bring the biodiesel production facility into full production.

The problems that we have experienced in commencing operations at our biodiesel production facility and liquidity issues we face raise concerns about our ability to continue as a going concern. We are working to raise additional debt and equity capital for our operations and we recently executed a manufacturing agreement with Bunge which will allow us to produce biodiesel using feedstock provided and owned by Bunge. However, we continue to struggle with our liquidity which has limited our ability to operate the biodiesel production facility at or near full capacity.

Results of Operations for the Fiscal Quarters Ended July 31, 2012 and 2011

The following table shows the results of our operations for the fiscal quarters ended July 31, 2012 and 2011:

Statement of Operations Data	Fiscal Quarter Ended July 31, 2012 (Unaudited)	Fiscal Quarter Ended July 31, 2011 (Unaudited)
Revenues	$ 3,347,738	$ —
Cost of Goods Sold	4,759,507	—
Gross Loss	(1,411,769)	—
Operating Expenses	698,031	512,305
Operating Loss	(2,109,800)	(512,305)
Other Income (Expense)	(135,945)	7,337
Net Loss	$ (2,245,745)	$ (504,968)

We had approximately $3.3 million in revenue for our third fiscal quarter of 2012 related to sales of biodiesel and its related co-products. We did not have any revenue during the comparable period of 2011 as we had not yet completed the renovation of the Mason City biodiesel production facility. During our third fiscal quarter of 2012, we produced biodiesel for sale in the market using primarily corn oil as the biodiesel production feedstock. We had approximately $4.8 million in cost of goods sold during our third fiscal quarter of 2012 related to purchases of feedstock inventory and other raw materials necessary for the biodiesel production process as well as having a full production staff. We did not have any cost of goods sold during the third quarter of 2011 because we had not yet started production at the biodiesel production facility at that time. Our cost of goods sold exceeded our revenue in the quarter primarily due to operating below the capacity of the plant.

Our operating expenses were higher during our third quarter of 2012 compared to the same period of 2011 due to the fact that we were operating the biodiesel production facility during 2012 which resulted in more staff and greater costs associated with operating our business. We also had increased professional fees during our third quarter of 2012 compared to the same period of 2011 due to various professional fees related to the operation of the biodiesel production facility. We had an impairment of our assets of approximately $176,000 during our third quarter of 2011 related to various equipment which we had for sale which was not used in the Mason City biodiesel production facility. We had no comparable impairments during our third quarter of 2012.

We had significantly less interest income during our third quarter of 2012 compared to the same period of 2011 due to having less cash on hand during the 2012 period. We used much of our cash during our 2011 fiscal year to complete the renovations to the Mason City biodiesel production facility. We had interest expense during our third quarter of 2012 since we completed

construction of the biodiesel production facility and therefore we are no longer capitalizing interest related to our credit facilities. Further, we were drawing funds on our revolving line of credit during our third quarter of 2012 which resulted in increased interest expense. We did not have a line of credit during our third quarter of 2011.

Management is in the process of continuing to fine tune the operation of the biodiesel production facility. However, we continue to experience plant downtime as we address mechanical issues with the biodiesel production facility. These mechanical issues have resulted in decreased production while we try to rectify these issues. We recently entered into an agreement with Bunge to manufacture biodiesel using feedstock provided and owned by Bunge which management believes will reduce the cash we need to operate since we will not be required to purchase feedstock to operate the biodiesel production facility. We recently started producing biodiesel for Bunge that we anticipate will be delivered in October 2012.

Results of Operations for the Nine Months Ended July 31, 2012 and 2011.

The following table shows the results of our operations for the nine months ended July 31, 2012 and 2011:

Statement of Operations Data	Nine Months Ended July 31, 2012	Nine Months Ended July 31, 2011
	(Unaudited)	(Unaudited)
Revenues	$ 7,283,379	$ —
Cost of Goods Sold	11,091,049	—
Gross Loss	(3,807,670)	—
Operating Expenses	1,999,916	1,011,073
Operating Loss	(5,807,586)	(1,011,073)
Other Income (Expense)	(406,997)	49,549
Net Loss	$ (6,214,583)	$ (961,524)

We had revenue of approximately $7.3 million for our first nine months of 2012. We had no revenue during the comparable period of 2011 because our biodiesel production facility was not yet operational. We have continued to increase our biodiesel production capacity as we have worked to bring our facility online and find efficiencies in operating the biodiesel production facility. We had approximately $11.1 million in cost of goods sold during our first nine months of 2012. We had no cost of goods sold during the first nine months of our 2011 fiscal year as we had not yet started operating the biodiesel production facility during that time. Our cost of goods sold exceeded our revenue for the 2012 period primarily due to operating the biodiesel production facility below its production capacity.

Our general and administrative expenses were higher during our first nine months of 2012 as we operated the biodiesel production facility during that time which required more employees and expenses related to operating our business. We had more professional fee expenses during our first nine months of 2012 due to various professional fees we incurred related to the operation of the biodiesel production facility.

We had less interest income during our first nine months of 2012 compared to the same period of 2011 due to having less cash on hand during the 2012 period. We had interest expense during our first nine months of 2012 since we completed construction of the biodiesel production facility and therefore we are no longer capitalizing interest related to our credit facilities. Further, we were drawing funds on our revolving line of credit during 2012 which resulted in interest expense. We did not have a line of credit during the same period in 2011. We also wrote off debt issuance costs of approximately $121,000 during the 2012 period when we reclassified our term loans to current liabilities.

Changes in Financial Condition at July 31, 2012 Compared to October 31, 2011

The table below shows the changes in our financial condition during the nine months ended July 31, 2012.

ASSETS		July 31, 2012		October 31, 2011*
		(Unaudited)		
Current Assets	$	3,259,026	$	4,671,432
Net Property, Plant and Equipment		19,875,335		19,972,703
Other Assets		2,417,416		2,585,246
Total Assets	$	25,551,777	$	27,229,381
LIABILITIES				
Current Liabilities	$	11,065,597	$	2,205,921
Long-Term Debt Net of Current Maturities		1,048,111		5,577,058
Members' Equity		13,438,069		19,446,402
Total Liabilities and Members' Equity	$	25,551,777	$	27,229,381

* Derived from audited financial statements.

Our cash and equivalents were lower as of July 31, 2012 compared to October 31, 2011 due to our continuing efforts to bring the biodiesel production facility to full operating capacity. We also converted our certificates of deposit to cash during our first fiscal quarter of 2012. Our accounts receivable were higher at July 31, 2012 compared to October 31, 2011 due to biodiesel sales we made prior to the end of our third quarter of 2012 for which we had not yet received payment. The value of our inventory was lower at July 31, 2012 compared to October 31, 2011 due to having less raw materials on hand, partially offset with higher finished goods.

Property, plant and equipment increased at July 31, 2012 compared to October 31, 2011 due to the fact that we completed our construction in progress and we incurred further construction which increased the amounts of these assets as of July 31, 2012 compared to October 31, 2011. We had no debt issuance costs as of July 31, 2012 compared to approximately $136,000 at October 31, 2011. When we moved our long-term debt to current, we wrote off our debt issuance costs.

We had significantly more accounts payable as of July 31, 2012 compared to October 31, 2011 due to having less cash on hand to pay amounts owed to our vendors. In addition, we had a larger amount outstanding on our line of credit as of July 31, 2012 compared to October 31, 2011 due to funds we used to purchase feedstock and continue our operations. Our current portion of long-term debt was higher at July 31, 2012 compared to October 31, 2011 due to the fact that we reclassified our long-term debt with OSM as current due to covenant issues we had outstanding at July 31, 2012. Our long-term debt, net of current maturities, included amounts we had outstanding to various investors who provided subordinated debt through a private offering.

Liquidity and Capital Resources

Our primary sources of liquidity are cash and cash equivalents we have on hand. Following the end of our third quarter of 2012, we repaid the entire outstanding balance of our First Citizens line of credit from cash that was generated through the sale of inventory and this line of credit was canceled. As a result, we do not have a line of credit that we can use for operating capital. As of July 31, 2012, we had cash and equivalents of approximately $111,000. In addition, the balance of our escrow account as of July 31, 2012 was approximately $380,000. The funds in our escrow account are used to pay our construction costs, but are being held until we are satisfied that the biodiesel production facility meets operating performance measures.

Management is evaluating potential capital expenditures designed to improve the efficiency of the biodiesel production facility. No specific timetable has been established for any such capital expenditures and management has not made any definitive plans regarding these potential capital expenditures. However, management continues to work to identify improvements that can be made to the biodiesel production facility which will allow us to consistently operate at full capacity and improve our operating efficiencies. We may require additional equity or debt capital in order complete any future capital projects.

Concerns have been raised regarding our ability to continue as a going concern, especially in light of the recent difficulties we have had operating the biodiesel production facility and the default notices we received from our primary lender, OSM along with the mechanics lien foreclosure proceeding with Wolin. These factors may continue to negatively impact our liquidity. We recently entered into an agreement with Bunge that may result in Bunge providing feedstock to process into biodiesel. This will allow us to avoid some of the feedstock costs that we may incur in order to operate the biodiesel production facility at a higher capacity. Further, management anticipates continuing to try to raise additional equity and debt capital in order to provide additional cash for our operations. Management is also working on improving the efficiency of our biodiesel production facility in order to attempt to increase our operating margins and profitability. Finally, management is working with our lenders in order to receive waivers of our recent loan agreement defaults and with Wolin to address the issues related to the mechanics lien foreclosure.

The following table shows our cash flows for the nine months ended July 31, 2012 and 2011

	Nine Months Ended July 31, 2012		Nine Months Ended July 31, 2011	
Net cash used for operating activities	$	(2,366,839)	$	(740,234)
Net cash used for investing activities		(376,990)		(642,934)
Net cash provided by (used for) financing activities		2,192,282		(1,668)
Cash beginning of period		662,946		6,352,955
Cash end of period	$	111,399	$	4,968,119

Cash Flow from Operating Activities

Our operating activities used more cash during the nine months ended July 31, 2012 compared to the same period of 2011, primarily due to the start-up of the plant and the losses we experienced during the 2012 period.

Cash Flow from Investing Activities

Our investing activities used less cash during the nine months ended July 31, 2012 compared to the same period of 2011. We used more cash for capital expenditures during the 2012 period compared to the 2011 period. These capital expenditures were related to capital improvements we have been making to our biodiesel production facility. In 2011, we purchased certificates of deposit to hold cash that was not yet needed. In 2012, we used the proceeds from the certificates of deposit to pay for capital expenditures. We also received cash during the 2011 period related to equipment we sold for approximately $200,000. We sold significantly less equipment during the comparable period of 2012.

Cash Flow from Financing Activities

We received cash from our line of credit during the nine months ended July 31, 2012 which we used to finance operations at the biodiesel production facility. These funds were primarily used for purchases of biodiesel feedstock and other raw materials necessary to produce biodiesel and its co-products. Our line of credit was repaid and canceled in August 2012. In addition, we received additional capital through subordinated debt and a private offering which we commenced during our second quarter of 2012. Finally, we received $250,000 in proceeds from a note payable from Farmers State Bank during our third quarter of 2012 which we used in our operations. We started making payments on our OSM long-term debt in November 2011.

Long-term and Short-term Debt Sources

On April 2, 2010, we entered into a loan agreement with OSM. Subject to the terms of the loan agreement, OSM agreed to lend us $6,000,000. The initial interest rate is 5%. In October 2016, the interest rate will adjust to the 5-year London Inter-bank Offered Rate (LIBOR) swap rate plus 3.5%, with a minimum annual interest rate of 5%. During the first year of the loan, we were required to only pay interest on outstanding amounts. Beginning in November 2011, we agreed to make scheduled principal and interest payments amortized over a ten-year period. The maturity date of the loan is in September 2021.

The loan agreement requires us to adhere to various covenants which restrict our operating flexibility. The loan agreement restricts our ability to make distributions to our members, to further pledge our assets for other financing that we might require, and to make payments on subordinated debt we acquire. In addition, the loan agreement requires us to maintain certain financial ratios and to obtain OSM's permission before taking certain actions affecting our business and material contracts.

In addition to the loan defaults discussed above, we were out of compliance at July 31, 2012 with our debt to equity financial covenant, and we anticipate being out of compliance with one or more covenants during the next year without improved performance or amendments to our covenants. As discussed above, OSM sent us notices of default with respect to this loan on June 21, 2012 and July 13, 2012. We are seeking to resolve the events of default and obtain a waiver from OSM. We have reclassified our OSM debt as a current liability since OSM has the right to accelerate our loans due to the defaults.

At closing, we executed a mortgage and security agreement in favor of OSM creating a first lien on the Mason City biodiesel production facility. As a result, we must obtain OSM's permission to sell these assets, which could limit our operating flexibility. The loan agreement provides that certain actions will constitute defaults, which would allow OSM to demand immediate repayment of the entire loan amount and foreclose its lien on our property.

On September 30, 2010, we entered into an Amended and Restated Loan Agreement with OSM. The purpose of amending and restating the loan agreement was to address certain issues related to closing on the loan and to address additional details related to the Construction and Design Agreement and our anticipated biodiesel production facility modifications to make the facility multi-feedstock capable. On March 18, 2011, we entered into a second amendment to the loan agreements with OSM, whereby certain defined terms related to a covenant calculation were clarified.

As of July 31, 2012, we had approximately $5.8 million outstanding pursuant to our OSM loan which accrued interest at a rate of 5% per year.

In addition to our OSM loan, on October 17, 2011, we executed a $4 million operating line of credit with First Citizens. We used these funds to purchase raw materials to operate the biodiesel production facility. The maturity date of this line of credit was October 31, 2012. However, in August 2012, this line of credit was repaid and canceled. As a result, we no longer have a line of credit to use for working capital.

In addition, we raised $1,048,111 through the private sale of subordinated unsecured debt securities during our 2012 fiscal year. We used the capital we raised through these debt securities to continue the development and startup of our biodiesel production facility.

On February 3, 2011, we entered into a development agreement with the City of Mason City, Iowa. This agreement provides that the City of Mason City, Iowa will make certain incentive payments to us based on the increased property tax revenue for 5 years, beginning December 1, 2012, related to the initial construction of the Mason City biodiesel production facility and 8 years, beginning December 1, 2013, based on the equipment installation at the Mason City biodiesel production facility, totaling up to, but not to exceed, approximately $623,000. The agreement also provides for a new water main extension to our site estimated to cost approximately $120,000, of which 25% of the cost will be paid by the City of Mason City and the remaining 75% will be paid using funds held in our escrow account. Additionally under the development agreement, we have agreed to meet certain employment requirements related to hiring and retention through December 31, 2021.

Critical Accounting Estimates

Management uses various estimates and assumptions in preparing our financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accounting estimates that are the most important to the presentation of our results of operations and financial condition, and which require the greatest use of judgment by management, are designated as our critical accounting estimates. We have the following critical accounting estimate:

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment testing for assets requires various estimates and assumptions, including an allocation of cash flows to those assets and, if required, an estimate of the fair value of those assets. We review assets held for sale at each reporting date to determine that the carrying value is equal to or greater than the estimated net selling price. The carrying value of assets held for sale is based on the ability to sell or utilize these assets. Our estimates are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. These valuations require the use of management's assumptions, which do not reflect unanticipated events and circumstances that may occur.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is not required to provide the information required by this item because it is a smaller reporting company.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of the Company's management, the Company's principal executive officer and interim principal financial officer, Jeff Oestmann, has concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act") were not effective as of July 31, 2012 to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. More specifically, the Company has a limited number of personnel in finance and accounting functions. Were there a larger staff, it would be possible to provide for enhanced segregation of duties. Management recognizes that this is a material weakness. We continue to evaluate internal control improvements to provide greater segregation and internal controls.

Changes in Internal Control Over Financial Reporting

In August 2012, the Company's CFO, Steve Nath, resigned from the Company. Jeff Oestmann assumed the title of interim Chief Financial Officer until a replacement is found.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On August 21, 2012 we were served with a foreclosure lawsuit by Wolin & Associates, Inc. ("Wolin") which seeks to foreclose two mechanics liens it filed against the Mason City biodiesel production facility. This foreclosure lawsuit was filed on August 16, 2012 in Cerro Gordo County District Court, in the State of Iowa. The total amount of these mechanics liens is approximately $847,000. Management has answered Wolin's claims in the foreclosure lawsuit. Management anticipates that our lenders will join in the foreclosure lawsuit if we are unable to reach an agreement with Wolin. If we are unable to successfully resolve the foreclosure lawsuit, we may lose our interest in the Mason City biodiesel production facility which could reduce or eliminate the value of our units.

Item 1A. Risk Factors

The Company is not required to provide the information required by this item because it is a smaller reporting company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On May 8, 2012, we sold 36 units and on June 13, 2012, we sold 32 units for a total of 68 membership units in exchange for an aggregate offering price of $42,500. The sale of membership units was deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) and Rule 506 of the Securities Act of 1933 as transactions by an issuer not involving a public offering. No underwriting discounts or commissions were paid in these transactions and we conducted no general solicitation in connection with the offer or sale of the securities. The acquirers of our membership units made representations to us regarding their status as accredited investors as defined in Regulation D, or as investors with such knowledge and experience in financial and business matters that they were capable of evaluating the merits and risks of the investment (alone or with a purchaser representative), and their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof. Appropriate legends will be affixed to unit certificates and instruments issued in such transactions. All acquirers were provided a private placement memorandum concerning the Company and the offering.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits.

(a) The following exhibits are filed as part of this report.

Exhibit No.	Exhibit
10.1	Feedstock and Biodiesel Sale and Service Agreement between Soy Energy, LLC and Bunge North America, Inc. dated August 16, 2012.+
31.1	Certificate Pursuant to 17 CFR 240.13a-14(a)*
31.2	Certificate Pursuant to 17 CFR 240.13a-14(a)*
32.1	Certificate Pursuant to 18 U.S.C. Section 1350*
32.2	Certificate Pursuant to 18 U.S.C. Section 1350*
101	The following financial information from Soy Energy, LLC's Quarterly Report on Form 10-Q for the quarter ended July 31, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Balance Sheets as of July 31, 2012 and October 31, 2011, (ii) Condensed Statements of Operations for the three and nine months ended July 31, 2012 and 2011, (iii) Condensed Statements of Cash Flows for the nine months ended July 31, 2012 and 2011, and (iv) the Notes to Financial Statements.**

* Filed herewith.
** Furnished herewith.
+ Confidential Treatment Requested

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOY ENERGY, LLC

Date: October 8, 2012

/s/ Jeff Oestmann
Jeff Oestmann
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 8, 2012

/s/ Jeff Oestmann
Jeff Oestmann
Interim Chief Financial Officer
(Principal Financial Officer)

Confidential Treatment Requested. Confidential portions of this document have been redacted and have been separately filed with the Commission.

FEEDSTOCK AND BIODIESEL SALE AND SERVICE AGREEMENT

THIS FEEDSTOCK AND BIODIESEL SALE AND SERVICE AGREEMENT (this "Agreement") is made and entered into as of August 16, 2012 ("Effective Date") by and among Soy Energy, LLC, an Iowa limited liability company ("Soy") and Bunge North America, Inc., a New York corporation ("Bunge") (each, a "Party" and collectively, the "Parties").

RECITALS

Soy produces and sells biodiesel from its biodiesel production facility located in Mason City, Iowa (the "Soy Facility"). Soy and Bunge desire for Soy to process Bunge's feedstock for the production and sale of biodiesel at the Soy Facility, subject to the terms and conditions of this Agreement.

AGREEMENT

Now, therefore, the Parties agree:

1. Feedstock.

1.1 Exclusivity. Subject to the terms herein, Bunge will be the exclusive supplier of Feedstock to the Soy Facility during the Term (as defined below).

1.2 Feedstock Sourcing. Bunge will be responsible for locating the feedstock to be used to produce Biodiesel under this Agreement (referred to collectively hereinafter as "Feedstock"), provided that Soy may notify Bunge regarding Feedstock purchase opportunities of which Soy becomes aware so that Bunge may explore use of such opportunities. No later than the *** day of each calendar month, Bunge will notify Soy of the following information for the next calendar month (each a "Delivery Month") and, based on such information, the Parties will jointly agree whether Bunge will purchase and deliver Feedstock to Soy for processing for such Delivery Month:

(a) amount of Feedstock identified as available for purchase and delivery;

(b) the suppliers of such Feedstock;

(c) grade(s) of Feedstock;

(d) price of Feedstock / payment terms;

(e) available delivery schedules;

(f) delivered plant gate cost analysis;

(g) schedule to process such Feedstock into Biodiesel;

*** Confidential material redacted and filed separately with the Commission.

(h) the proposed purchase price to be paid for such Biodiesel;

(i) the Processing Fee that will be charged for processing such Feedstock into Biodiesel, as calculated pursuant to Section 4.2;

(j) (i) the sale and delivery date for any Biodiesel if there is a contract for its sale, (ii) the expected length and cost of storage if the Biodiesel will be placed in storage, or (iii) the Contract Proceeds (as hereinafter defined) agreed upon by the parties pursuant to Section 3.4 if there is a Deemed Sale (as hereinafter defined), if known;

(k) If the Feedstock and Biodiesel will be deemed subject to the Alternative Payment Arrangement as set forth in Section 4.5; and'

(l) any hedging that may be required for either Feedstock or Biodiesel.

1.3 Purchase of Feedstock; Delivery of Feedstock; Monthly Delivery Schedules.

(a) If, after exchanging the information set forth in Section 1.2, the Parties agree that a specified volume of Feedstock shall be purchased for the next Delivery Month with a delivery schedule that takes into account the Feedstock vendor's delivery capabilities and the storage capacity available at the Soy Facility and in Bunge's available tanks (all such details and all information from Section 1.2 to be set forth in a "Monthly Delivery Schedule"), then Bunge shall purchase the Feedstock for delivery to the Soy Facility for such Delivery Month in accordance with such Monthly Delivery Schedule.

(b) If, after exchanging the information set forth in Section 1.2, the Parties do not reach agreement on purchasing Feedstock for the next Delivery Month, then no Feedstock will be purchased under this Agreement for such Delivery Month.

1.4 Feedstock Delivery and Quality. Bunge will deliver Feedstock to the Soy Facility in accordance with the applicable Monthly Delivery Schedule. Bunge will ensure that all such Feedstock meets the Feedstock Quality Standards set forth in, and as agreed by the Parties in, the applicable Monthly Delivery Schedule (the "Feedstock Quality Standards").

2. Biodiesel and Storage.

2.1 Biodiesel. In accordance with the terms and conditions herein, Soy shall process the entire quantity of each such Feedstock delivery into biodiesel ("Biodiesel") which meets the quality standards and specifications set forth in the most current version of ASTM D-6751 or as agreed to in the Monthly Delivery Schedule (the "Biodiesel Quality Standards") and in accordance with the schedule set forth in the applicable Monthly Delivery Schedule.

2.2 Title. Bunge will solely own and retain title to all Feedstock, work-in-process, and Biodiesel at the Soy Facility and any Bunge tank at all times during the Term (including during storage, processing or handling by Soy) and Soy will deliver all Biodiesel under this Agreement free and clear of all liens, security interests, encumbrances and claims whatsoever. Soy will solely own all non-Biodiesel byproducts of the production process (including glycerin, filtered earth, distillate bottoms, lab chemicals, methanol, catalyst and other inputs into the production process) and will be solely responsible for any resale, reuse and/or disposal of such non-Biodiesel byproducts; provided that the sale price of all chemical byproducts produced from a given quantity of Feedstock (in total, a "Byproduct Credit") will be credited against the calculation of Processing Fees as set forth in Section 4.2.

2.3 Risk of Loss. As between Bunge and Soy, Bunge will be in possession and control of Bunge's Feedstock prior to unloading at the Point of Receipt. After receipt of Feedstock from Bunge at the Point of Receipt, Soy will be deemed to be in control and possession of such Feedstock and resulting Biodiesel until it crosses the Point of Delivery. The Parties intend that Soy's possession of Bunge's Feedstock, work-in-process, and Biodiesel pursuant to this Agreement will be treated as a bailment for processing and not as a financing transaction, sale or transfer of title; provided, that if Soy is determined to have any right, title and/or interest in Feedstock, work-in-process or Biodiesel as a result of services under this Agreement, then Bunge is hereby granted a purchase money security interest in additives or other substances required to be added as part of such services. "Point of Receipt" means the point at the Soy Facility rail or truck unloading platform, as applicable, at which the flange coupling of the Soy Facility's unloading line joins the flange coupling of the delivery line of a truck or railcar delivering Feedstock. "Point of Delivery" means the point at the Soy Facility rail or truck loading platform at which the flange coupling of the Soy Facility's loading line joins the flange coupling of the loading line of a truck or railcar taking delivery of Biodiesel at the Soy Facility.

2.4 Reporting. Soy will provide daily reports ("Daily Reports") to Bunge, in a form reasonably acceptable to Bunge, detailing (with respect to each day) the quantities of Feedstock received, Feedstock processed into Biodiesel, Biodiesel delivered and Feedstock or Biodiesel stored at the Soy Facility and any Bunge tank. Each Daily Report will describe the conformance of Biodiesel with the Biodiesel Quality Standards and will identify and describe the nature and extent of any occurrences of Biodiesel that does not meet the Biodiesel Quality Standards ("Nonconforming Biodiesel"). With reasonable notice to Soy, Bunge (or its agents) may, at its sole expense, inspect and/or test any tank at the Facility to determine whether such tank contains any Nonconforming Biodiesel.

2.5 Biodiesel Yields.

(a) To the extent that Feedstock supplied by Bunge meets the Feedstock Quality Standards, Soy will produce at least the Minimum Yield of Biodiesel meeting the Biodiesel Quality Standards from such Feedstock. The "Minimum Yield" of Biodiesel shall be one gallon of Biodiesel produced from *** pounds of Feedstock processed in accordance with Section 2.1, unless otherwise agreed by the parties in a Monthly Delivery Schedule.

(b) Soy will immediately notify Bunge (a "Nonconforming Feedstock Notice") if it reasonably determines that any Feedstock supplied by Bunge does not meet the Feedstock Quality Standards ("Nonconforming Feedstock"), provided that if Soy has not given a Nonconforming Feedstock Notice within one business days after Feedstock is delivered to the Soy Facility, then Soy will have waived its ability to claim that such Feedstock is Nonconforming Feedstock. If Bunge disagrees with a Nonconforming Feedstock Notice, then the Parties will agree upon a third party to analyze the Feedstock, and such third party's determination regarding compliance with the Feedstock Quality Standards will govern. If any delivered Feedstock is Nonconforming Feedstock, the Parties will agree upon a revised Minimum Yield for such Nonconforming Feedstock; provided that if the Parties are unable to agree upon a revised Minimum Yield, Bunge shall remove the Nonconforming Feedstock from the Soy Facility and such costs of removal shall be included as Transaction Costs (as defined below).

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(c) If Soy produces a quantity of Biodiesel in excess of the Minimum Yield from a given quantity of Feedstock, Bunge will own such excess quantity of Biodiesel (and Soy will be compensated with respect to such excess quantity under the provisions of Article 4).

(d) If on the last day of the period of time set forth in the applicable Monthly Delivery Schedule, Soy fails to produce a quantity of Biodiesel (or replacement methyl ester of the same type as the applicable Biodiesel) equal to or greater than the applicable Minimum Yield per pound of Feedstock that meets the Biodiesel Quality Standards, then Soy will pay to Bunge an amount (the "Makewhole Amount") equal to the product of: (i) the difference between the applicable Minimum Yield and the quantity of Biodiesel actually produced by Soy that met the Biodiesel Quality Standards (such difference, the "Shortfall Quantity") *multiplied by* (ii) the Market Price. Additionally, Soy will pay to Bunge any other costs incurred by Bunge in connection with the failure to deliver the Minimum Yield under this Section 2.5(d). "Market Price" means the ***. Soy will pay the Makewhole Amount no later than the 15th day of the following Delivery Month; provided that Soy will not be obligated to pay the Makewhole Amount to the extent that Soy has provided a quantity of replacement methyl ester (at least equal to the Shortfall Quantity) of the same type as the applicable Biodiesel that meets the Biodiesel Quality Standards.

(e) The Parties must mutually agree before adding any inputs or additives to improve the quality or color of any Biodiesel.

2.6 Operational Standards. Soy will (a) cause the Soy Facility to be staffed appropriately to perform services contemplated by this Agreement, and (b) perform all such services in a professional and workmanlike fashion.

2.7 No Liens. During the Term, Soy will not grant any person or entity any lien or security interest in any of their assets without the prior written consent of Bunge.

2.8 Audit and Inspection Rights. Bunge or its agents may, at Bunge's sole expense, inspect any Feedstock or Biodiesel storage tanks or any work-in-process at the Soy Facility at any time after reasonable notice. Bunge may, at its sole expense, audit the books and records of Soy to determine compliance with this Agreement after reasonable notice.

2.9 Storage Exclusivity. During the Term, Soy will not store any (i) feedstock owned by any party other than Bunge at the Soy Facility, or (ii) biodiesel or related product owned by any party other than Bunge at the Soy Facility. The feedstock storage tanks at the Soy Facility shall be Bunge-dedicated tanks during the Term of this Agreement and Feedstock stored at the Soy Facility shall not be commingled by Soy with any feedstock owned by any third party without Bunge's prior written consent. All Biodiesel produced at the Soy Facility (including if stored at an offsite tank) shall not be commingled by Soy with any biodiesel owned by any third party without Bunge's prior written consent. No Biodiesel shall be released from the Soy Facility without Bunge's prior written consent. Bunge may at any time have access to all Feedstock and Biodiesel owned by Bunge and stored at the Soy Facility, and Bunge may remove all such Feedstock and Biodiesel from storage at any time, subject to any obligations of Bunge hereunder. With reasonable prior notice to Soy, Bunge and its agents are hereby granted the non-exclusive right, privilege, right of way and easement for the purpose of access, ingress and egress by trucks and other vehicles in a manner and at times reasonably necessary and convenient at the Soy Facility for such inspection and removal. Bunge shall be entitled, but not required, to post a sign or other notice reasonably acceptable to Bunge to put third parties on notice that such Feedstock and Biodiesel are owned by Bunge.

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3. Biodiesel Sale Transactions.

3.1 Location of Biodiesel Sale Transactions. Soy may from time to time locate and negotiate the terms of Biodiesel purchase contracts with third-party purchasers of Biodiesel ("Third-Party Purchasers"), including price and terms of sale (each a "Soy Biodiesel Proposal"). Soy shall present to Bunge any such proposed Soy Biodiesel Proposal that is acceptable to Soy and all accompanying information relating to such Soy Biodiesel Proposal to allow Bunge to evaluate such Soy Biodiesel Proposal. Upon presentation of any Soy Biodiesel Proposal to Bunge, Bunge will review the Soy Biodiesel Proposal and determine whether Bunge will agree to sell Biodiesel to fulfill the terms of the Soy Biodiesel Proposal pursuant to Section 3.2 below, and shall make such determination within 24 hours of the time at which the presentation was made by Soy. Bunge's determination as to whether it will agree to the terms of a Soy Biodiesel Proposal or decline to accept a Soy Biodiesel Proposal shall be in Bunge's sole and absolute discretion and Bunge shall have no liability to Soy with respect to such determination. If Bunge agrees to the terms of the Soy Biodiesel Proposal, then the Biodiesel shall be sold pursuant to Section 3.2 below.

3.2 Bunge Biodiesel Sale. With respect to any Soy Biodiesel Proposal that has been accepted by Bunge pursuant to Section 3.1 above, Bunge shall enter into a sales contract in its own name and own behalf ("Bunge Biodiesel Contract") under the same terms and conditions as the Soy Biodiesel Proposal presented by Soy to Bunge, and payment of the proceeds thereunder shall be made according to Section 4. For the avoidance of doubt, Bunge and Soy must agree on the terms of each Bunge Biodiesel Contract prior to execution of such Bunge Biodiesel Contract.

3.3 Sales to Third-Party Purchasers. Soy will arrange all loadout, logistical, and delivery services necessary to take delivery of Feedstock and loadout Biodiesel.

3.4 Unsold Biodiesel. If Biodiesel has been processed under this Agreement and no Bunge Biodiesel Contract has been executed with respect to such Biodiesel, then the Biodiesel shall continue to be subject to this Agreement for all purposes, including without limitation, for purposes of calculating amounts set forth in Section 4.3, until such time as the Biodiesel has been sold to a Third Party Purchaser pursuant to a Bunge Biodiesel Contract. However, the Parties may (but are not required to) mutually agree that such Biodiesel will not be sold under this Agreement pursuant to a Bunge Biodiesel Contract (such as, for example purposes only, where Bunge desires to store the Biodiesel prior to sale for a longer period of time than Soy desires). In such case, the Parties may mutually agree upon a price for such Biodiesel which will be deemed "Contract Proceeds" for purposes of Section 4.3 notwithstanding the fact that such Biodiesel will not be sold under this Agreement pursuant to a Bunge Biodiesel Contract ("Deemed Sale"). To the extent that the Parties agree upon an amount of "Contract Proceeds" with respect to any Biodiesel in a Deemed Sale pursuant to the foregoing sentence, such Contract Proceeds will be distributed pursuant to Section 4.3 and Soy shall have no rights under this Agreement in respect of any proceeds received by Bunge from a future sale of such Biodiesel to any third party or otherwise. The "Deemed Sale Delivery Date" shall for purposes of this Agreement mean the date that such Biodiesel has been delivered to the applicable storage facility.

3.5 Sale of RINs. The Parties will mutually agree if the RINs (as defined below) associated with any quantity of Biodiesel are to be separated from such Biodiesel for any reason and retained and not sold to the Third-Party Purchaser which purchased the applicable Biodiesel. If RINs are so separated from Biodiesel, then Bunge may locate and negotiate the terms of the sale of such RINs, including the price and terms of sale (each a "RIN Sale"). All proceeds of RIN Sales shall be "Contract Proceeds" associated with the applicable Biodiesel. Prior to executing a RIN Sale, Bunge and Soy shall mutually agree to the terms of the RIN Sale.

4. Price and Payment.

4.1 Transaction Costs. Bunge shall pay all Transaction Costs required under this Agreement.

4.2 Processing Fee.

(a) On each Friday following a week (Friday through Thursday) in which Biodiesel is produced (each a "Production Week"), Soy shall submit to Bunge an invoice indicating the number of gallons of Biodiesel produced by Soy during such Production Week and the total amount due to Soy from Bunge based on the applicable processing fee set forth in the Monthly Delivery Schedule, as calculated pursuant to Section 4.2(b), (c) and (d) (the "Processing Fee") with respect to each gallon of Biodiesel produced during such Production Week. Each such proper invoice shall be due and payable within three working days after Bunge's receipt of such invoice.

(b) For the period from the Effective Date through September 30, 2012, the Processing Fee shall be equal to *** per gallon of Biodiesel. Subject to Section 4.2(c) below, the Processing Fee for Biodiesel produced during any Delivery Month thereafter shall be equal to *** (calculated on a per gallon of Biodiesel produced basis) to produce all Biodiesel produced at the Soy Facility ***. For each Delivery Month, Soy will deliver its proposed calculation of the Processing Fee (with such documentation of the *** as reasonably acceptable to Bunge) no later than the *** day of the preceding Delivery Month. For purposes of example only, Soy would deliver its proposed calculation of the Processing Fee for October 2012 to Bunge on *** and such Processing Fee would be based on *** for the month of August 2012.

(c) For the period beginning October 1, 2012 and ending December 31, 2012 the Processing Fee for a Delivery Month shall not be more than *** per gallon of Biodiesel nor less than *** per gallon Biodiesel. For the calendar quarter beginning January 1, 2012 and for each calendar quarter thereafter (each, a "Quarterly Period"), the parties shall calculate the average Processing Fee charged during the preceding calendar quarter (the "Average Quarterly Fee"). The Processing Fee for any Delivery Month during a Quarterly Peroid shall not be (i) greater than the Average Quarterly Fee plus ***, nor less than the Average Quarterly Fee minus ***. For purposes of example only, if the Processing Fee calculated pursuant to Section 4.2(b) for October 2012 is ***, for November 2012 is *** and for December 2012 is ***, then the Average Quarterly Fee for such calendar quarter would be *** and the Processing Fee for each Delivery Month during the Quarterly Period beginning January 1, 2013 and ending March 31, 2013 could not be more than *** per gallon and not less than *** per gallon.

(d) The Processing Fee calculated pursuant to this Section will be reduced by the amount of any Byproduct Credit pursuant to Section 2.2.

4.3 Distribution of Contract Proceeds. Bunge shall sell all Biodiesel subject to a Bunge Biodiesel Contract upon the terms set forth in the Bunge Biodiesel Contract. All Contract Proceeds relating to a Bunge Biodiesel Contract, a RIN Sale and a Deemed Sale, will be distributed by Bunge in accordance with the following priorities within *** days after such Contract Proceeds are actually received (or within *** days after the Deemed Sale Delivery Date with respect to a Deemed Sale):

(a) ***

(b) ***

(c) ***

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As used herein:

"Transaction Costs" means all costs incurred by Bunge under this Agreement including without limitation (i) Feedstock costs, including any costs to remove any Nonconforming Feedstock from the Soy Facility; (ii) Processing Fees; (iii) freight or other transportation costs for shipment of Feedstock to the Soy Facility, (iv) freight or other transportation costs for shipment of Biodiesel to a Bunge storage tank or other designated destinations, (iv) the amount of any taxes paid (to the extent not subsequently reimbursed) on the purchase of Feedstock or the sale of Biodiesel, if any, (v) any applicable costs for storage of such Biodiesel prior to delivery, (vi) additives or other substances required to be added to the Biodiesel in addition to processing at the Soy Facility, (vii) testing costs, (viii) surveying costs, (ix) the cost of any demurrage for transportation of Biodiesel, (x) any costs to market and sell Biodiesel to third parties, and (xi) any costs associated with a RIN Sale. "Transaction Costs" shall not include any costs for which Soy is otherwise responsible under this Agreement. "Transaction Costs" shall include any costs associated with adding inputs or additives to improve the quality or color of any Biodiesel pursuant to Section 2.5(e)**.**

"Positive Carrying Costs" shall mean, with respect to each Bunge Biodiesel Contract, RIN Sale or Deemed Sale, as applicable, an amount equal to *** of the Transaction Costs applicable to such Bunge Biodiesel Contract, RIN Sale or Deemed Sale, calculated beginning on the date the Transaction Costs are first incurred and ending on the date that Bunge has actually received Contract Proceeds equal to the amount of all such Transaction Costs (where, for purposes of a Deemed Sale, the Contract Proceeds shall be deemed to be received on the Deemed Sale Delivery Date). The Positive Carrying Cost shall be computed daily and on an actual day, 360-day year basis.

"Negative Carrying Costs" shall mean, with respect to each Bunge Biodiesel Contract, RIN Sale or Deemed Sale, as applicable, an amount equal to *** of the Transportation Costs applicable to such Bunge Biodiesel Contract, RIN Sale or Deemed Sale, calculated beginning on the date the Transaction Costs are first incurred and ending on the date that Bunge has actually received Contract Proceeds equal to the amount of all such Transaction Costs (where, for purposes of a Deemed Sale, the Contract Proceeds shall be deemed to be received on the Deemed Sale Delivery Date). The Negative Carrying Cost shall be computed daily and on an actual day, 360-day year basis.

"Contract Proceeds" means all payments received in connection with the production and sale of Biodiesel under a Bunge Biodiesel Contract, all payments received in connection with a RIN Sale, or the amount agreed as Contract Proceeds with respect to a Deemed Sale, including without limitation, all Credits received as a result of such production and sale (and if Soy or Soy initially receives any such Credits, it will immediately pay such Credits to Bunge as if such Credits were Contract Proceeds).

"Credits" means any payments received (i) in connection with the sale or other transfer of Renewable Identifications Numbers ("RINs") required pursuant to the United States Environmental Protection Agency's Renewable Fuel Standard 2 or (ii) for the so called "Blender's Credit" available under Sec. 6426(c), 6427(c) and 40A of the Internal Revenue Code, and the payments associated therewith or any renewal, continuation or replacement of such payments, excluding all other credits, incentives and other similar payments which inure solely to the benefit of Soy.

4.4 Losses. To the extent that (a) the total of all Contract Proceeds that Bunge has received and distributed pursuant to Sections 4.3(a) and (b) relating to a particular Bunge Biodiesel Contract and associated RIN Sale (if RINs are sold separately from the applicable Biodiesel) or Deemed Sale, as applicable, is less than (b) the total of Bunge's Transaction Costs and Negative Carrying Costs relating to such Bunge Biodiesel

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Contract and RIN Sale or Deemed Sale, as applicable, then Soy shall pay to Bunge an amount equal to ½ of the difference between (a) and (b) such that Bunge and Soy share such loss equally.

4.5 Designated Transactions Subject To "Alternate Payment Arrangement". The Parties may mutually agree, with respect to any Feedstock and Biodiesel subject to the terms of this Agreement, to modify the Processing Fee and the payment thereof, and the distribution of Contract Proceeds, with respect to such Feedstock and Biodiesel. If on a Monthly Delivery Schedule, the Parties designate that any quantity of Feedstock or Biodiesel is subject to the "Alternate Payment Arrangement," then the terms of Section 4.2, 4.3 and 4.4 shall be modified and the following terms shall apply in replacement thereof:

(a) The Processing Fee with respect to such Feedstock shall be an amount agreed upon by the Parties, which amount shall be no more than *** of what such Processing Fee would be for the applicable Delivery Month if calculated pursuant to Section 4.2; provided that the Processing Fee shall be reduced by the amount of any Byproduct Credit pursuant Section 2.2. The Processing Fee with respect to such Feedstock shall not be paid in accordance with Section 4.2(a), but shall be paid in accordance with Section 4.5(b) below.

(b) All Contract Proceeds from a Bunge Biodiesel Contract relating to such Biodiesel will be distributed by Bunge in accordance with the following priorities within *** days after such Contract Proceeds are actually received:

(i) ***

(ii) ***

(iii) ***

(iv) ***

(c) To the extent that (i) the total of all Contract Proceeds that Bunge has received and distributed pursuant to Sections 4.5(b) relating to a particular Bunge Biodiesel Contract is less than (ii) the total of Bunge's Transaction Costs and Positive Carrying costs relating to such Bunge Biodiesel Contract, then Soy shall pay to Bunge an amount equal to 100% of the difference between (i) and (ii) such that Soy share bear the total cost of all such loss.

4.6 Payments by Wire Transfer. All payments made under this Agreement shall be made by wire transfer to one or more accounts designated by a Party.

4.7 Audit and Inspection Rights. Soy or its agents may audit the books and records of Bunge to determine compliance with this Agreement after reasonable notice. The cost of the audit will be borne by Soy.

4.7 Set Off Rights. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, if Soy owes any amounts to Bunge pursuant to Section 4.4 or 4.5(c), Bunge may set off and apply any and all such amounts against any amounts owed by Bunge to Soy hereunder.

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5. Term and Termination; Force Majeure.

5.1 Term. The initial term of this Agreement will begin upon execution of this Agreement by all Parties and, unless earlier terminated in accordance with the terms hereof, will expire on December 31, 2013. Unless earlier terminated in accordance with this Agreement, this Agreement will automatically renew for successive one-year terms thereafter unless any Party gives written notice to the other Parties of its election not to renew, no later than thirty (30) days prior to the expiration of the initial term or the then current renewal term, as applicable. The "Term" will be the total of the initial term of this Agreement and any renewal terms.

5.2 Termination Rights; Event of Default.

(a) Bunge may terminate this Agreement (i) immediately upon a Soy Default, or (ii) at any time, with or without cause, upon at least 90 days prior written notice to Soy. A "Soy Default" shall mean the occurrence of any of the following events: (1) Soy has breached any material representation, warranty, or obligation under this Agreement or any other document executed in connection with this Agreement and failed to remedy such breach within 10 days after Bunge has given written notice of such breach or if such breach cannot reasonably be cured within such 10-day period, as soon as reasonably possible, but in all events with 30 days after Bunge has given notice of such breach; (2) Soy files a petition for adjudication as bankrupt, for reorganization or for an arrangement under any bankruptcy or insolvency law; (3) an involuntary petition under such law is filed against Soy and is not dismissed, vacated or stayed within 60 days thereafter; or (4) Soy makes an assignment of all or substantially all of its assets for the benefit of its creditors.

(b) Soy may terminate this Agreement (i) immediately upon a Bunge Default**,** or (ii) at any time, with or without cause, upon at least 90 days prior written notice to Bunge. A "Bunge Default" shall mean the occurrence of any of the following events: (1) Bunge has breached any payment obligation under this Agreement and failed to remedy such breach within 10 days after Soy has given written notice of such breach, (2) Bunge has breached any material representation, warranty, or obligation under this Agreement, or any other document executed in connection with this Agreement and failed to remedy such breach within 10 days after Soy has given written notice of such breach, or if such breach cannot reasonably be cured within such 10-day period, as soon as reasonably possible, but in all events within 30 days after Soy has given notice of such breach; (3) Bunge files a petition for adjudication as bankrupt, for reorganization or for an arrangement under any bankruptcy or insolvency law; (4) an involuntary petition under such law is filed against Bunge and is not dismissed, vacated or stayed within 60 days thereafter; or (5) Bunge makes an assignment of all or substantially all of its assets for the benefit of its creditors.

(c) If at the end of any Delivery Month, no Feedstock has been processed into Biodiesel under this Agreement during such Delivery Month, then either Party may terminate this Agreement by delivering written notice to the other Party, which notice must be delivered during the 15-day period after the end of such Delivery Month in order to be effective.

(d) Either party may terminate this Agreement immediately upon written notice if the Renewable Fuel Standard ("RFS") program, as such program exists on the date of this Agreement, is amended or modified in a manner which materially and adversely affects the biodiesel industry, including, without limitation, any amendment or modification which materially reduces the mandate for renewable fuel in the United States.

(e) Upon termination or expiration of this Agreement, the obligations of Soy and Bunge pursuant to any then-effective Bunge Biodiesel Contract, RIN Sale or Deemed Sale shall survive the

termination or expiration of this Agreement and the parties shall be obligated to perform their respective obligations thereunder.

5.3 Force Majeure. If either party is unable by Force Majeure to carry out its obligations under this Agreement, such party shall give written notice to the other party as soon as possible after the commencement of such Force Majeure event. Upon such notice, the obligations of the party giving such notice, to the extent affected by such Force Majeure, shall be suspended through the remaining period of such Force Majeure; provided, however, that such party will use commercially reasonable efforts to remedy such Force Majeure. A party's obligation to make payments of any amounts due and payable to the other party under this Agreement then accrued hereunder prior to the occurrence of such Force Majeure shall not be suspended. “Force Majeure” shall mean: riots or civil disturbances; interference by civil or military authorities; wars, or acts of other public enemy or acts of terrorism; earthquakes, storms, floods, or other acts of God; compliance with federal, state or local laws, rules or regulations, acts, orders, or directives, of any official or agency of federal, state or local governments; disruptions, breakdowns or accidents to transportation equipment or facilities; prorationing by transporters; embargoes, expropriation or condemnation by government or governmental authorities; and any other cause which is not reasonably within the control of the party claiming suspension.

6. Representations and Warranties. Soy represents and warrants to Bunge that (a) all necessary corporate or limited liability company action, as the case may be, has been taken for the authorization, execution, delivery and performance of this Agreement by Soy, and (b) the execution, delivery and performance of this Agreement by Soy does not, and will not, violate or constitute a breach of or default under any Governmental Requirement or any indenture, contract or other instrument to which Soy or its assets are bound or to which its business is subject.

7. Limitation of Liability; General Disclaimer. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY STATUTORY, WRITTEN, ORAL, EXPRESSED OR IMPLIED WARRANTIES, REPRESENTATIONS OR GUARANTEES OF ANY KIND CONCERNING THE SERVICES, BIODIESEL OR FEEDSTOCK PROVIDED BY SUCH PARTY OR ITS AFFILIATES UNDER THIS AGREEMENT. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY RESPECTIVE (OR THEIR AFFILIATES, OR ANY OTHER PARTY PROVIDING SERVICES HEREUNDER ON THEIR BEHALF (INCLUDING ANY SUBCONTRACTOR ALLOWED TO PROVIDE SERVICES BY THIS AGREEMENT)), WILL BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON OR ENTITY FOR DAMAGES ARISING OUT OF, RELATING TO OR RESULTING FROM SERVICES, BIODIESEL OR FEEDSTOCK PROVIDED UNDER THIS AGREEMENT OR THE FAILURE TO PROVIDE SERVICES, BIODIESEL OR FEEDSTOCK UNDER THIS AGREEMENT, EXCEPT TO THE EXTENT SUCH DAMAGES ARISE OUT OF OR RESULT FROM THE NEGLIGENCE, INTENTIONAL BREACH OR WILLFUL MISCONDUCT OF SUCH PARTY; PROVIDED, THAT THE AGGREGATE AMOUNT OF ALL DAMAGES UNDER THIS AGREEMENT IN ANY FISCAL YEAR WILL NOT EXCEED $500,000. THE REMUNERATION TO BE PAID FOR THE SERVICES TO BE PERFORMED REFLECTS THIS LIMITATION OF LIABILITY. IN NO EVENT WILL ANY PARTY TO THIS AGREEMENT OR ANY OF THEIR AFFILIATES OR ANY OTHER PARTY PROVIDING SERVICES HEREUNDER BE LIABLE TO ANOTHER PARTY OR ANY OTHER PERSON OR ENTITY FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES UNDER ANY CIRCUMSTANCES.

8. Remedies. No right, power or remedy conferred by this Agreement will be exclusive of any other right, power or remedy now or hereafter available to a Party at law, in equity, by statute or otherwise.

9. Insurance.

9.1 Required Coverage. Soy will maintain:

(a) Commercial general liability insurance (including, without limitation, coverage for Contractual Liability and Products/Completed Operations) against claims for bodily injury, death and property damage, with limits of not less than $2,000,000 for each occurrence and $2,000,000 in the General and Products/ Completed Operations Aggregate. Such insurance will name Bunge, its parents, subsidiaries and Affiliates as additional insureds thereunder, and will be primary and non-contributory to any other insurance available to Bunge, its parents, subsidiaries and Affiliates as insureds or otherwise.

(b) An excess or umbrella liability policy with a limit of not less than $2,000,000 per occurrence and $2,000,000 aggregate. Such excess or umbrella liability policy shall follow form with the primary liability policies, and contain a drop-down provision in case of impairment of underlying limits.

(c) Notwithstanding the provisions of Section 9.1(a) and (b), Soy's total coverage under commercial general liability insurance in Section 9.1(a) and excess or umbrella liability policy in Section 9.1(b) must have combined limits together totaling $4,000,000 for each occurrence and $4,000,000 aggregate.

(d) Worker's Compensation insurance providing statutory benefits for injury or disease in the state(s) of operation of Soy, and Employer's Liability with limits of at least $500,000 for individual injury or disease, with an aggregate of $500,000 for disease.

9.2 Policy Requirements. All insurance policies required by this Agreement will (a) provide coverage on an “occurrence” basis; (b) provide that no cancellation or non-renewal will be effected without giving Bunge at least 30-days prior written notice (10-days notice for non-payment of premium); and (c) be valid and enforceable policies issued by insurers of recognized responsibility, properly licensed in the State where the Soy Facility is located, with an A.M. Best's Rating of A- or better and Class VII or better. General Liability and Excess/Umbrella Liability policies will not contain a cross-liability exclusion, or an exclusion for punitive or exemplary damages where insurable under law. Prior to the Effective Date and, thereafter, within five business days of renewal, certificates and endorsements of such insurance will be delivered to Bunge as evidence of the specified insurance coverage. From time to time, upon Bunge's request, Soy will provide Bunge, within five business days, a certified duplicate original of any policy required to be maintained hereunder. Soy will provide Bunge at least 30 days prior written notice of any material change or amendment to a policy.

10. Bunge's Security Interest. The Parties acknowledge that this Agreement is intended to create a relationship of purchaser and seller between Bunge and Soy such that Bunge remains the true and absolute owner of all right, title and interest in the Feedstock, work-in-process and Biodiesel at all times under this Agreement. Soy hereby authorizes Bunge to file such precautionary financing statements and amendments and/or continuations thereto pursuant to the Uniform Commercial Code as Bunge shall deem appropriate to further evidence and memorialize its absolute ownership interests in all Feedstock, work-in-process and Biodiesel. Notwithstanding the above-stated intent, if and to the extent that Soy is determined to have any right, title and/or interest in any Feedstock, work-in-process or Biodiesel, Soy hereby grants to Bunge a first priority security interest in and lien against such Feedstock, work-in-process and Biodiesel, together with any and all accessories, accessions and substitutions thereto or therefor and any and all proceeds thereof. Soy covenants and agrees that: (a) it shall not purport to pledge, mortgage or create, or suffer to exist in favor of any third party any lien or a security interest in any Feedstock, work-in-process or Biodiesel; and (b) upon the request of Bunge or in respect to any inquiry that may be made, Soy shall inform any lender, lessor or

other third party that has or may assert a lien, security interest and/or any other interest in any property of Soy that Bunge is and remains the true and absolute owner of the Feedstock, work-in-process and Biodiesel and Soy has no right, title or interest in said Feedstock or Biodiesel.

11. Relationship of Parties. This Agreement creates no partnership, joint venture or other joint or mutual enterprise or undertaking created hereby and neither Party, or any of such Party's representatives, agents or employees, will be deemed to be the representative or employee of the other Party. Except as expressly provided herein or as otherwise specifically agreed in writing, neither Party will have authority to act on behalf of or bind the other Party.

12. Governing Law; Disputes.

12.1 Governing Law. This Agreement shall be governed by the laws of the state of Iowa, without regard to principles of conflicts of laws.

12.2 Waiver of Jury Trial. EACH PARTY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

13. Indemnification.

13.1 Indemnification. Each Party (the “Indemnifying Party”) agrees to indemnify, defend and hold the other Party and its officers, directors, employees and agents (the “Indemnified Party”) harmless from any Loss suffered or incurred by the Indemnified Party arising out of, or in any way relating to: (a) a Default by the Indemnifying Party; (b) any negligence or willful misconduct by the Indemnifying Party; (c) any violation or alleged violation of this Agreement or any Governmental Requirement by the Indemnifying Party; or (d) actions or inactions by the Indemnifying Party which result in any RIN associated with any Biodiesel sold under this Agreement being alleged or deemed to be faulty or false or not created in compliance with Governmental Requirements; unless and to the extent such Loss was directly caused by the Indemnified Party's gross negligence, intentional breach or willful misconduct.

13.2 Definitions. For purposes of this Agreement:

(a) "Governmental Requirement" means all laws, statutes, codes, ordinances and governmental rules, regulations and requirements of any governmental authority that are applicable to the Indemnifying Party, the property of the Indemnifying Party or activities described in or contemplated by this Agreement.

(b) “Loss” means any claim, loss, cost, expense, liability, fine, penalty, interest, payment or damage, including but not limited to reasonable attorneys' fees, accountants' fees and any cost and expense of litigation, negotiation, settlement or appeal.

14. Notices. All notices required or permitted under this Agreement will be in writing and will be deemed given and made: (i) if by personal delivery, on the date of such delivery, (ii) if by facsimile, on the date sent (as evidenced by confirmation of transmission by the transmitting equipment), (iii) if by nationally recognized overnight courier, on the next business day following deposit, and (iv) if by certified mail, return receipt requested, postage prepaid, on the third business day following such mailing; in each case addressed to the address or facsimile number shown below for such Party, or such other address or facsimile number as such Party may give to the other Party by notice:

If to Bunge:

Bunge North America, Inc.
11720 Borman Drive
St. Louis, Missouri 63146
Attn: General Manager - Bunge Biofuels
Facsimile: (314) 292-2110

with copy to:

Bunge North America, Inc.
11720 Borman Drive
St. Louis, Missouri 63146
Attn: General Counsel
Facsimile: (314) 292-2521

If to Soy:

Soy Energy, LLC
4172 19th Street SW,
Mason City, Iowa 50401
Attn: Jeff Oestmann
Facsimile:

with copy to:

BrownWinick
666 Grand Avenue, Suite 2000
Des Moines, Iowa, 50309
Attn: Thomas D. Johnson
Facsimile: (515) 323-8514

15. Entire Agreement; No Third Party Beneficiaries. This Agreement and the exhibits and schedules attached hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof. This Agreement does not, and is not intended to confer any rights or remedies upon any person other than the Parties (or their Affiliates, successors, assignees or subcontractors to the extent set forth herein).

16. Amendments; Waiver. The Parties may amend this Agreement only by a written agreement of the Parties. No provision of this Agreement may be waived, except as expressly provided herein or pursuant to a writing signed by the Party against whom the waiver is sought to be enforced. No failure or delay in exercising any right or remedy or requiring the satisfaction of any condition under this Agreement, and no "course of dealing" between the Parties, operates as a waiver or estoppel of any right, remedy or condition. A waiver made in writing on one occasion is effective only in that instance and only for the purpose that it is given and is not to be construed as a waiver on any future occasion or against any other person.

17. Assignment. No Party may assign this Agreement, or assign or delegate any of its rights, interests, or obligations under this Agreement, voluntarily or involuntarily, whether by merger, consolidation, dissolution, operation of law, or any other manner, without the prior written consent of the other Party, and

any purported assignment or delegation without such consent will be void, provided, that Bunge may assign this Agreement to any of its Affiliates without SoyEnergy's prior consent. Subject to the preceding sentences in this Section 17, this Agreement binds and benefits the Parties and their respective permitted successors and assigns. As used here, the term “Affiliate” means, with respect to a Party, any other entity controlling, controlled by or under common control with the Party, with “control” for such purpose meaning either the possession, directly or indirectly, of the power to designate fifty percent (50%) or more of the Board of Directors or Managers (or similar governing body) of the entity or the ownership, directly or indirectly, of fifty percent (50%) or more of the outstanding voting securities or voting interests.

18. Subcontracting. Bunge may subcontract with or otherwise retain the services of Bunge's Affiliates, and Soy hereby consent to such subcontracting activities for purposes of this Section 18. Notwithstanding any such subcontracting by Bunge to its Affiliates, Bunge shall remain liable for performance under the terms of this Agreement.

19. Severability. If a court or arbitrator with proper jurisdiction determines that any provision of this Agreement is illegal, invalid, or unenforceable, the remaining provisions of this Agreement remain in full force. The Parties will negotiate in good faith to replace such illegal, invalid, or unenforceable provision with a legal, valid, and enforceable provision that carries out the Parties' intentions to the greatest lawful extent under this Agreement.

20. Interpretation. Each Party has been represented by counsel during the negotiation of this Agreement and agrees that any ambiguity in this Agreement will not be construed against one of the Parties.

21. Further Assurances. Each Party will execute and cause to be delivered to the other Parties such instruments and other documents, and will take such other actions, as the other Parties may reasonably request for the purpose of carrying out or evidencing any of the transactions contemplated by this Agreement.

22. Counterparts. This Agreement may be executed by the Parties by facsimile and in separate counterparts, each of which when so executed will be deemed to be an original and all of which together will constitute one and the same agreement.

23. Survival. The provisions of this Agreement which expressly or by their nature survive expiration or termination of this Agreement will remain in effect after the expiration or termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed the day and year first above written.

BUNGE NORTH AMERICA, INC.

By: /s/ Eric Hakmiller
Name: Eric Hakmiller
Title: Vice President Bunge Biofuel

SOY ENERGY, LLC

By: /s/ Jeffrey N. Oestmann
Name: Jeffrey N. Oestmann
Title: CEO/General Manager

CERTIFICATION PURSUANT TO 17 CFR 240.13(a)-14(a)
(SECTION 302 CERTIFICATION)

I, Jeff Oestmann certify that:

1. I have reviewed this quarterly report on Form 10-Q of Soy Energy, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 8, 2012

/s/ Jeff Oestmann
Jeff Oestmann, President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO 17 CFR 240.13(a)-14(a)
(SECTION 302 CERTIFICATION)

I, Jeff Oestmann, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Soy Energy, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

    a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 8, 2012

/s/ Jeff Oestmann

Jeff Oestmann, Interim Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Soy Energy, LLC (the "Company") for the quarter ended July 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeff Oestmann, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeff Oestmann

Jeff Oestmann, President and Chief Executive Officer
(Principal Executive Officer)
Dated: October 8, 2012

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Soy Energy, LLC (the "Company") for the quarter ended July 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeff Oestmann, Interim Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeff Oestmann

Jeff Oestmann, Interim Chief Financial Officer
(Principle Financial Officer)

Dated: October 8, 2012

Members' Equity (Details) (Common Stock [Member], USD $)	9 Months Ended Jul. 31, 2012
Common Stock [Member]	
Class of Stock [Line Items]	
Common Stock, Shares, Issued	330
Common Stock, Par or Stated Value Per Share	$ 625
Proceeds from Issuance of Common Stock	$ 206,250

Inventories (Details) (USD $)	Jul. 31, 2012	Oct. 31, 2011
Inventories [Abstract]		
Raw Materials	$ 377,654	$ 1,691,724
Work in Process	360,278	200,000
Finished Goods	1,997,962	1,711,207
Inventory	$ 2,735,894	$ 3,602,931

Assets Held for Sale	9 Months Ended Jul. 31, 2012
Assets Held for Sale [Abstract]	
Assets Held for Sale	**ASSETS HELD FOR SALE** The Company is actively working to sell the assets held for sale. These assets have been recorded at their estimated selling price, less estimated selling costs. The fair value of these assets was determined based on recent sales of similar assets. Amounts included in assets held for sale are as follows:

	July 31, 2012	October 31, 2011*
Land	$ 250,262	$ 250,262
Equipment	1,625,375	1,625,375
Total assets held for sale	$ 1,875,637	$ 1,875,637

* Derived from audited financial statements.

Line-of-Credit (Details) (USD $)	Jul. 31, 2012	Oct. 31, 2011
Line of Credit Facility [Line Items]		
Line of credit, Amount Outstanding	$ 1,698,109	$ 610,500
Line of Credit [Member]		
Line of Credit Facility [Line Items]		
Line of Credit Facility, Current Borrowing Capacity	2,500,000	
Debt Instrument, Basis Spread on Variable Rate	1.00%	
Line of Credit Facility, Interest Rate at Period End	6.00%	
Line of credit, Amount Outstanding	$ 1,698,109	$ 610,500

Long-Term Debt Maturities of Long-Term Debt (Details) (USD $)	Jul. 31, 2012	Oct. 31, 2011
Extinguishment of Debt [Line Items]		
Long-term Debt, Repayments of Principal in 2013	$ 5,663,185	
Long-term Debt, Repayments of Principal in 2014	0	
Long-term Debt, Repayments of Principal in 2015	0	
Long-term Debt, Repayments of Principal in 2016	0	
Long-term Debt, Repayments of Principal in 2017	1,048,111	
Long-term Debt, Gross	$ 6,711,296	$ 6,050,884

Note Payable (Details) (USD $)	Jul. 31, 2012	Oct. 31, 2011
Short-term Debt [Line Items]		
Note payable	$ 250,000	$ 0
Loans Payable [Member]		
Short-term Debt [Line Items]		
Note payable	$ 250,000	
Debt Instrument, Interest Rate, Stated Percentage	4.50%	

Commitments and Contingencies (Details) (USD $)	9 Months Ended Jul. 31, 2012 lb
Long-term Purchase Commitment [Line Items]	
Contractual Obligation	8,000,000
Retention Payable	374,000
Construction Payable, Current	1,179,000
Inventories [Member]	
Long-term Purchase Commitment [Line Items]	
Long-term Purchase Commitment, Minimum Quantity Required	820,000

Inventories	9 Months Ended Jul. 31, 2012
Inventories [Abstract]	
Inventories	**INVENTORIES** At July 31, 2012 and October 31, 2011, inventories are composed as follows:

	July 31, 2012	October 31, 2011*
Raw materials	$ 377,654	$ 1,691,724
Work-in-progress	360,278	200,000
Finished goods	1,997,962	1,711,207
	$ 2,735,894	$ 3,602,931

*Derived from audited financial statements.

Commitments and Contingencies Legal Proceedings (Details) (Foreclosure on Mechanics Lien [Member], Pending Litigation [Member], USD $)	9 Months Ended
	Jul. 31, 2012
Foreclosure on Mechanics Lien [Member] | Pending Litigation [Member]	
Loss Contingencies [Line Items]	
Loss Contingency, Loss in Period	$ 847,000

Condensed Balance Sheets (USD $)	Jul. 31, 2012	Oct. 31, 2011
Current Assets		
Cash and cash equivalents	$ 111,399	$ 662,946
Certificates of deposit	0	255,923
Accounts receivable	389,264	88,036
Accrued interest receivable	0	850
Inventories	2,735,894	3,602,931
Prepaid cost and other	22,469	60,746
Total current assets	3,259,026	4,671,432
Property, Plant and Equipment		
Land and improvements	508,526	502,176
Buildings	4,332,952	3,278,738
Equipment	16,028,797	6,313,762
Accumulated depreciation	(994,940)	(24,955)
Gross property, plant and equipment	19,875,335	10,069,721
Construction in progress	0	9,902,982
Net property, plant and equipment	19,875,335	19,972,703
Other Assets		
Other	10,854	43,419
Assets held for sale	1,875,637	1,875,637
Escrow deposit	379,961	379,894
Debt service reserve	150,964	150,766
Debt issuance costs, net	0	135,530
Total other assets	2,417,416	2,585,246
Total Assets	25,551,777	27,229,381
Current Liabilities		
Accounts payable	3,175,240	911,865
Accrued expenses	279,063	209,730
Line of credit	1,698,109	610,500
Note payable	250,000	0
Current maturities of long-term debt	5,663,185	473,826
Total current liabilities	11,065,597	2,205,921
Long-Term Debt, Net of Current Maturities	1,048,111	5,577,058
Member contributions, 33,348 and 33,018 Units Issued and Outstanding, respectively	13,438,069	19,446,402
Total Liabilities and Members' Equity	$ 25,551,777	$ 27,229,381

Summary of Significant Accounting Policies	9 Months Ended Jul. 31, 2012
Summary of Significant Accounting Policies [Abstract]	
Summary of Significant Accounting Policies	

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed interim financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted as permitted by such rules and regulations. These financial statements and related notes should be read in conjunction with the financial statements and notes thereto included in the Company's audited financial statements for the year ended October 31, 2011, contained in the Company's Form 10-K.

In the opinion of management, the interim condensed financial statements reflect all adjustments, consisting of only normal recurring adjustments, considered necessary for fair presentation of the Company's financial position as of July 31, 2012 and the results of operations and cash flows for all periods present.

Nature of Business

Soy Energy, LLC, an Iowa limited liability company, (the Company) operates a 30 million gallon per year (MGY) production biodiesel facility in Mason City, Iowa. The Company produces and sells biodiesel, glycerin and soapstock. The Company commenced operations in January 2012. Prior to January 2012, the Company was in the development stage.

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported revenues and expenses. The Company uses estimates and assumptions in accounting for significant matters, among others, the carrying value of property, plant, and equipment and related assumptions related to impairment testing and the carrying value of assets held for sale. Actual results may differ from previously estimated amounts and such differences may be material to the financial statements.

Revenue Recognition

The Company generally sells biodiesel and related products pursuant to marketing agreements. Revenues are recognized when the marketing company (the "customer") has taken title and has assumed the risks and rewards of ownership, prices are fixed or determinable and collectability is reasonably assured.

Accounts Receivable

In the normal course of business, the Company provides credit to its customers and evaluates the status of outstanding balances on a regular basis. At July 31, 2012, the Company considered all remaining accounts receivable to be fully collectible and an allowance for doubtful accounts was not considered necessary.

Inventory

Inventory consists of raw materials, work-in-progress and finished goods. Inventories are stated at the lower-of-cost, which is determined by the first-in, first-out method, or market.

Property, Plant and Equipment

Property, plant and equipment is stated at cost and is depreciated over estimated service lives of related assets, using the straight-line method of accounting. Property, plant and equipment undergoing development that is not in service is shown in the balance sheet as construction-in-progress and is not depreciated. Estimated service lives computing depreciation for financial reporting are as follows:

Description	Minimum Years	Maximum Years
Land improvements	20	39
Buildings	7	39
Equipment	2	20

Ordinary maintenance and repairs are expensed as incurred. Cost of renewals and betterments are capitalized in appropriate property and equipment accounts and depreciated as discussed above.

The Company capitalizes construction costs as construction-in-progress until the assets are placed in service. The Company had construction-in-progress of approximately $0 and $9,903,000 as of July 31, 2012 and October 31, 2011, respectively, relating to the Mason City, Iowa plant improvements.

Debt Issuance Costs

Loan costs are capitalized and amortized to interest expense over the terms of the related loans using the effective interest rate method.

As noted in Note 5, the Company wrote off the remaining debt issuance costs of approximately $121,000 as of April 30, 2012. Additionally, Company capitalized amortization of debt issuance costs as part of the construction-in-progress during the nine months ended July 31, 2012 of approximately $5,000.

Long-Lived Assets

The Company reviews its long-lived assets, such as property, plant and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. The Company reviews assets held for sale at each reporting date to determine that the carrying value is equal or greater than the estimated net selling price.

Fair Value of Financial Instruments

The Company believes the carrying value of cash and equivalents, escrow deposit, debt service reserve, accounts payable, and other working capital items approximate fair value due to the short maturity nature of these instruments. The Company believes the carrying amount of the long-term debt approximates the fair value due to terms of the debt approximating the current market interest rates. The fair value of assets held for sale is disclosed in Note 4.

Property, Plant and Equipment (Details) (USD $)	Jul. 31, 2012	Oct. 31, 2011	9 Months Ended					
			Jul. 31, 2012 Minimum [Member] Land Improvements [Member]	Jul. 31, 2012 Minimum [Member] Building [Member]	Jul. 31, 2012 Minimum [Member] Equipment [Member]	Jul. 31, 2012 Maximum [Member] Land Improvements [Member]	Jul. 31, 2012 Maximum [Member] Building [Member]	Jul. 31, 2012 Maximum [Member] Equipment [Member]
Property, Plant and Equipment [Line Items]								
Property, Plant and Equipment, Estimated Useful Lives			20	7	2	39	39	20
Construction in progress	$ 0	$ 9,902,982						

Going Concern (Details) (USD $)	3 Months Ended		9 Months Ended	
	Jul. 31, 2012	Jul. 31, 2011	Jul. 31, 2012	Jul. 31, 2011
Debt Instrument [Line Items]				
Net Loss	$ 2,245,745	$ 504,968	$ 6,214,583	$ 961,524
Notes Payable to Banks [Member] | Term Note [Member]				
Debt Instrument [Line Items]				
Long-term Debt, Current Maturities	$ 5,168,000		$ 5,168,000	

Going Concern	9 Months Ended Jul. 31, 2012
Going Concern [Abstract]	
Going Concern	**GOING CONCERN** The financial statements have been prepared on a going concern basis, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business. On January 1, 2012, the Company commenced operations and transitioned from a "development stage company" to an "operating company". The Company incurred losses of approximately $6,200,000 for the nine months ended July 31, 2012 and had previously incurred losses in fiscal 2011 and 2010 while it was in the development stage. Additionally, the Company is out of compliance with certain provisions of the term loan agreement as described in Note 5, which also triggered a default on our line-of-credit. The Company is in the process of resolving the events of default and working to receive waivers for the violations. However, there is no assurance when or if any waiver or amendment will be provided by the lenders. As a result, the Company reclassified the term loans of approximately $5,168,000 as current. If the Company's lenders exercised their rights to accelerate the maturity of the debt outstanding, the Company would not have adequate available cash to repay the amounts currently outstanding. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company has begun generating revenues and cash flows from operations since commencing operations in January. Although production levels are nearing the Company's targeted range and are consistent with initial stages of operation, the Company is not operating at full capacity. The Company's production runs are using corn oil as the main feedstock, which is believed to have significant cost advantages over soybean oil based production. Management has raised money through the issuance of convertible subordinated notes and equity capital offerings, subject to certain conditions and lender approvals. The Company intends to continue raising additional funds through equity and convertible note offerings. On August 16, 2012, the Company entered into a production tolling arrangement with an unrelated party which will allow us to operate at a high rate without requiring a significant amount of cash and working capital to purchase biodiesel production feedstock. While the Company believes these measures will significantly improve the operating performance of the plant and provide additional working capital, there has not been sufficient time and execution of these measures to determine their impact and ultimate success.

Balance Sheet Parenthetical	Jul. 31, 2012	Oct. 31, 2011
Member contributions, 33,348 and 33,018 Units Issued and Outstanding, respectively	33,348	33,018

Summary of Significant Accounting Policies (Tables)	9 Months Ended Jul. 31, 2012
Summary of Significant Accounting Policies [Abstract]	
Property, Plant and Equipment	

Description	Minimum Years	Maximum Years
Land improvements	20	39
Buildings	7	39
Equipment	2	20

Document and Entity Information Document	9 Months Ended Jul. 31, 2012	Oct. 08, 2012
Entity Information [Line Items]		
Entity Registrant Name	Soy Energy, LLC	
Entity Central Index Key	0001426780	
Current Fiscal Year End Date	--10-31	
Entity Filer Category	Smaller Reporting Company	
Document Type	10-Q	
Document Period End Date	Jul. 31, 2012	
Document Fiscal Year Focus	2012	
Document Fiscal Period Focus	Q3	
Amendment Flag	false	
Entity Common Stock, Shares Outstanding		33,348

Inventories (Tables)	9 Months Ended Jul. 31, 2012
Inventories [Abstract]	
Schedule of Inventory	

	July 31, 2012	October 31, 2011*
Raw materials	$ 377,654	$1,691,724
Work-in-progress	360,278	200,000
Finished goods	1,997,962	1,711,207
	$2,735,894	$3,602,931

Condensed Statement of Operations (USD $)	3 Months Ended		9 Months Ended	
	Jul. 31, 2012	Jul. 31, 2011	Jul. 31, 2012	Jul. 31, 2011
Sales	$ 3,347,738	$ 0	$ 7,283,379	$ 0
Costs of Goods Sold	4,759,507	0	11,091,049	0
Gross Loss	(1,411,769)	0	(3,807,670)	0
Operating Expenses				
General and administrative	489,248	271,591	1,514,204	607,712
Professional fees	208,783	64,971	485,712	227,618
Impairment	0	175,743	0	175,743
Total operating expenses	698,031	512,305	1,999,916	1,011,073
Operating Loss	(2,109,800)	(512,305)	(5,807,586)	(1,011,073)
Other Income (Expense)				
Interest income	104	6,265	1,070	43,776
Other income	726	1,072	2,263	5,773
Interest expense	(136,775)	0	(410,330)	0
Total other income (expense), net	(135,945)	7,337	(406,997)	49,549
Net Loss	$ (2,245,745)	$ (504,968)	$ (6,214,583)	$ (961,524)
Weighted Average Units Outstanding - Basic and Diluted	33,330	33,018	33,153	33,018
Net Loss Per Unit - Basic and Diluted	$ (67.38)	$ (15.29)	$ (187.45)	$ (29.12)

Note Payable	9 Months Ended Jul. 31, 2012
Note Payable [Abstract]	
Note Payable	**NOTE PAYABLE** The Company has a note payable for $250,000 with a financial institution bearing interest at 4.5%, maturing on July 30, 2013. The note is secured by a real estate mortgage on the Company's Marcus, Iowa property and guaranteed by certain Company unit holders, both of whom are members of the board, one of whom is the chairman.

Line-of-Credit	9 Months Ended Jul. 31, 2012
Line of Credit [Abstract]	
Line of Credit	**LINE OF CREDIT** At July 31, 2012, the Company has available a $2,500,000 line of credit from a financial institution, subject to borrowing base limitations, maturing on October 31, 2012, and bearing a variable rate of interest equal to the greater of the Wall Street Journal Prime Rate plus 1.00% or 6.00%. The Company owed $1,698,109 and $610,500 on the line of credit at July 31, 2012 and October 31, 2011, respectively. The line of credit is secured by a real estate mortgage on the Company's Marcus, Iowa property and a first lien on the Company's accounts receivable, inventory, including prepaid deposits for the purchase of inventory, deposit and hedging accounts and assets held for sale. The line of credit is secured by various covenants. As described in Note 5, the Company was in default on the term loans at July 31, 2012, which triggered a default on the line of credit. On August 29, 2012, the Company repaid the balance of its line-of-credit from cash received from the sale of inventory and was subsequently terminated.

Summary of Significant Accounting Policies Debt Issuance (Details) (USD $)	9 Months Ended	
	Jul. 31, 2012	Jul. 31, 2011
Summary of Significant Accounting Policies [Abstract]		
Amortization of loan fees, discounts and prepaid costs capitalized as construction-in-progress	$ 5,318	$ 102,910
Write-off of loan costs	$ 120,914	$ 0

Assets Held for Sale (Tables)	9 Months Ended Jul. 31, 2012
Assets Held for Sale [Abstract]	
Disclosure of Assets Held-for-sale	

	July 31, 2012	October 31, 2011*
Land	$ 250,262	$ 250,262
Equipment	1,625,375	1,625,375
Total assets held for sale	$ 1,875,637	$ 1,875,637

Subsequent Events	9 Months Ended Jul. 31, 2012
Subsequent Events [Abstract]	
Subsequent Events	**SUBSEQUENT EVENT** On August 16, 2012, the Company entered into a tolling agreement with an unrelated party. The agreement provides for the unrelated party to be the exclusive supplier of feedstock processed at the Company's facility as well as the primary buyer. The agreement runs through December 31, 2013 and renews for successive one year terms thereafter unless written notice is given by either party at least 30 days prior to expiration. The agreement provides for specified operating performance as well as variability to changing commodity prices. The Company's revenue from the agreement will be based on a processing fee subject to the production of the plant during a given time period. Processing fees are earned based on terms as defined within the tolling agreement.

Commitments and Contingencies	9 Months Ended Jul. 31, 2012
Commitments and Contingencies [Abstract]	
Commitments and Contingencies	**COMMITMENTS AND CONTINGENCIES**

Construction Agreement

On August 11, 2010, the Company entered into a construction agreement with an unrelated party (contractor) for the design and construction of modifications of the Mason City, Iowa biodiesel facility allowing for the use of multiple feedstocks. The Guaranteed Maximum Price of the project is $8,000,000. The contract was complete pending final approval at July 31, 2012. The Company had incurred $8,000,000 on this contract at July 31, 2012 and October 31, 2011 which was included in construction-in-progress at October 31, 2011. The plant was put into service in January 2012. The retaintage payable related to this contract approximates $374,000 at July 31, 2012 and October 31, 2011 and is included in accounts payable in the balance sheet. Payables related to construction are approximately $1,179,000 at July 31, 2012.

Legal Proceedings

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. While the ultimate outcome of these matters is not presently determinable, it is in the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the financial position or results of operations of the Company. Due to the uncertainties in the settlement process, it is at least reasonably possible that management's view of outcomes will change in the near term.

In May and August 2012, a subcontractor of the general contractor that performed the conversion to allow corn oil processing and maintenance of the plant filed mechanics liens and a lawsuit to foreclose on the mechanics liens against the Company seeking payment of retainage amounts as well as other costs beyond the scope of the original contract totaling approximately $847,000. As of July 31, 2012, the Company has accrued approximately $847,000 related to the subcontractors claim.

Marketing Agreement

On August 12, 2010, the Company entered into a marketing agreement with an unrelated party whereby the marketer would sell and market all of the biodiesel produced by the Company. The agreement commenced on the effective date, August 12, 2010, and has an initial term of two years from the date when the Company first delivered biodiesel pursuant to the marketing agreement with options to renew for additional terms. The Company plans to terminate in December 2013.

Crude Corn Oil Purchase Agreement

On June 19, 2008, the Company entered into a three year contract with an unrelated party to purchase 820,000 pounds of corn oil per month at a price based on a percentage of an index. Additionally, the contract includes a provision that allows for a profitability incentive to be paid by the Company to the unrelated party under certain conditions. The contract provides the Company the option to purchase additional corn oil at the prevailing market price. The agreement also provides for its renewal in one year increments unless terminated by either party with 90 days notice.

Members' Equity	9 Months Ended Jul. 31, 2012
Members' Equity [Abstract]	
Members' Equity	**MEMBERS' EQUITY** During the nine months ended July 31, 2012, the Company issued 330 units at a price of $625 per unit, which resulted in total proceeds of $206,250.

Summary of Significant Accounting Policies Accounting Policies (Policies)	9 Months Ended Jul. 31, 2012
Summary of Significant Accounting Policies [Abstract]	
Accounting Estimates	*Accounting Estimates* Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported revenues and expenses. The Company uses estimates and assumptions in accounting for significant matters, among others, the carrying value of property, plant, and equipment and related assumptions related to impairment testing and the carrying value of assets held for sale. Actual results may differ from previously estimated amounts and such differences may be material to the financial statements.
Revenue Recognition	*Revenue Recognition* The Company generally sells biodiesel and related products pursuant to marketing agreements. Revenues are recognized when the marketing company (the "customer") has taken title and has assumed the risks and rewards of ownership, prices are fixed or determinable and collectability is reasonably assured.
Accounts Receivable	*Accounts Receivable* In the normal course of business, the Company provides credit to its customers and evaluates the status of outstanding balances on a regular basis. At July 31, 2012, the Company considered all remaining accounts receivable to be fully collectible and an allowance for doubtful accounts was not considered necessary.
Inventory	*Inventory* Inventory consists of raw materials, work-in-progress and finished goods. Inventories are stated at the lower-of-cost, which is determined by the first-in, first-out method, or market.
Property, Plant and Equipment	*Property, Plant and Equipment* Property, plant and equipment is stated at cost and is depreciated over estimated service lives of related assets, using the straight-line method of accounting. Property, plant and equipment undergoing development that is not in service is shown in the balance sheet as construction-in-progress and is not depreciated. Estimated service lives computing depreciation for financial reporting are as follows:

Description	Minimum Years	Maximum Years
Land improvements	20	39
Buildings	7	39
Equipment	2	20

Ordinary maintenance and repairs are expensed as incurred. Cost of renewals and betterments are capitalized in appropriate property and equipment accounts and depreciated as discussed above.

The Company capitalizes construction costs as construction-in-progress until the assets are placed in service. The Company had construction-in-progress of approximately $0 and $9,903,000 as of July 31, 2012 and October 31, 2011, respectively, relating to the Mason City, Iowa plant improvements.

Debt Issuance Costs

Debt Issuance Costs

Loan costs are capitalized and amortized to interest expense over the terms of the related loans using the effective interest rate method.

As noted in Note 5, the Company wrote off the remaining debt issuance costs of approximately $121,000 as of April 30, 2012. Additionally, Company capitalized amortization of debt issuance costs as part of the construction-in-progress during the nine months ended July 31, 2012 of approximately $5,000.

Long-Lived Assets

Long-Lived Assets

The Company reviews its long-lived assets, such as property, plant and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. The Company reviews assets held for sale at each reporting date to determine that the carrying value is equal or greater than the estimated net selling price.

Fair Value of Financial Instruments

Fair Value of Financial Instruments

The Company believes the carrying value of cash and equivalents, escrow deposit, debt service reserve, accounts payable, and other working capital items approximate fair value due to the short maturity nature of these instruments. The Company believes the carrying amount of the long-term debt approximates the fair value due to terms of the debt approximating the current market interest rates. The fair value of assets held for sale is disclosed in Note 4.

Product and Supplies (Details) (Biodiesel [Member])	9 Months Ended Jul. 31, 2012 gal
Biodiesel [Member]	
Product Information [Line Items]	
Annual Production Capacity	30,000,000

Assets Held for Sale (Details) (USD $)	Jul. 31, 2012	Oct. 31, 2011
Long Lived Assets Held-for-sale [Line Items]		
Assets Held-for-sale, Long Lived, Fair Value Disclosure	$ 1,875,637	$ 1,875,637
Land [Member]		
Long Lived Assets Held-for-sale [Line Items]		
Assets Held-for-sale, Long Lived, Fair Value Disclosure	250,262	250,262
Equipment [Member]		
Long Lived Assets Held-for-sale [Line Items]		
Assets Held-for-sale, Long Lived, Fair Value Disclosure	$ 1,625,375	$ 1,625,375

Condensed Statements of Cash Flows (USD $)	9 Months Ended	
	Jul. 31, 2012	Jul. 31, 2011
Cash Flows from Operating Activities		
Net Loss	$ (6,214,583)	$ (961,524)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	981,384	12,330
Write-off of loan costs	120,914	0
Loss on sale of assets held for sale	1,462	45,000
Noncash interest income	(265)	(5,708)
Impairment	0	175,743
Accrued interest added to long-term debt	10,111	0
Changes in operating assets and liabilities:		
Accounts receivable	(268,663)	0
Accrued interest receivable	850	1,569
Inventories	867,037	(15,292)
Prepaid costs and other	38,277	(146,822)
Accounts payable	2,027,304	81,622
Accrued expenses	69,333	72,848
Net cash used for operating activities	(2,366,839)	(740,234)
Cash Flows from Investing Activities		
Capital expenditures	(633,313)	(323,836)
Proceeds from disposal of equipment	400	200,000
Payments for certificates of deposit	0	(774,820)
Proceeds from maturing certificates of deposit	255,923	255,722
Net cash used for investing activities	(376,990)	(642,934)
Cash Flows from Financing Activities		
Proceeds from line-of-credit, net	1,087,609	0
Proceeds from note payable	250,000	0
Proceeds from long-term debt	1,038,000	0
Payments on long-term debt	(389,577)	(1,668)
Capital contributions	206,250	0
Net cash (used for) provided by financing activities	2,192,282	(1,668)
Net Decrease in Cash and Cash Equivalents	(551,547)	(1,384,836)
Cash and Cash Equivalents at Beginning of Period	662,946	6,352,955
Cash and Cash Equivalents at End of Period	111,399	4,968,119
Supplemental Cash Flow Information		
Interest expense paid	239,106	0
Capitalized interest paid	81,910	227,472
Supplemental Schedule of Noncash Investing and Financing Activities		
Construction-in-progress in accounts payable	0	818,744
Property, plant and equipment in accounts payable	236,071	10,119

Assets held for sale reclassified to construction-in-progress	0	529,000
Prepaid costs reclassified to construction-in-progress	0	95,000
Amortization of loan fees, discounts and prepaid costs capitalized as construction-in-progress	5,318	102,910
Accrued interest added to long-term debt	10,111	0
Payment of construction-in-progress with escrow deposit	$ 0	$ 5,630,037

Long-Term Debt	9 Months Ended Jul. 31, 2012
Long-term Debt, Unclassified [Abstract]	
Long-term Debt	**LONG-TERM DEBT** *Term Loans* The Company has a term loan for $6,000,000 with a financial institution with a fixed rate of 5.0% until October 2016. The interest rate will then adjust to the greater of the five-year LIBOR swap rate plus 3.5% or 5.0%. The Company began making monthly payments of approximately $64,000, including interest in November 2011, which will continue until maturity in September 2021. The Company has a non-interest bearing note with the same financial institution for $77,595 which will be due in full in September 2021. The carrying value of the loan is shown net of unamortized discount of $23,165 and $25,043 as of July 31, 2012 and October 31, 2011, respectively, and is calculated using a 5.0% market interest rate. The amortization of the debt discount is recognized as interest costs. The term loans are secured by substantially all business assets and are subject to various financial and non-financial covenants that limit distributions, capital expenditures, and require minimum debt service coverage requirements. In June and July 2012, the Company received written notices of default (the "Notices") from our lender. The Notices provided that the Company was not in compliance with the provisions of its term loan agreements related to properly naming its lender as an insured party, delivery of fully executed copies of subordinated intercreditor agreements satisfactory to the lender prior to obtaining any subordinated loan, allowing mechanics liens to be filed against the property and untimely submission of monthly financial information. Additionally, the Company is not in compliance with its Debt to Equity ratio loan covenant at July 31, 2012. The Company is working to obtain waivers from our lender related to the defaults under our loan agreement. However, since the Company has not received waivers for actual or future violations, the Company has classified approximately $5,168,000 of this debt as current and has written-off the related debt issuance costs to interest expense of approximately $121,000 as of April 30, 2012. *Convertible Subordinate Notes* The Company issued convertible subordinated notes with a fixed rate of 12.0%. The Company owes semiannual interest only payments beginning in May 2012 until the notes become due and payable in October 2017. The Company has the right to defer all interest payments until the notes are redeemed, converted, or mature. Accrued interest on the notes totaled approximately $30,000 as of July 31, 2012. The notes are convertible any time after October 31, 2015 and prior to the maturity date at a book value per unit rate. The notes may be redeemed by the Company any time after April 30, 2014 without penalty or premium. The Company's borrowings through the convertible subordinated notes include $368,466 from related parties. Amounts included in long-term debt are as follows:

	July 31, 2012	October 31, 2011*
Term loan	$ 5,608,755	$ 5,998,332
Term loan	54,430	52,552
Subordinated debt	1,048,111	—
Total long-term debt	6,711,296	6,050,884
Less current maturities	5,663,185	473,826

	$ 1,048,111	$ 5,577,058

* Derived from audited financial statements.

The estimated maturities of long-term debt, net of unamortized discount, at July 31, 2012 are as follows:

2013	5,663,185
2014	—
2015	—
2016	—
2017	1,048,111
Total	$ 6,711,296

Long-Term Debt (Details) (USD $)	9 Months Ended		
	Jul. 31, 2012	Jul. 31, 2011	Oct. 31, 2011
Debt Instrument [Line Items]			
Debt Instrument, Increase, Accrued Interest	$ (10,111)	$ 0	
Long-term Debt, Gross	6,711,296		6,050,884
Current maturities of long-term debt	5,663,185		473,826
Write-off of loan costs	120,914	0	
Long-Term Debt, Net of Current Maturities	1,048,111		5,577,058
Notes Payable to Banks [Member] | Term Note [Member]			
Debt Instrument [Line Items]			
Notes Payable to Bank	5,608,755		5,998,332
Debt Instrument, Face Amount	6,000,000		
Debt Instrument, Interest Rate, Stated Percentage	5.00%		
Debt Instrument, Basis Spread on Variable Rate	3.50%		
Debt Instrument, Interest Rate at Period End	5.00%		
Debt Instrument, Periodic Payment	64,000		
Long-term Debt, Current Maturities	5,168,000		
Write-off of loan costs	121,000		
Notes Payable to Banks [Member] | Non Interest Bearing Note [Member]			
Debt Instrument [Line Items]			
Notes Payable to Bank	54,430		52,552
Debt Instrument, Face Amount	77,595		
Debt Instrument, Unamortized Discount (Premium), Net	23,165		25,043
Debt Instrument, Interest Rate, Effective Percentage	5.00%		
Convertible Subordinated Debt [Member] | Convertible Subordinated Notes [Member]			
Debt Instrument [Line Items]			
Subordinated Debt	1,048,111		0
Debt Instrument, Interest Rate, Stated Percentage	12.00%		
Debt Instrument, Increase, Accrued Interest	30,000		
Proceeds from Related Party Debt	$ 368,466		

Long-Term Debt (Tables)	9 Months Ended Jul. 31, 2012
Long-term Debt, Unclassified [Abstract]	
Schedule of Long-term Debt	

	July 31, 2012	October 31, 2011*
Term loan	$5,608,755	$5,998,332
Term loan	54,430	52,552
Subordinated debt	1,048,111	—
Total long-term debt	6,711,296	6,050,884
Less current maturities	5,663,185	473,826
	$1,048,111	$5,577,058

Schedule of Maturities of Long-term Debt

2013	5,663,185
2014	—
2015	—
2016	—
2017	1,048,111
Total	$6,711,296