2012
ANNUAL REPORT

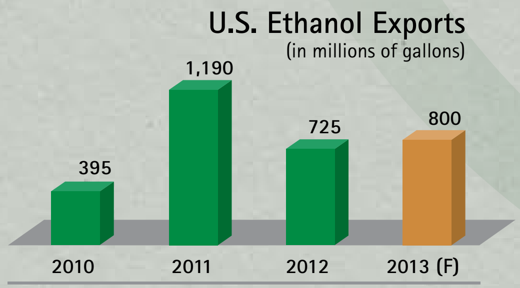
ADVANCED
BioEnergy LLC

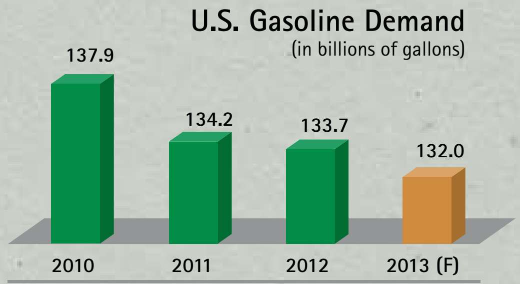
Industry Update

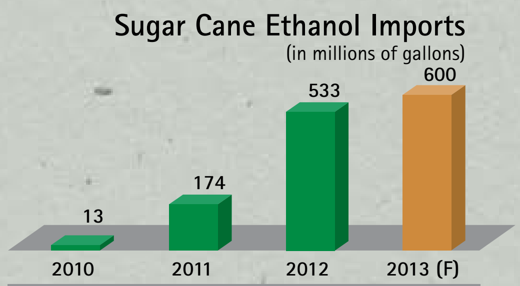
The ethanol industry has faced a challenging margin environment over the past 12 months. Contributing factors began with the elimination of the VEETC credit in December of 2011, and continued with a sharp drop in ethanol exports, decreasing domestic gasoline demand, increasing ethanol imports (see charts), and a drought that significantly impacted the U.S. corn crop. Additionally, misinformation spread by parties such as Big Oil and Big Food continue to fuel a negative perception of the ethanol industry and put added pressure on its producers.

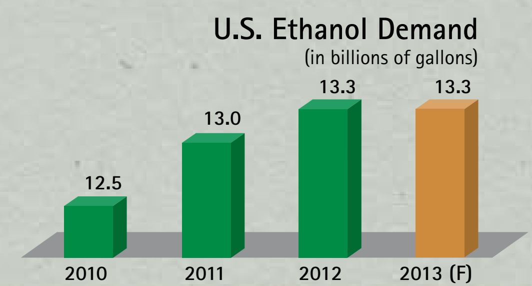
Due to the factors noted above, an overall imbalance in U.S. ethanol supply and demand continues to exist today. As gasoline demand has decreased over the past several years (see chart), the blend wall, which assumes an approximate 10 percent penetration of the total gasoline demand, has also decreased. With over 15 billion gallons of U.S. ethanol production capacity and domestic demand at approximately 13.3 billion gallons (see chart), the U.S. market has seen an oversupply of ethanol and record high inventory levels. Unless exports increase or a significant portion of the industry's production capacity permanently shuts down, the market will remain out of balance under current conditions. Continued growth in the use of mid-level blends of ethanol (E15, E20 & E30) will play a key role in the future of the ethanol industry by breaking through the 10 percent blend wall. As we move forward, it will be critical to increase U.S. ethanol demand via mid-level blends, protection of the RFS, and promotion of U.S. ethanol exports.

*Graph data provided by Houston Biofuels Consultants, LLC



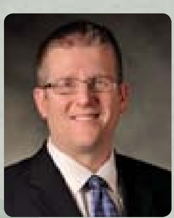






February 16, 2013

To Our Unit Holders:



Richard R. Peterson
CEO

The prior fiscal year brought about many changes for our company culminating with the sale of our Fairmont, Nebraska plant in December 2012 to Flint Hills Resources, LLC. Over $105 million of the sale proceeds, or $4.15 per unit, was distributed to our unit holders in late December 2012. Subsequent to the sale of the Fairmont plant, we reduced our corporate overhead to align with the reduction in our overall production capacity. The past several months have been a challenging time for the ethanol industry. More than 2 billion gallons of production capacity are currently idled due to a prolonged and difficult crush margin environment.

Sale of the Fairmont Plant

The net cash received for the Fairmont plant sale, excluding cash held in escrow, was $115.8 million or approximately $4.59 per unit. As noted above, we distributed $105.5 million, or $4.15 per unit, in December 2012. Approximately $13.6 million of the total purchase price was held in escrow at closing. A portion of the escrow funds were reserved for a 10 percent holdback on our inventory valuation, the remaining escrow funds serve as security for indemnification related to the sale. Recently, we received 100 percent of the inventory holdback funds, or approximately $1.1 million of the total cash held in escrow. Unless issues arise with the remaining $12.5 million held in escrow, we expect to receive $4.5 million in September 2013 and the remaining $8.0 million in June 2014. A decision was made to hold back approximately $10.0 million of the net cash received from the sale while we review and assess our strategy regarding the operations in South Dakota.

South Dakota Plants

We continue to operate our plants in Huron and Aberdeen, South Dakota, with our primary focus being operational improvements. During the past 12 months, this has included the installation of non-food grade corn oil extraction at our Aberdeen plant. The various operational improvements have also resulted in both plants in South Dakota achieving record corn to ethanol yields over the past fiscal year.

As a result of the weak crush margin environment, our net working capital position in South Dakota steadily declined during fiscal 2012. As of December 2012, our net working capital had declined to $4.8 million compared to $12.6 million as of September 2011. During fiscal 2012, we made all required debt service payments for our South Dakota plants. The decline in working capital and weak crush margin environment, have put significant pressure on our ability to make the required debt service payment in March 2013. We commenced discussions with our South Dakota lenders over the past few months in an effort to proactively assess options to address the declining working capital position (which led to our projected inability to make the required debt service payment in March 2013).

As We Look Forward

Although crush margins have improved over recent weeks, continued uncertainty weighs on the overall outlook for the ethanol industry in fiscal 2013. Our primary goal is to focus on the best outcome possible for the South Dakota plants, coupled with the preservation of cash resources at our parent entity. These cash resources will be used either to invest further in our South Dakota plants or other ethanol related opportunities, or the remaining cash will be distributed to unit holders.

The industry continues to face aggressive attacks by "Big Oil" and other groups that focus on hype and the manipulation of information versus facts. With declining gas demand and full penetration of the 10 percent blend rate, the promotion of E15 and other mid-level blends is critical. Domestic ethanol demand in 2013 is forecasted to be 13.3 billion gallons or approximately the same as 2012. Exports of ethanol are expected to be higher in 2013, at 800 million gallons versus 2012 exports of 725 million gallons. U.S. ethanol export volumes in 2013 will be closely aligned with corn supplies due to last year's drought. If tight supplies push ethanol and corn prices higher, exports may not increase as expected, especially in the European markets. Imports of sugar cane ethanol increased significantly in 2012 to 533 million gallons compared to 174 million gallons in 2011. At this point, sugar cane ethanol imports are required under the RFS to meet the advanced biofuel D5 RIN. Unless the EPA were to provide a waiver under the RFS, sugar cane imports primarily entering the market in California, are expected to be at least 500 to 600 million gallons in 2013 and 2014.

We consider 2013 to be a transitional year as we refine our strategy in South Dakota and finalize the sale of our Fairmont, Nebraska plant. The ethanol industry as a whole continues to push forward – predominantly focused on building demand beyond the 10 percent blend wall via the promotion of E15 and other mid-level blends.

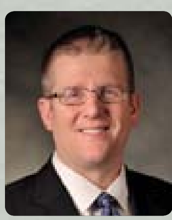
We would like to thank all of our constituents for their continued support.

Sincerely,

Richard R. Peterson
CEO

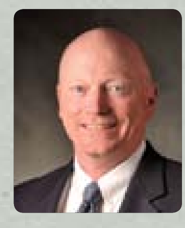
ADVANCED BIOENERGY LLC

Management



Richard R. Peterson
CEO

Christine Schumann
VP of Finance



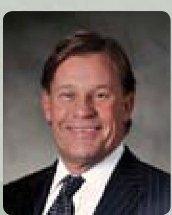
Grant Johanson
VP of Operations

Ty Weisendanger
VP of Trading & Commodities

Mark Edstrom
Corporate Controller

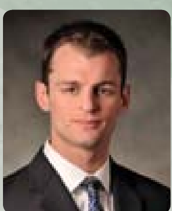
Larry Galero
Plant Manager
South Dakota Plants

Board of Directors



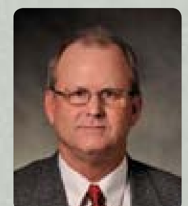
Scott A. Brittenham
Chairman
Director since 2008

Bryan A. Netsch
Director since 2011



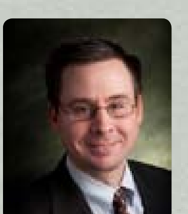
Jonathan K. Henness
Director since 2011

Troy L. Otte
Director since 2005

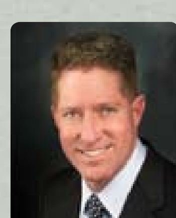


John E. Lovegrove
Director since 2005

Richard R. Peterson
Director since 2009



Joshua M. Nelson
Director since 2009



Bruce L. Rastetter
Vice Chairman
Director since 2009

ADVANCED BIOENERGY LLC

Investor Information

Annual Meeting: The annual meeting of Advanced BioEnergy unit holders will be held in March 2013. The notice of Annual Meeting and Proxy Statement are delivered to shareholders with this annual report. Please refer to the notice for meeting details. The meeting will be broadcast via webinar for those unable to attend in person, details on the registration process are contained in the Proxy Statement.

Company Updates: Copies of the annual report (10-K), quarterly reports (10-Q), proxy, and other SEC filings are available on the Advanced BioEnergy website at www.advancedbioenergy.com and click on the SEC filings tab.

Independent Accounting Firm
McGladrey LLP

Independent Legal Counsel
Lindquist & Vennum

Unit holder Inquiries: Updates to contact information and address, inquiries regarding transferring units, lost certificates, or other general questions, please contact Investor Relations in writing or by phone.

Aberdeen, SD

Huron, SD

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