

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

AEMETIS, INC

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015
Commission file number: 000-51354

AEMETIS, INC.

(Exact name of registrant as specified in its charter)

Nevada
*(State or other jurisdiction of
incorporation or organization)*

26-1407544
*(I.R.S. Employer
Identification Number)*

20400 Stevens Creek Blvd., Suite 700
Cupertino, CA 95014
(Address of principal executive offices)

Registrant's telephone number (including area code): **(408) 213-0940**

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, Par Value \$0.001
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. 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. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) 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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$40,551,844 as of June 30, 2015 based on the average bid and asked price on the NASDAQ Markets reported for such date. This calculation does not reflect a determination that certain persons are affiliates of the registrant for any other purpose.

The number of shares outstanding of the registrant's Common Stock on March 18, 2016 was 19,656,429 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Registrant's 2016 Annual Meeting of Stockholders are incorporated by reference in Part III of this Form 10-K.

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PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

On one or more occasions, we may make forward-looking statements in this Annual Report on Form 10-K, including statements regarding our assumptions, projections, expectations, targets, intentions or beliefs about future events or other statements that are not historical facts. Forward-looking statements in this Annual Report on Form 10-K including, without limitation, statements regarding management's plans; trends in demand for renewable fuels; trends in market conditions with respect to prices for inputs for our products versus prices for our products; our ability to leverage approved feedstock pathways; our ability to leverage our location and infrastructure; our ability to incorporate lower-cost, non-food advanced biofuels feedstock at the Keyes plant; our ability to adopt value-added byproduct processing systems; our ability to expand into alternative markets for biodiesel and its byproducts, including continuing to expand our sales into international markets; the impact of changes in regulatory policies on our performance, including the Indian government's recent changes to tax policies, diesel prices and related subsidies; our ability to continue to develop new, and to maintain and protect new and existing, intellectual property rights; our plans to expand the capacity of our facility in India; our ability to adopt, develop and commercialize new technologies; our ability to refinance our senior debt on more commercial terms or at all; our ability to continue to fund operations and our future sources of liquidity and capital resources; our ability to sell additional notes under our EB-5 note program and our expectations regarding the release of funds from escrow under our EB-5 note program; our ability to improve margins; and our ability to raise additional capital. Words or phrases such as "anticipates," "may," "will," "should," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "targets," "will likely result," "will continue" or similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on current assumptions and predictions and are subject to numerous risks and uncertainties. Actual results or events could differ materially from those set forth or implied by such forward-looking statements and related assumptions due to certain factors, including, without limitation, the risks set forth under the caption "Risk Factors" below, which are incorporated herein by reference as well as those business risks and factors described elsewhere in this report and in our other filings with the Securities and Exchange Commission (the "SEC").

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

We obtained the market data used in this report from internal company reports and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this 10-K is reliable, it has not been independently verified.

Unless the context requires otherwise, references to "we," "us," "our," and "the Company" refer specifically to Aemetis, Inc. and its subsidiaries.

Item 1. Business

General

We are an international renewable fuels and biochemicals company focused on the production of advanced fuels and chemicals through the acquisition, development and commercialization of innovative technologies that replace traditional petroleum-based products by conversion of first-generation ethanol and biodiesel plants into advanced biorefineries. We operate in two reportable geographic segments: "North America" and "India." For revenue and other information regarding our operating segments, see Note 13- Segment Information, of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K.

We were incorporated in Nevada in 2006.

We own and operate a 60 million gallon per year ethanol production facility located in Keyes, California (the Keyes plant). The facility produces its own combined heat and power (CHP) through the use of a natural gas-powered steam turbine, and reuses 100% of its process water with zero water discharge. In addition to ethanol, the Keyes plant produces Wet Distillers Grains (WDG), corn oil, and Condensed Distillers Solubles (CDS), all of which are sold to local dairies and feedlots as animal feed. The primary feedstock for the production of low carbon fuel ethanol at the Keyes facility is Number Two yellow dent corn. The corn is procured from various Midwestern grain facilities and shipped, via Union Pacific Rail Road, to an unloading facility adjacent to the plant.

We own and operate a biodiesel production facility in Kakinada, India (the Kakinada plant) with a nameplate capacity of 150,000 metric tons per year, which is equal to 50 million gallons per year. We believe this facility is one of the largest biodiesel production facilities in India on a nameplate capacity basis. Our objective is to continue to capitalize on the substantial growth potential of the industry in India and established markets in the EU and U.S.

Strategy

Key elements of our strategy include:

North America

Leverage Approved Feedstock Pathways. Besides our use of corn as our primary feedstock, when economically advantageous, we will also utilize grain sorghum ("milo") as an advanced feedstock for the production of biofuels. We have been approved by the U.S. Environmental Protection Agency (U.S. EPA) to use the milo pathway (in combination with landfill gas and CHP) for the production of advanced biofuels and associated higher value D5 Renewable Identification Numbers (RINs). The economics during 2014 and 2015 favored the use of corn over milo. This was largely due to the significant export demand for milo by China. During 2016, we anticipate processing milo as a feedstock.

Leverage the Keyes plant infrastructure and location. As milo becomes price-competitive with corn, the Keyes plant has the brokerage and infrastructure relationships in place to incorporate this feedstock into production without delay. Through its strategic location with adjacent access to the Union Pacific railroad and near the Port of Stockton, the Keyes plant can, and has, procured milo from both domestic and international sources. Additionally, the Keyes Plant has ready access to biogas through its existing infrastructure for the production of advanced biofuels under the approved EPA milo pathway. We have also entered into a multi-year contract with Chromatin, Inc., an advanced milo seed and technology provider, to establish a multi-thousand acre local milo growing program with farmers in California's Central Valley. In 2014, we were awarded a \$3 million dollar matching grant from the California Energy Commission for the acquisition of milo for the production of lower carbon fuel ethanol, and to fully develop the in-state milo growing program. We expect to receive proceeds from the grant in 2016.

Leverage technology for the development and production of additional advanced biofuels and renewable chemicals. In July 2011, we acquired Zymetis, Inc., a biochemical research and development firm, with several patents pending and in-process R&D utilizing the Z-microbe™ to produce renewable chemicals and advanced fuels from renewable feedstocks. We have been awarded ten patents for the production of advanced biofuels. Our objective is to continue to commercialize this technology and expand the production of advanced biofuel technologies and other bio-chemicals in the United States.

Diversify and expand revenue and cash flow by continuing to develop and adopt value-added byproduct processing systems. During April 2012, we installed a distillers corn oil extraction unit at the Keyes plant and began extracting corn oil for sale into the livestock feed market beginning in May 2012. During 2014, we installed a second oil extraction system to further improve corn oil yields from this process. We continue to evaluate and, as allowed by available financing and incremental profitability, adopt additional value-added processes that increase the value of the ethanol, distillers grain, corn oil and CO₂ produced at the Keyes plant, including adding liquefied CO₂ processing capability.

Joint venture or license our technologies to other ethanol and biodiesel plants. After developing and commercially demonstrating technologies at the Keyes and/or Kakinada plants, we plan to explore and evaluate opportunities for joint ventures or to license our technologies to the other approximately 200 ethanol plants and hundreds of biodiesel plants in the U.S., as well as plants in Brazil, Argentina, India and elsewhere.

Evaluate and pursue technology acquisition opportunities. We intend to evaluate and pursue opportunities to acquire technologies and processes that result in accretive value opportunities as financial resources and business prospects make the acquisition of these technologies advisable. In addition, we may also seek to acquire companies, or enter into licensing agreements or form joint ventures with companies that offer prospects for the adoption of accretive technologies.

Acquire additional biofuels production facilities. There are approximately 200 ethanol plants in the U.S. that could be upgraded to expand revenues and improve cash flow using technology commercially deployed or licensed by us. On an opportunistic basis, we will evaluate the benefit of acquiring ownership of a portion of or all of other biodiesel production facilities, or entering into joint-venture or licensing agreements with other ethanol, renewable diesel or renewable jet fuel facilities.

Capitalize on recent policy changes by the Government of India, particularly those reducing the subsidies on diesel, reducing unfair taxation of feedstock and reducing restrictions on sales of fuel into the transportation markets. We plan to expand our marketing channels for the traditional bulk and transportation biodiesel markets, which are becoming more economically attractive as a result of reduced government subsidies on petroleum diesel (biodiesel is not subsidized in India) and policies to further open sales into the bulk fuel markets.

Expand alternative market demand for biodiesel and its byproducts. We plan to create additional demand for our biodiesel and its byproducts by developing additional alternative markets. In 2011, we began selling biodiesel to textile manufacturers for use as an anti-static chemical. In the first quarter of 2012, we completed glycerin refining and oil pre-treatment units and began selling refined glycerin to manufacturers of paints and adhesives. In 2012, our India subsidiary received an Indian Pharmacopeia license, which enables the sale of refined glycerin to the pharmaceutical industry in India.

Continue to develop international markets. We expect to increase sales by selling our biodiesel into international markets. During 2014, we completed the construction of a biodiesel distillation column, which allows us to produce a high-quality biodiesel product meeting European Union standards. We received the certifications necessary to meet the International Sustainability and Carbon Certification (ISCC) standard, allowing for further access to European markets for our biodiesel products. During 2015, we obtained the pathway certification permitting importation of biodiesel into California.

Diversify our feedstocks from India and international sources. We designed our Kakinada plant with the capability to produce biodiesel from multiple feedstocks. In 2009, we began to produce biodiesel from non-refined palm oil (NRPO). During 2014, we further diversified our feedstock with the introduction of animal oils and fats, which we used for the production of biodiesel to be sold into the European markets. The Kakinada plant is capable of producing biodiesel from used cooking oil (UCO), which can be supplied from China, the Middle East and other foreign markets, as well as domestic India suppliers.

Develop and commercially deploy technologies to produce high-margin products. The technology applicable to the Keyes plant for the upgrade of corn oil into valuable, high-margin products also applies to the Kakinada plant in India. By using the existing equipment, process controls, utilities and personnel at the Kakinada plant, we plan to produce high-value products more quickly and at a lower capital and operating cost than greenfield projects.

2015 Highlights

North America

During 2015, we produced four products at the Keyes plant: denatured ethanol, WDG, corn oil, and CDS. We sold 100% of the ethanol and WDG produced to J.D. Heiskell pursuant to a Purchase Agreement established with J.D. Heiskell. J.D. Heiskell in turn sells 100% of our ethanol to Kinergy Marketing LLC ("Kinergy") and 100% of our WDG to A.L. Gilbert Co. ("A.L.Gilbert"), a local feed and grain business. We sell corn oil to local animal feedlots (primarily poultry) through J.D. Heiskell as well as other feed mills in small amounts for use in various animal feed products. Small amounts of CDS were sold to various local third parties as an animal feed supplement. Ethanol pricing for sales to J.D. Heiskell is determined pursuant to a marketing agreement between Kinergy and us, and is generally based on daily and monthly pricing for ethanol delivered to the San Francisco Bay Area as published by the Oil Price Information Service (OPIS), as well as quarterly contracts negotiated by Kinergy with numerous fuel blenders. The price for WDG is determined monthly pursuant to a marketing agreement between A.L. Gilbert, and us, and is generally determined in reference to the local price of dry distillers grains (DDG), corn, and other protein feedstuffs.

The following table sets forth information about our production and sales of ethanol and WDG for 2015 compared with 2014:

	2015	2014	% Change
Ethanol			
Gallons Sold (in 000s)	55,787	60,197	-7%
Average Sales Price/Gallon	\$ 1.74	\$ 2.54	-31%
WDG			
Tons Sold (in 000s)	360	408	-12%
Average Sales Price/Ton	\$ 79.68	\$ 91.81	-13%

India

The market for biodiesel improved during early 2015 upon deregulation of the diesel market prices in India, the elimination of the inverted tax on feedstock, and the government approval to sell biodiesel to bulk customers. Our production of biodiesel in 2015 increased compared to 2014 due to these policy changes. During 2015, we secured a major fleet customer, who has demonstrated the viability of operating a fleet of vehicles using biodiesel.

In 2015, we produced two products at the Kakinada plant: biodiesel and refined glycerin. Crude glycerin produced as a by-product of the biodiesel production was further processed into refined glycerin.

The following table sets forth information about our production and sales of biodiesel and refined glycerin in 2015 and 2014:

	2015	2014	% Change
Biodiesel			
Tons sold ⁽¹⁾	19,523	9,036	116%
Average Sales Price/Ton	\$ 724	\$ 985	-26%
Refined Glycerin			
Tons sold	4,653	2,236	108%
Average Sales Price/Ton	\$ 668	\$ 933	-28%

(1) 1 metric ton is equal to 1,000 kilograms (approximately 2,204 pounds).

The Kakinada plant was originally designed to include four production units: biodiesel, refined glycerin, oil refining and fractionation. To date, the biodiesel, refined glycerin and oil refining units have been completed. In order to complete the fractionation unit, we will need to purchase and install additional equipment at an additional cost of approximately \$2 million.

Biodiesel pricing in India is indexed to the price of petroleum diesel, and as such, the increase in the price of petroleum diesel is expected to favorably impact the profitability of our Indian operations.

Competition

North America

According to the U.S. Energy Information Agency (EIA), there were approximately 195 operating commercial fuel ethanol production facilities in the U.S. with a combined nameplate production of approximately 14.75 billion gallons per year in 2015. The production of ethanol is a commodity-based business, and producers compete on the basis of price. We sell ethanol into the Northern California market; however, since insufficient production capacity exists in California to supply the state's total fuel ethanol demand (in excess of one billion gallons), we compete with ethanol transported into California from Midwestern producers. Similarly, our co-products, principally WDG and corn oil, are sold into California markets and compete with WDG and corn oil transported into the California markets as well as alternative feed products.

India

With respect to biodiesel sold as fuel, we compete primarily with the producers of petroleum diesel, which are the three state-controlled oil companies: Indian Oil Corporation, Bharat Petroleum and Hindustan Petroleum, and two private oil companies: Reliance Petroleum and Essar Oil, all of whom have significantly larger market shares than we do and control a significant share of the distribution network. These competitors may also purchase our product for blending and further sales to their customers. We compete primarily on the basis of price. The price of biodiesel is indexed to the price of petroleum diesel, which, during 2015, was allowed to float to market pricing by the Indian government. Prior to 2015, the Indian government subsidized state-controlled oil companies, creating a disparity between the cost of oil on the open market and the price we could obtain from sales of biodiesel. In 2015, the Indian government allowed for the sale of biodiesel to bulk fuel customers. We believe the elimination of subsidies and the lifting of certain restrictions on the sale of bulk fuels will have a positive effect on our margins and will increase the business, operating results and financial condition of our India segment during 2016. With respect to international markets, principally the European markets, we compete with biodiesel from Europe, Argentina, Indonesia and Malaysia, some of which subsidize their biodiesel industry using government payment and taxation programs to promote the sales of their products into these markets.

With respect to biodiesel sold for manufacturing purposes, we compete with specialty chemical manufacturers selling products into the textile industries primarily on the basis of price. With respect to crude and refined glycerin, we compete with other glycerin producers and refiners selling products into the personal care, paints and adhesive markets primarily on the basis of price and product quality.

Customers

North America

All of our ethanol and WDG are sold to J.D. Heiskell pursuant to a purchase agreement. J.D. Heiskell in turn sells all of our ethanol to Kinery and all of our WDG to A.L. Gilbert. Kinery markets and sells our ethanol to petroleum refiners and blenders in Northern California. A.L. Gilbert markets and sells our WDG to approximately 200 dairy and feeding operators in Northern California.

India

During 2015, we derived 82% and 18% of our sales from biodiesel and refined glycerin respectively. Out of the 82% of biodiesel sales, only one customer accounted for more than 10% of our sales of biodiesel at 56%. None of our refined glycerin customers have accounted for more than 10% of our sales on the consolidated India segment revenues in 2015. During 2014, we derived 73%, 17%, and 10% of our sales from biodiesel, refined glycerin, and fees earned on processing biodiesel, respectively. Out of the 73% of biodiesel sales, two customers accounted for more than 10% of our sales of biodiesel, with 38% from an export customer and 16% from a domestic customer. None of the refined glycerin customers accounted for more than 10% of total sales of our India segment in 2014.

Pricing

North America

We sell 100% of the ethanol and WDG we produce to J.D. Heiskell. Ethanol pricing is determined pursuant to a marketing agreement between Kinery and us, and is generally based on daily and monthly pricing for ethanol delivered to the San Francisco Bay Area in California, as published by the Oil Price Information Service (OPIS), as well as the terms of quarterly contracts negotiated by Kinery with local fuel blenders and available premiums for fuel with low Carbon Intensity (CI) as provided by California's Low Carbon Fuel Standard (LCFS). The price for WDG is determined monthly pursuant to a marketing agreement between A.L. Gilbert and us, and is generally determined in reference to the price of DDG, corn, and other protein feedstuffs, based on local pricing in California's Central Valley.

India

In India, the price of biodiesel is based on the price of petroleum diesel, which floats with changes in the price determined by the international markets. Biodiesel sold into Europe is based on the spot market price. We sell our biodiesel primarily to resellers, distributors and refiners on an as-needed basis. We have no long-term sales contracts. Our biodiesel pricing is indexed to the price of petroleum diesel, and the increase in the price of petroleum diesel is expected to favorably impact the profitability of our India operations.

Raw Materials and Suppliers

North America

We entered into a Corn Procurement and Working Capital Agreement with J.D. Heiskell in March 2011, which we amended in May 2013 (the "Heiskell Agreement"). Under the Heiskell Agreement, we agreed to procure Number Two yellow dent corn from J.D. Heiskell. We have the ability to obtain corn from other sources subject to certain conditions, however, in 2015, all of our corn requirements were purchased from J.D. Heiskell. Title to the corn and risk of loss pass to us when the corn deposited into our weigh bin. We purchased no milo from J.D. Heiskell during 2015. The agreement is automatically renewed for additional one-year terms. The current term is set to expire on December 31, 2016.

India

A number of edible oil processing facilities that produce NRPO as a byproduct surround the Kakinada plant. In 2015, all of our biodiesel was produced from animal oils and fats or NRPO. The receiving capabilities of the Kakinada plant allow for import of feedstock using the local port at Kakinada plant. During 2015 and 2014, we imported crude palm oil for further processing into refined palm oil and imported crude glycerin for further processing into refined glycerin. In addition to feedstock, the Kakinada plant requires quantities of methanol and chemical catalysts for use in the biodiesel production process. These chemicals are also readily available and sourced from a number of suppliers surrounding the Kakinada plant. We are not dependent on sole source or limited source suppliers for any of our raw materials or chemicals.

Sales and Marketing

North America

As part of our obligations under the Heiskell Agreement, we entered into a purchase agreement with J.D. Heiskell, pursuant to which we granted J.D. Heiskell exclusive rights to purchase 100% of the ethanol and WDG we produce at prices based upon the price established by the marketing agreements with Kinergy and A.L. Gilbert. In turn, J.D. Heiskell agreed to resell all the ethanol to Kinergy (or any other purchaser we designate) and all of the WDG to A.L. Gilbert.

In March 2011, we entered into a WDG Purchase and Sale Agreement with A.L. Gilbert, pursuant to which A.L. Gilbert agreed to market on an exclusive basis all of the WDG we produce. The agreement is automatically renewed for additional one-year terms. The current term is set to expire on December 31, 2016.

In October 2010, we entered into an exclusive marketing agreement with Kinergy to market and sell our ethanol. The agreement is automatically renewed for additional one-year terms. The current term is set to expire on August 31, 2016.

India

We sell our biodiesel and crude glycerin (i) to end-users utilizing our own sales force and independent sales agents and (ii) to brokers who resell the product to end-users. We pay a sales commission on sales arranged by independent sales agents.

Commodity Risk Management Practices

North America

The cost of corn and the price of ethanol are volatile and the correlation of these commodities form the basis for the profit margin at our Keyes plant. We are, therefore, exposed to commodity price risk. Our risk management strategy is to operate in the physical market by purchasing corn and selling ethanol on a daily basis at the then prevailing market price. We monitor these prices daily to test for an overall positive variable contribution margin. We periodically explore methods of mitigating the volatility of our commodity prices; however, during 2015 we did not engage in any specific programs. We intend to opportunistically purchase milo when market conditions present favorable conditions. Similarly, with the EPA certification received in August 2013, we intend to opportunistically purchase the combination of milo and biogas to generate advanced biofuel RIN credits, when market conditions present favorable margins.

India

The cost of NRPO and the price of biodiesel are volatile and are generally uncorrelated. We therefore are exposed to ongoing and substantial commodity price risk. Our risk management strategy is to produce biodiesel in India only when we believe we can generate positive gross margins and to idle the Kakinada plant during periods of low or negative gross margins. During 2014, we introduced animal oil and fats as a means of further diversifying our feedstock and improving margins.

In addition, to minimize our commodity risk, we modified the processes within our facility to utilize lower cost NRPO, which enables us to reduce our feedstock costs. Our ability to mitigate the risk of falling biodiesel prices is more limited. The price of our biodiesel is generally indexed to the price of petroleum diesel, which is set by the Indian government. During January 2015 the Indian government fully lifted subsidies for diesel by increasing the sales price of diesel to the market price.

We have in the past, and may in the future, use forward purchase contracts and other hedging strategies; however, the extent to which we engage in these risk management strategies may vary substantially from time to time depending on market conditions and other factors.

Research and Development

Our R&D efforts consist of working to develop and commercialize our existing microbial technology, to evaluate third party technologies and to expand the production of ethanol and other renewable bio-chemicals in the United States. The primary objective of this development activity is to optimize the production of ethanol using either our proprietary, patent-pending enzyme technology for large-scale commercial production or the evaluation of third party technologies which have promise for large-scale commercial adoption at one of our operating facilities. Our innovations are protected by several issued or pending patents. We are in the process of filing additional patents that will further strengthen our portfolio. Some core intellectual property has been exclusively and indefinitely licensed from the University of Maryland. R&D expense was \$0.5 million in each of 2015 and 2014.

Patents and Trademarks

We have filed a number of trademark applications within the U.S. We do not consider the success of our business, as a whole, to be dependent on these trademarks. In addition, we hold ten awarded patents in the United States. We also hold related patents in major foreign jurisdictions. Our patents cover the Z-microbe™ and production of cellulosic ethanol. We intend to develop, maintain and secure further intellectual property rights and pursue new patents to expand upon our current patent base.

We have acquired exclusive rights to patented technology in support of the development and commercialization of our products, and we also rely on trade secrets and proprietary technology in developing potential products. We continue to place significant emphasis on securing global intellectual property rights and we are pursuing new patents to expand upon our strong foundation for commercializing products in development.

We have received, and in the future may receive additional, claims of infringement of other parties' proprietary rights. See Item 3. Legal Proceedings, below. Infringement or other claims could be asserted or prosecuted against us in the future, and it is possible that future assertions or prosecutions could harm our business. Any such claims, with or without merit, could be time-consuming, result in costly litigation and diversion of technical and management personnel, cause delays in the development of our products, or require us to develop non-infringing technology or enter into royalty or licensing arrangements. Such royalty or licensing arrangements, if required, may require us to license back our technology or may not be available on terms acceptable to us, or at all.

Environmental and Regulatory Matters

North America

We are subject to federal, state and local environmental laws, regulations and permit conditions, including those relating to the discharge of materials into the air, water and ground, the generation, storage, handling, use, transportation and disposal of hazardous materials, and the health and safety of our employees. These laws, regulations and permits require us to incur, on an annual basis, significant capital costs. These include, but are not limited to, testing and monitoring plant emissions, and where necessary, obtaining and maintaining mitigation processes to comply with regulations. They may also require us to make operational changes to limit actual or potential impacts to the environment. A significant violation of these laws, regulations, permits or license conditions could result in substantial fines, criminal sanctions, permit revocations and/or facility shutdowns. In addition, environmental laws and regulations change over time, and any such changes, more vigorous enforcement policies or the discovery of currently unknown conditions may require substantial additional environmental expenditures.

We are also subject to potential liability for the investigation and cleanup of environmental contamination at each of the properties that we own or operate and at off-site locations where we arrange for the disposal of hazardous wastes. If significant contamination is identified at our properties in the future, costs to investigate and remediate this contamination as well as costs to investigate or remediate associated damage could be significant. If any of these sites are subject to investigation and/or remediation requirements, we may be responsible under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") or other environmental laws for all or part of the costs of such investigation and/or remediation, and for damage to natural resources. We may also be subject to related claims by private parties alleging property damage or personal injury due to exposure to hazardous or other materials at or from such properties. While costs to address contamination or related third-party claims could be significant, based upon currently available information, we are not aware of any material contamination or any such third party claims. Based on our current assessment of the environmental and regulatory risks, we have not accrued any amounts for environmental matters as of December 31, 2015. The ultimate costs of any liabilities that may be identified or the discovery of additional contaminants could materially adversely impact our results of operation or financial condition.

In addition, the production and transportation of our products may result in spills or releases of hazardous substances, which could result in claims from governmental authorities or third parties relating to actual or alleged personal injury, property damage, or damage to natural resources. We maintain insurance coverage against some, but not all, potential losses caused by our operations. Our general and umbrella liability policy coverage includes, but is not limited to, physical damage to assets, employer's liability, comprehensive general liability, automobile liability and workers' compensation. We do not carry environmental insurance. We believe that our insurance is adequate for our industry, but losses could occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. The occurrence of events which result in significant personal injury or damage to our property, natural resources or third parties that is not covered by insurance could have a material adverse impact on our results of operations and financial condition.

Our air emissions are subject to the federal Clean Air Act, and similar state laws, which generally require us to obtain and maintain air emission permits for our ongoing operations as well as for any expansion of existing facilities or any new facilities. Obtaining and maintaining those permits requires us to incur costs, and any future more stringent standards may result in increased costs and may limit or interfere with our operating flexibility. These costs could have a material adverse effect on our financial condition and results of operations. Because other ethanol manufacturers in the U.S. are and will continue to be subject to similar laws and restrictions, we do not currently believe that our costs to comply with current or future environmental laws and regulations will adversely affect our competitive position with other U.S. ethanol producers. However, because ethanol is produced and traded internationally, these costs could adversely affect us in our efforts to compete with foreign producers who are not subject to such stringent requirements.

New laws or regulations relating to the production, disposal or emission of carbon dioxide and other greenhouse gases may require us to incur significant additional costs with respect to ethanol plants that we build or acquire. For example, in 2007, Illinois and four other Midwestern states entered into the Midwestern Greenhouse Gas Reduction Accord, which directs participating states to develop a multi-sector cap-and-trade mechanism to help achieve reductions in greenhouse gases, including carbon dioxide. We currently conduct our North American commercial activities exclusively in California, however, it is possible that other states in which we plan to conduct business could join this accord or require other carbon dioxide emissions reductions. Climate change legislation is being considered in Washington, D.C. this year which may significantly impact the biofuels industry's emissions regulations, as will the Renewable Fuel Standard, California's Low Carbon Fuel Standard, and other potentially significant changes in existing transportation fuels regulations.

India

We are subject to national, state and local environmental laws, regulations and permits, including with respect to the generation, storage, handling, use, transportation and disposal of hazardous materials, and the health and safety of our employees. These laws may require us to make operational changes to limit actual or potential impacts to the environment. A violation of these laws, regulations or permits can result in substantial fines, natural resource damages, criminal sanctions, permit revocations and/or facility shutdowns. In addition, environmental laws and regulations (and interpretations thereof) change over time, and any such changes, more vigorous enforcement policies or the discovery of currently unknown conditions may require substantial additional environmental expenditures.

Employees

At December 31, 2015, we had a total of 135 full-time equivalent employees, comprised of 13 full-time and three part-time equivalent employees in our corporate offices, 46 full-time equivalent employees at the Keyes plant, two full-time equivalent employees in our Maryland research and development facility and 71 full-time equivalent employees in India.

We believe that our employees are highly-skilled, and our success will depend in part upon our ability to retain our employees and attract new qualified employees, many of whom are in great demand. We have never had a work stoppage or strike, and no employees are presently represented by a labor union or covered by a collective bargaining agreement. We believe our relations with our employees are good.

Available Information

We file reports with the Securities and Exchange Commission ("SEC"). We make available on our website under "Investor Relations," free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such materials with or furnish them to the SEC. Our website address is www.aemetis.com. Our website address is provided as an inactive textual reference only, and the contents of that website are not incorporated in or otherwise to be regarded as part of this report. You can also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may also obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

Item 1A. Risk Factors

We operate in an evolving industry that presents numerous risks beyond our control that are driven by factors that cannot be predicted. Should any of the risks described in this section or in the documents incorporated by reference in this report actually occur, our business, results of operations, financial condition, or stock price could be materially and adversely affected. Investors should carefully consider the risk factors discussed below, in addition to the other information in this report, before making any investment in our securities.

Risks Related to our Overall Business

We are currently not profitable and historically, we have incurred significant losses. If we incur continued losses, we may have to curtail our operations, which may prevent us from successfully operating and expanding our business.

Historically, we have relied upon cash from debt and equity financing activities to fund substantially all of the cash requirements of our activities. As of December 31, 2015, we had an accumulated deficit of approximately \$114.3 million. For our fiscal years ended December 31, 2015 and 2014, we reported a net loss of \$27.1 million and net income of \$7.1 million, respectively. Despite 2014 profitability and positive cash flow from operations, we may incur losses for an indeterminate period of time and may not achieve consistent profitability. An extended period of losses or negative cash flow may prevent us from successfully operating and expanding our business.

We are dependent upon our working capital agreements with J.D. Heiskell and Secunderabad Oils Limited.

Our ability to operate our Keyes plant depends on maintaining our working capital agreement with J.D. Heiskell, and our ability to operate the Kakinada plant depends on maintaining our working capital agreement with Secunderabad Oils Limited (The "Secunderabad Agreement"). The Heiskell Agreement provides for an initial term of one year with automatic one-year renewals; provided, however, that J.D. Heiskell may terminate the agreement by notice 90 days prior to the end of the initial term or any renewal term. The current term extends through December 31, 2016. In addition, the agreement may be terminated at any time upon a default, such as payment default, bankruptcy, acts of fraud or material breach under one of our related agreements with J.D. Heiskell. The Secunderabad Agreement may be terminated at any time by either party upon written notice. If we are unable to maintain these strategic relationships, we will be required to locate alternative sources of working capital and corn or sorghum supply, which we may be unable to do in a timely manner or at all. If we are unable to maintain our current working capital arrangements or locate alternative sources of working capital, our ability to operate our plants will be negatively affected.

Disruptions in ethanol production infrastructure may adversely affect our business, results of operations and financial condition.

Our business depends on the continuing availability of rail, road, port, and storage and distribution infrastructure. In particular, due to limited storage capacity at the Keyes plant and other considerations related to production efficiencies, the Keyes plant depends on just-in-time delivery of corn and milo. The delivery and transformation of feedstock requires a significant and uninterrupted supply of corn and milo, principally delivered by rail, as well as other raw materials and energy, primarily electricity and natural gas. The prices of rail, electricity and natural gas have fluctuated significantly in the past and may fluctuate significantly in the future. The national rail system, as well as local electricity and gas utilities may not be able to reliably supply the rail logistics, electricity and natural gas that the Keyes plant will need or may not be able to supply those resources on acceptable terms. Any disruptions in the ethanol production infrastructure, whether caused by labor difficulties, earthquakes, storms, other natural disasters or human error or malfeasance or other reasons, could prevent timely deliveries of corn, milo or other raw materials and energy and may require the Keyes plant to halt production which could have a material adverse effect on our business, results of operations and financial condition.

Our results from operations are primarily dependent on the spread between the feedstock and energy we purchase and the fuel, animal feed and other products we sell.

The results of our ethanol production business in the U.S. are significantly affected by the spread between the cost of the corn and natural gas that we purchase and the price of the ethanol, WDG and corn oil that we sell. Similarly, in India our biodiesel business is primarily dependent on the price difference between the costs of the feedstock we purchase (principally NRPO and crude glycerin) and the products we sell (principally distilled biodiesel and refined glycerin). The markets for ethanol, biodiesel, WDG, corn oil and glycerin are highly volatile and subject to significant fluctuations. Any decrease in the spread between prices of the commodities we buy and sell whether as a result of an increase in feedstock prices or a reduction in ethanol or biodiesel prices would adversely affect our financial performance and cash flow and may cause us to suspend production at either of our plants.

The price of ethanol is volatile and subject to large fluctuations, and increased ethanol production may cause a decline in ethanol prices or prevent ethanol prices from rising, either of which could adversely impact our results of operations, cash flows and financial condition.

The market price of ethanol is volatile and subject to large fluctuations. The market price of ethanol is dependent upon many factors, including the supply of ethanol and the demand for gasoline, which is in turn dependent upon the price of petroleum, which is also highly volatile and difficult to forecast. Fluctuations in the market price of ethanol may cause our profitability or losses to fluctuate significantly. In addition, domestic ethanol production capacity increased significantly in the last decade. Demand for ethanol may not increase commensurately with increases in supply, which could lead to lower ethanol prices. Demand for ethanol could be impaired due to a number of factors, including regulatory developments and reduced United States gasoline consumption. Reduced gasoline consumption has occurred in the past and could occur in the future as a result of increased gasoline or oil prices.

Decreasing gasoline prices may negatively impact the selling price of ethanol which could reduce our ability to operate profitably .

The price of ethanol tends to change in relation to the price of gasoline. Recently, as a result of a number of factors including the current world economy, the price of gasoline has decreased. In correlation to the decrease in the price of gasoline, the price of ethanol has also decreased. Decreases in the price of ethanol reduce our revenue. Our profitability depends on a favorable spread between our corn and natural gas costs and the price we receive for our ethanol. If ethanol prices fall during times when corn and/or natural gas prices are high, we may not be able to operate profitably.

We may be unable to execute our business plan.

The value of our long-lived assets is based on our ability to execute our business plan and generate sufficient cash flow to justify the carrying value of our assets. Should we fall short of our cash flow projections, we may be required to write down the value of these assets under accounting rules and further reduce the value of our assets. We can make no assurances that future cash flows will develop and provide us with sufficient cash to maintain the value of these assets, thus avoiding future impairment to our asset carrying values. As a result, we may need to write down the carrying value of our long-lived assets.

In addition, we intend to modify or adapt third party technologies at the Keyes plant and at the Kakinada plant to accommodate alternative feedstocks and improve operations. After we design and engineer a specific integrated upgrade to either or both plants to allow us to produce products other than their existing products, we may not receive permission from the regulatory agencies to install the process at one or both plants. Additionally, even if we are able to install and begin operations of an integrated advanced fuels and/or bio-chemical plant, we cannot assure you that the technology will work and produce cost effective products because we have never designed, engineered nor built this technology into an existing bio-refinery. Similarly, our plans to add a CO₂ conversion unit at the Keyes plant may not be successful as a result of financing, issues in the design or construction process, or our ability to sell liquid CO₂ at cost effective prices. Any inability to execute our business plan may have a material adverse effect on our operations, financial position and ability to pay dividends and continue as a going concern.

We are dependent on, and vulnerable to any difficulties of, our principal suppliers and customers.

We buy all of the feedstock for the Keyes plant from one supplier, J.D. Heiskell. Under the Heiskell Agreement, we are only permitted to purchase feedstock from other suppliers upon the satisfaction of certain conditions. In addition, we have contracted to sell all of the WDG, CDS, corn oil and ethanol we produce at the Keyes plant to J.D. Heiskell. J.D. Heiskell, in turn, sells all ethanol produced at the Keyes plant to Kinergy Marketing and all WDG and syrup to A.L. Gilbert. If J.D. Heiskell were to fail to deliver adequate feedstock to the Keyes plant or fail to purchase all the product we produce, if Kinergy were to fail to purchase all of the ethanol we produce, if A.L. Gilbert were to fail to purchase all of the WDG and syrup we produce, or if any of them were otherwise to default on our agreements with them or fail to perform as expected, we may be unable to find replacement suppliers or purchasers, or both, in a reasonable time or on favorable terms, any of which could materially adversely affect our results from operations and financial results.

We are currently in default on our term loan with the State Bank of India.

On March 10, 2011, Universal Biofuels Private Limited ("UBPL"), our India operating subsidiary, received a demand notice from the State Bank of India under the Agreement of Loan for Overall Limit dated as of June 26, 2008. The notice informed UBPL that an event of default had occurred for failure to make an installment payment on the loan commencing June 2009 and demanded repayment of the entire outstanding indebtedness of 19.60 crore rupees (approximately \$3.2 million) together with all accrued interest thereon and any applicable fees and expenses. Upon the occurrence and during the continuance of an Event of Default, interest accrues at the default interest rate of 2% above the State Bank of India Advance Rate. The default period began on July 1, 2009 when the principal payment was deemed past due; and we have accrued interest at the default rate since the beginning of the default period. On August 22, 2015, UBPL received from the State Bank of India, a One Time Settlement Sanction Letter allowing for, among other things, four payments over a 360 day period amounting to \$4.3 million, an interest rate holiday for 15 days after which the interest rate is payable at a rate of 2% above the base rate of Reserve Bank of India and certain releases by both parties. Upon performance under the agreement, including the payment of all stipulated amounts, UBPL will receive relief for prior accrued interest in the amount of approximately \$2.1 million.

We may be unable to repay or refinance our Third Eye Capital Notes upon maturity.

Under our note facilities with Third Eye Capital Corporation (Third Eye Capital), we owe approximately \$61.8 million, excluding debt discounts, as of December 31, 2015. Our indebtedness and interests payments under these note facilities are currently substantial and may adversely affect our cash flow, cash position and stock price. These notes are currently due in April 2017 although the maturity can be extended to March 2018 upon payment of certain fees. We have been able to extend our indebtedness in the past, but we may not be able to continue to extend the maturity of these notes. We may not have sufficient cash available at the time of maturity to repay this indebtedness. We have default covenants that may accelerate the maturities of these notes. We may not have sufficient assets or cash flow available to support refinancing these notes at market rates or on terms that are satisfactory to us. If we are unable to extend the maturity of the notes or refinance on terms satisfactory to us, we may be forced to refinance on terms that are materially less favorable, seek funds through other means such as a sale of some of our assets or otherwise significantly alter our operating plan, any of which could have a material adverse effect on our business, financial condition and results of operations. Additionally, if we are unable to amend our current note purchase agreement with Third Eye Capital, our ability to pay dividends could be restrained.

Our business is dependent on external financing and cash from operations to service debt and provide future growth.

The adoption of new technologies at our ethanol and biodiesel plants, and our working capital requirements are financed in part through debt facilities. We may need to seek additional financing to continue or grow our operations. However, generally unfavorable credit market conditions may make it difficult to obtain necessary capital or additional debt financing on commercially viable terms or at all. If we are unable to pay our debt we may be forced to delay or cancel capital expenditures, sell assets, restructure our indebtedness, seek additional financing, or file for bankruptcy protection. Debt levels or debt service requirements may limit our ability to borrow additional capital, make us vulnerable to increases in prevailing interest rates, subject our assets to liens, limit our ability to adjust to changing market conditions, or place us at a competitive disadvantage to our competitors. Should we be unable to generate enough cash from our operations or secure additional financing to fund our operations and debt service requirements, we may be required to postpone or cancel growth projects, reduce our operations, or may be unable to meet our debt repayment schedules. Any one of these events would likely have a material adverse effect on our operations and financial position.

There can be no assurance that our existing cash flow from operations will be sufficient to sustain operations and to the extent that we are dependent on credit facilities to fund operations or service debt, there can be no assurances that we will be successful at securing funding from our senior lender or significant shareholders. Should we require additional financing, there can be no assurances that the additional financing will be available on terms satisfactory to us. Our ability to identify and enter into commercial arrangements with feedstock suppliers in India depends on maintaining our operations agreement with Secunderabad Oil Limited, who is currently providing us with working capital for our Kakinada facility. If we are unable to maintain this strategic relationship, our business may be negatively affected. In addition, the ability of Secunderabad to continue to provide us with working capital depends in part on the financial strength of Secunderabad and its banking relationships. If Secunderabad is unable or unwilling to continue to provide us with working capital, our business may be negatively affected. Our ability to enter into commercial arrangements with feedstock suppliers in California depends on maintaining our operations agreement with J.D. Heiskell, who is currently providing us with working capital for our Keyes plant. If we are unable to maintain this strategic relationship, our business may be negatively affected. In addition, the ability of J.D. Heiskell to continue to provide us with working capital depends in part on the financial strength of J.D. Heiskell and its banking relationships. If J.D. Heiskell is unable or unwilling to continue to provide us with working capital, our business may be negatively affected. There is no assurance that UBPL or we will be able to obtain alternative funding in the event the State Bank of India demands payment and immediate acceleration would have a significant adverse impact on UBPL or our near term liquidity and our ability to operate our Kakinada plant. Our consolidated financial statements do not include any adjustments to the classification or carrying values of our assets or liabilities that might be necessary as a result of the outcome of this uncertainty.

We may not receive the funds we expect under our EB-5 program

The EB-5 program allows for the issuance of up to 72 subordinated convertible promissory notes, each in the amount of \$0.5 million due and payable four years from the date of the note for a total aggregate principal amount of up to \$36.0 million. Deposits held in escrow pending investor approval by the U.S. Citizenship and Immigration Services (USCIS) were \$11.5 million at December 31, 2015. While \$11.5 million of EB-5 program funds have been received into escrow as of December 31, 2015, the release of those funds to us is subject to the approval of the USCIS, which could take a year or more to obtain. Additionally, the USCIS could deny approval of the loans, and then we would not receive some or all of the subscribed funds. If the USCIS takes longer to approve the release of funds in escrow, or does not approve the loans at all, it would have a material adverse effect on our cash flows available for operations, and thus could have a material adverse effect on our results of operations.

We face competition for our bio-chemical and transportation fuels products from providers of petroleum-based products and from other companies seeking to provide alternatives to these products, many of whom have greater resources and experience than we do, and if we cannot compete effectively against these companies we may not be successful.

Our renewable products compete with both the traditional, largely petroleum-based bio-chemical and fuels products that are currently being used in our target markets and with the alternatives to these existing products that established enterprises and new companies are seeking to produce. The oil companies, large chemical companies and well-established agricultural products companies with whom we compete are much larger than we are, and have, in many cases, well developed distribution systems and networks for their products.

In the transportation fuels market, we compete with independent and integrated oil refiners, advanced biofuels companies and biodiesel companies. Refiners compete with us by selling traditional fuel products and some are also pursuing hydrocarbon fuel production using non-renewable feedstocks, such as natural gas and coal, as well as processes using renewable feedstocks, such as vegetable oil and biomass. We also expect to compete with companies that are developing the capacity to produce diesel and other transportation fuels from renewable resources in other ways.

With the emergence of many new companies seeking to produce chemicals and fuels from alternative sources, we may face increasing competition from alternative fuels and chemicals companies. As they emerge, some of these companies may be able to establish production capacity and commercial partnerships to compete with us. If we are unable to establish production and sales channels that allow us to offer comparable products at attractive prices, we may not be able to compete effectively with these companies.

The high concentration of our sales within the ethanol production industry could result in a significant reduction in sales and negatively affect our profitability if demand for ethanol declines.

We expect our U.S. operations are to be substantially focused on the production of ethanol and its co-products for the foreseeable future. We may be unable to shift our business focus away from the production of ethanol to other renewable fuels or competing products. Accordingly, an industry shift away from ethanol or the emergence of new competing products may reduce the demand for ethanol. A downturn in the demand for ethanol could materially and adversely affect our sales and profitability.

Our operations are subject to environmental, health, and safety laws, regulations, and liabilities.

Our operations are subject to various federal, state and local environmental laws and regulations, including those relating to the discharge of materials into the air, water and ground, the generation, storage, handling, use, transportation and disposal of hazardous materials, access to and impacts on water supply, and the health and safety of our employees. In addition, our operations and sales in India subject us to risks associated with foreign laws, policies and regulations. Some of these laws and regulations require our facilities to operate under permits or licenses that are subject to renewal or modification. These laws, regulations and permits can require expensive emissions testing and pollution control equipment or operational changes to limit actual or potential impacts to the environment. Violations of these laws and regulations or permit or license conditions can result in substantial fines, natural resource damages, criminal sanctions, permit revocations and facility shutdowns. We may not be at all times in compliance with these laws, regulations, permits or licenses or we may not have all permits or licenses required to operate our business. We may be subject to legal actions brought by environmental advocacy groups and other parties for actual or alleged violations of environmental laws, permits or licenses. In addition, we may be required to make significant capital expenditures on an ongoing basis to comply with increasingly stringent environmental laws, regulations, permit and license requirements.

We may be liable for the investigation and cleanup of environmental contamination at the Keyes plant and at off-site locations where we arrange for the disposal of hazardous substances. If hazardous substances have been or are disposed of or released at sites that undergo investigation or remediation by regulatory agencies, we may be responsible under CERCLA or other environmental laws for all or part of the costs of investigation and remediation, and for damage to natural resources. We also may be subject to related claims by private parties alleging property damage and personal injury due to exposure to hazardous or other materials at or from those properties. Some of these matters may require us to expend significant amounts for investigation, cleanup or other costs.

New laws, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments could require us to make additional significant expenditures. Continued government and public emphasis on environmental issues can be expected to result in increased future investments for environmental controls at our production facilities. Environmental laws and regulations applicable to our operations now or in the future, more vigorous enforcement policies and discovery of currently unknown conditions may require substantial expenditures that could have a negative impact on our results of operations and financial condition.

Emissions of carbon dioxide resulting from manufacturing ethanol are not currently subject to permit requirements. If new laws or regulations are passed relating to the production, disposal or emissions of carbon dioxide, we may be required to incur significant costs to comply with such new laws or regulations.

Our business is affected by greenhouse gas and climate change regulation.

The operations at our Keyes plant will result in the emission of carbon dioxide into the atmosphere. In March 2010, the EPA released its final regulations on the Renewable Fuels Standard Program, or RFS. We believe the EPA's final RFS regulations grandfather the Keyes facility we operate at its current capacity, however, compliance with future legislation may require us to take action unknown to us at this time that could be costly, and require the use of working capital, which may or may not be available, preventing us from operating as planned, which may have a material adverse effect on our operations and cash flow.

A change in government policies may cause a decline in the demand for our products.

The domestic ethanol industry is highly dependent upon a myriad of federal and state regulations and legislation, and any changes in legislation or regulation could adversely affect our results of operations and financial position. Other federal and state programs benefiting ethanol generally are subject to U.S. government obligations under international trade agreements, including those under the World Trade Organization Agreement on Subsidies and Countervailing Measures, and may be the subject of challenges, in whole or in part. Growth and demand for ethanol and biodiesel is largely driven by federal and state government mandates or blending requirements, such as the Renewable Fuel Standard (RFS). Any change in government policies could have a material adverse effect on our business and the results of our operations.

Ethanol can be imported into the United States duty-free from some countries, which may undermine the domestic ethanol industry. Production costs for ethanol in these countries can be significantly less than in the United States and the import of lower price or lower carbon value ethanol from these countries may reduce the demand for domestic ethanol and depress the price at which we sell our ethanol.

Waivers of the RFS minimum levels of renewable fuels included in gasoline could have a material adverse effect on our results of operations. Under the Energy Policy Act, the U.S. Department of Energy, in consultation with the Secretary of Agriculture and the Secretary of Energy, may waive the renewable fuels mandate with respect to one or more states if the Administrator of the EPA determines that implementing the requirements would severely harm the economy or the environment of a state, a region or the nation, or that there is inadequate supply to meet the requirement. Any waiver of the RFS with respect to one or more states would reduce demand for ethanol and could cause our results of operations to decline and our financial condition to suffer.

After proposing a waiver to reduce the RFS in late 2013, the EPA set forth a rule making process and public comment period that significantly delayed the release of final volumetric requirements for 2014, 2015, and 2016. On November 30, 2015, the EPA set volumes for the advanced biofuel and renewable fuel categories that are lower than the statutory levels in the Energy Independence and Security Act of 2007, the law that created the second phase of the RFS (the RFS categories are nested: cellulosic biofuel and biomass-based diesel are both subsets of advanced biofuel, which is a subset of renewable fuel). At the point the final rule was released, 2014 had passed and there was only one month remaining in 2015; volumes for these years were therefore set based on actual biofuel production. The final levels were above the previously proposed levels, but still below the levels called for by Congress in the law. The original corn-based ethanol targets under the RFS call for 15.0 billion gallons in 2015 and 2016. The EPA finalized these targets at 14.05 billion gallons for 2015 and 14.5 billion gallons for 2016.

Final Renewable Fuel Volumes	2014	2015	2016	2017
Cellulosic Biofuel (million gallons)	33	123	230	n/a
Biomass Based Diesel (billion gallons)	1.63	1.73	1.90	2.0
Advanced Biofuels (billion gallons)	2.67	2.88	3.61	n/a
Renewable Fuel (billion gallons)	16.28	16.93	18.11	n/a

We may encounter unanticipated difficulties in converting the Keyes plant to accommodate alternative feedstocks, new chemicals used in the fermentation and distillation process or new mechanical production equipment.

In order to improve the operations of the Keyes plant and execute on our business plan, we intend to modify the Keyes plant to accommodate alternative feedstocks and new chemical and/or mechanical production processes. We may not be able to successfully implement these modifications, and they may not function as we expect them to. These modifications may cost significantly more to complete than our estimates. The Keyes plant may not operate at nameplate capacity once the changes are complete. If any of these risks materialize, they could have a material adverse impact on our results of operation and financial position.

We may be subject to liabilities and losses that may not be covered by insurance.

Our employees and facilities are subject to the hazards associated with producing ethanol and biodiesel. Operating hazards can cause personal injury and loss of life, damage to, or destruction of, property, plant and equipment and environmental damage. We maintain insurance coverage in amounts and against the risks that we believe are consistent with industry practice. However, we could sustain losses for uninsurable or uninsured risks, or in amounts in excess of existing insurance coverage. Events that result in significant personal injury or damage to our property or to property owned by third parties or other losses that are not fully covered by insurance could have a material adverse effect on our results of operations and financial position.

Insurance liabilities are difficult to assess and quantify due to unknown factors, including the severity of an injury, the determination of our liability in proportion to other parties, the number of incidents not reported and the effectiveness of our safety program. If we were to experience insurance claims or costs above our coverage limits or that are not covered by our insurance, we might be required to use working capital to satisfy these claims rather than to maintain or expand our operations. To the extent that we experience a material increase in the frequency or severity of accidents or workers' compensation claims, or unfavorable developments on existing claims, our operating results and financial condition could be materially and adversely affected.

Our success depends in part on recruiting and retaining key personnel and, if we fail to do so, it may be more difficult for us to execute our business strategy.

Our success depends on our continued ability to attract, retain and motivate highly qualified management, manufacturing and scientific personnel, in particular our Chairman and Chief Executive Officer, Eric McAfee. We do not maintain any key man insurance. Competition for qualified personnel in the renewable fuel and bio-chemicals manufacturing fields is intense. Our future success will depend on, among other factors, our ability to retain our current key personnel and attract and retain qualified future key personnel, particularly executive management. Failure to attract or retain key personnel could have a material adverse effect on our business and results of operations.

Our operations subject us to risks associated with foreign laws, policies, regulations, and markets.

Our sales and manufacturing operations in foreign countries are subject to the laws, policies, regulations, and markets of the countries in which we operate. As a result, our foreign manufacturing operations and sales are subject to inherent risks associated with the countries in which we operate. Risks involving our foreign operations include differences or unexpected changes in regulatory requirements, political and economic instability, terrorism and civil unrest, work stoppages or strikes, natural disasters, interruptions in transportation, restrictions on the export or import of technology, difficulties in staffing and managing international operations, variations in tariffs, quotas, taxes, and other market barriers, longer payment cycles, changes in economic conditions in the international markets in which our products are sold, and greater fluctuations in sales to customers in developing countries. If we are unable to effectively manage the risks associated with our foreign operations, our business may experience a material adverse effect on the results of our operations or financial condition.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act.

Our operations in countries outside the United States, including our operations in India, are subject to anti-corruption laws and regulations, including restrictions imposed by the U.S. Foreign Corrupt Practices Act (the "FCPA"). The FCPA and similar anti-corruption laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. We operate in parts of the world that have experienced governmental corruption to some degree and, in certain circumstances; strict compliance with anti-corruption laws may conflict with local customs and practices.

Our employees and agents interact with government officials on our behalf, including interactions necessary to obtain licenses and other regulatory approvals necessary to operate our business. These interactions create a risk that actions may occur that could violate the FCPA or other similar laws.

Although we have policies and procedures designed to promote compliance with local laws and regulations as well as U.S. laws and regulations, including the FCPA, there can be no assurance that all of our employees, consultants, contractors and agents will abide by our policies. If we are found to be liable for violations of the FCPA or similar anti-corruption laws in other jurisdictions, either due to our own acts or out of inadvertence, or due to the acts or inadvertence of others, we could suffer from criminal or civil penalties which could have a material and adverse effect on our results of operations, financial condition and cash flows.

A substantial portion of our assets and operations are located in India, and we are subject to regulatory, economic and political uncertainties in India.

Certain of our principal operating subsidiaries are incorporated in India, and a substantial portion of our assets are located in India. We intend to continue to develop and expand our facilities in India. The Indian government has exercised and continues to exercise significant influence over many aspects of the Indian economy. India's government has traditionally maintained an artificially low price for certain commodities, including diesel fuel, through subsidies, but has recently begun to reduce such subsidies, which benefits us. We cannot assure you that liberalization policies will continue. Various factors, such as changes in the current federal government, could trigger significant changes in India's economic liberalization and deregulation policies and disrupt business and economic conditions in India generally and our business in particular. Our financial performance may be adversely affected by general economic conditions and economic and fiscal policy in India, including changes in exchange rates and controls, interest rates and taxation policies, as well as social stability and political, economic or diplomatic developments affecting India in the future.

Currency fluctuations between the Indian Rupee and the U.S. dollar could have a material adverse effect on our results of operations.

A substantial portion of our revenues are denominated in Rupees. We report our financial results in U.S. dollars. The exchange rates between the Rupee and the U.S. dollar have changed substantially in recent years and may fluctuate substantially in the future. We do not currently engage in any formal currency hedging of our foreign currency exposure, and our results of operations may be adversely affected if the Rupee fluctuates significantly against the U.S. dollar.

We are a holding company and there are significant limitations on our ability to receive distributions from our subsidiaries.

We conduct substantially all of our operations through subsidiaries and are dependent on cash distributions, dividends or other intercompany transfers of funds from our subsidiaries to finance our operations. Our subsidiaries have not made significant distributions to us and may not have funds available for dividends or distributions in the future. The ability of our subsidiaries to transfer funds to us will be dependent upon their respective abilities to achieve sufficient cash flows after satisfying their respective cash requirements, including subsidiary-level debt service on their respective credit agreements. Our current credit agreement, the Third Eye Capital Note Purchase Agreement, as amended from time to time, described in the Notes to Consolidated Condensed Financial Statements, requires us to obtain the prior consent of Third Eye Capital, as the Administrative Agent of the Note holders, to make cash distributions or any intercompany fund transfers. The ability of our Indian operating subsidiary to transfer funds to us is restricted by Indian laws and may be adversely affected by U.S. federal income tax laws. Under Indian laws, our capital contributions, or future capital contributions, to our Indian operation cannot be remitted back to the U.S. Remittance of funds by our Indian subsidiary to us may subject us to significant tax liabilities under U.S. federal income tax laws.

Our Chief Executive Officer has outside business interests which could require time and attention.

Eric McAfee, our Chairman and Chief Executive Officer, has outside business interests which include his ownership of McAfee Capital. Although Mr. McAfee's employment agreement requires that he devote reasonable business efforts to our company and prohibits him from engaging in any competitive employment, occupational and consulting services, this agreement also permits him to devote time to his outside business interests consistent with past practice. As a result, these outside business interests could interfere with Mr. McAfee's ability to devote time to our business and affairs.

Our business may be subject to natural forces beyond our control.

Earthquakes, floods, droughts, tsunamis, and other unfavorable weather conditions may affect our operations. Natural catastrophes may have a detrimental effect on our supply and distribution channels, causing a delay or preventing of our receipt of raw materials from our suppliers or delivery of finished goods to our customers. In addition, weather conditions may adversely impact the planting, growth, harvest, storage, and general availability of any number of the products we may process at our facilities or sell to our customers. The severity of these occurrences, should they ever occur, will determine the extent to which and if our business is materially and adversely affected.

Our ability to utilize our NOL carryforwards may be limited.

Under the Internal Revenue Code of 1986, as amended (the "Code"), a corporation is generally allowed a deduction in any taxable year for net operating losses ("NOL") carried over from prior taxable years. As of December 31, 2015, we had U.S. federal NOL carryforwards of approximately \$146.0 million and state NOL carryforwards of approximately \$139.0 million. The federal and state NOL and other tax credit carryforwards expire on various dates between 2027 and 2032.

Our ability to deduct these NOL carryforwards against future taxable income could be limited if we experience an "ownership change," as defined in Section 382 of the Code. In general, an ownership change may result from one or more transactions increasing the aggregate ownership of certain persons (or groups of persons) in our stock by more than 50 percentage points over a testing period (generally three years). Future direct or indirect changes in the ownership of our stock, including sales or acquisitions of our stock by certain stockholders and purchases and issuances of our stock by us, some of which are not in our control, could result in an ownership change. Any resulting limitation on the use of our NOL carryforwards could result in the payment of taxes above the amounts currently estimated and could have a negative effect on our future results of operations and financial position.

Non-U.S. stockholders of our common stock, in certain situations, could be subject to U.S. federal income tax on the gain from the sale, exchange or other disposition of our common stock.

Our ethanol plant in Keyes, California (which constitutes a U.S. real property interest for purposes of determining whether we are a U.S. real property holding corporation (a "USRPHC") under the Foreign Investment in Real Property Tax Act ("FIRPTA")), currently accounts for a significant portion of our assets. The value of our plant in Keyes, California relative to our real property located outside of the United States and other assets used in our trade or business may be uncertain and may fluctuate over time. Therefore, we may be, now or at any time while a non-U.S. stockholder owns our common stock, a USRPHC. If we are a USRPHC, certain non-U.S. stockholders may be subject to U.S. federal income tax on gain on the disposition of our stock under FIRPTA, in which case such non-U.S. stockholders would also be required to file U.S. federal income tax returns with respect to such gain. Whether the FIRPTA provisions apply depends on the amount of our stock that a non-U.S. stockholder owns and whether, at the time it disposes of our common stock, such common stock is regularly traded on an established securities market within the meaning of the applicable U.S. Treasury regulations. Non-U.S. stockholders should consult with their own tax advisors concerning the U.S. federal income tax consequences of the sale, exchange or other disposition of our common stock.

We are subject to covenants and other operating restrictions under the terms of our debt, which may restrict our ability to engage in some business transactions.

Our debt facilities contain covenants restricting our ability, among others, to:

- incur additional debt;
- make certain capital expenditures;
- incur or permit liens to exist;
- enter into transactions with affiliates;
- guarantee the debt of other entities, including joint ventures;
- pay dividends;
- merge or consolidate or otherwise combine with another company; and
- transfer, sell or lease our assets.

These restrictions may limit our ability to engage in business transactions that may be beneficial to us, or may restrict our ability to execute our business plan.

Operational difficulties at our facilities may negatively impact our business.

Our operations may experience unscheduled downtimes due to technical or structural failure, political and economic instability, terrorism and civil unrest, natural disasters, and other operational hazards inherent to our operations. These hazards may cause personal injury or loss of life, severe damage to or destruction of property, equipment, or the environment, and may result in the suspension of operations or the imposition of civil or criminal penalties. Our insurance may not be adequate to cover such potential hazards and we may not be able to renew our insurance on commercially reasonable terms or at all. In addition, any reduction in the yield or quality of the products we produce could negatively impact our ability to market our products. Any decrease in the quality, reduction in volume, or cessation of our operations due to these hazards would have a material adverse effect on the results of our business and financial condition.

Our success depends on our ability to manage the growth of our operations.

Our strategy envisions a period of rapid growth that may impose a significant burden on our administrative and operational resources and personnel, which, if not effectively managed, could impair our growth. The growth of our business will require significant investments of capital and management's close attention. If we are unable to successfully manage our growth, our sales may not increase commensurately with capital expenditures and investments. Our ability to effectively manage our growth will require us to substantially expand the capabilities of our administrative and operational resources and to attract, train, manage and retain qualified management, technicians and other personnel. In addition to our plans to adopt technologies that expand our operations and product offerings at our biodiesel and ethanol plants, we may seek to enter into strategic business relationships with companies to expand our operations. If we are unable to successfully manage our growth, we may be unable to achieve our business goals, which may have a material adverse effect on the results of our operations and financial condition.

Our mergers, acquisitions, partnerships, and joint ventures may not be as beneficial as we anticipate.

We have increased our operations through mergers, acquisitions, partnerships and joint ventures and intend to continue to explore these opportunities in the future. The anticipated benefits of these transactions may take longer to realize than expected, may never be fully realized, or even realized at all. Furthermore, partnerships and joint ventures generally involve restrictive covenants on the parties involved, which may limit our ability to manage these agreements in a manner that is in our best interest. Future mergers, acquisitions, partnerships, and joint ventures may involve the issuance of debt or equity, or a combination of the two, as payment for or financing of the business or assets involved, which may dilute ownership interest in our business. Any failure to adequately evaluate and address the risks of and execute on our mergers, acquisitions, partnerships, and joint ventures could have an adverse material effect on our business, results of operations, and financial position. In connection with such acquisitions and strategic transactions, we may incur unanticipated expenses, fail to realize anticipated benefits, have difficulty incorporating the acquired businesses, our management may become distracted from our core business, and we may disrupt relationships with current and new employees, customers and vendors, incur significant debt, or have to delay or not proceed with announced transactions. The occurrence of any of these events could have an adverse effect on our business.

Our business may be significantly disrupted upon the occurrence of a catastrophic event or cyberattack.

Our Keyes and Kakinada plants are highly automated and rely extensively on the availability of our network infrastructure and our internal technology systems. The failure of our systems due to a catastrophic event, such as an earthquake, fire, flood, tsunami, weather event, telecommunications failure, power failure, cyberattack or war, could adversely impact our business, financial results and financial condition. We have developed disaster recovery plans and maintain backup systems in order to reduce the potential impact of a catastrophic event, however there can be no assurance that these plans and systems would enable us to return to normal business operations.

We may be unable to protect our intellectual property.

We rely on a combination of patents, trademarks, trade name, confidentiality agreements, and other contractual restrictions on disclosure to protect our intellectual property rights. We also enter into confidentiality agreements with our employees, consultants, and corporate partners, and control access to and distribution of our confidential information. These measures may not preclude the disclosure of our confidential or proprietary information. Despite efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our proprietary information. Monitoring unauthorized use of our confidential information is difficult, and we cannot be certain that the steps we have taken to prevent unauthorized use of our confidential information, particularly in foreign countries where the laws may not protect proprietary rights as fully as in the U.S., will be effective.

Companies in our industry aggressively protect and pursue their intellectual property rights. From time to time, we receive notices from competitors and other operating companies, as well as notices from "non-practicing entities," or NPEs, that claim we have infringed upon, misappropriated or misused other parties' proprietary rights. Our success and future revenue growth will depend, in part, on our ability to protect our intellectual property. It is possible that competitors or other unauthorized third parties may obtain copy, use or disclose our technologies and processes, or confidential employee, customer or supplier data. Any of our existing or future patents may be challenged, invalidated or circumvented.

We may not be able to successfully develop and commercialize our technologies, which may require us to curtail or cease our research and development activities.

Since 2007, we have been developing patent-pending enzyme technology to enable the production of ethanol from a combination of starch and cellulose, or from cellulose alone. In July 2011, we acquired Zymetis, Inc., a biochemical research and development firm, with several patents pending and in-process R&D utilizing the Z-microbe™ to produce renewable chemicals and advanced fuels from renewable feedstocks. Although, the viability of our technology has been demonstrated in the lab, there can be no assurance that we will be able to commercialize our technology. To date, we have not completed a large-scale commercial prototype of our technology and are uncertain at this time when completion of a commercial scale prototype will occur. Commercialization risks include economic financial feasibility at commercial scale, availability of funding to complete large-scale commercial prototype, ability of Z-microbe™ to function at commercial scale and ability to obtain regulatory approvals, and market acceptance of product.

Risks related to ownership of our stock

Future sales and issuances of rights to purchase common stock by us could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

We may issue equity or convertible securities in the future. To the extent we do so, our stockholders may experience substantial dilution. We may sell common stock, convertible securities, or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities, or other equity securities in more than one transaction, investors may be materially diluted by subsequent sales and new investors could gain rights superior to our existing stockholders.

Our stock price is highly volatile, which could result in substantial losses for investors purchasing shares of our common stock and in litigation against us.

The market price of our common stock has fluctuated significantly in the past and may continue to fluctuate significantly in the future. The market price of our common stock may continue to fluctuate in response to one or more of the following factors, many of which are beyond our control:

- fluctuations in the market prices of ethanol and its co-products including WDG and corn oil;
- the cost of key inputs to the production of ethanol, including corn and natural gas;
- the volume and timing of the receipt of orders for ethanol from major customers;
- competitive pricing pressures;
- our ability to produce, sell and deliver ethanol on a cost-effective and timely basis;
- the announcement, introduction and market acceptance of one or more alternatives to ethanol;
- losses resulting from adjustments to the fair values of our outstanding warrants to purchase our common stock;
- changes in market valuations of companies similar to us;
- stock market price and volume fluctuations generally;
- regulatory developments or increased enforcement;
- fluctuations in our quarterly or annual operating results;
- additions or departures of key personnel;
- our inability to obtain financing; and
- our financing activities and future sales of our common stock or other securities.

Demand for ethanol could be adversely affected by a slowdown in overall demand for oxygenate and gasoline additive products. The levels of our ethanol production and purchases for resale will be based upon forecasted demand. Accordingly, any inaccuracy in forecasting anticipated revenues and expenses could adversely affect our business. The failure to receive anticipated orders or to complete delivery in any quarterly period could adversely affect our results of operations for that period. Quarterly results are not necessarily indicative of future performance for any particular period, and we may not experience revenue growth or profitability on a quarterly or an annual basis.

The price at which you purchase shares of our common stock may not be indicative of the price that will prevail in the trading market. You may be unable to sell your shares of common stock at or above your purchase price, which may result in substantial losses to you and which may include the complete loss of your investment. In the past, securities class action litigation has often been brought against a company following periods of high stock price volatility. We may be the target of similar litigation in the future. Securities litigation could result in substantial costs and divert management's attention and our resources away from our business.

Any of the risks described above could have a material adverse effect on our results of operations or the price of our common stock, or both.

We do not intend to pay dividends.

We have not paid any cash dividends on any of our securities since inception and we do not anticipate paying any cash dividends on any of our securities in the foreseeable future.

Our principal shareholders hold a substantial amount of our common stock.

Eric A. McAfee, our Chief Executive Officer and Chairman of the Board, Laird Q. Cagan, a former board member, in the aggregate, beneficially own 25.3% of our common stock outstanding. In addition, the other members of our Board of Directors and management, in the aggregate, excluding Eric McAfee, beneficially own approximately 6.1% of our common stock. Our lender, Third Eye Capital, acting as principal and an agent, beneficially owns 9.5% of our common stock. As a result, these shareholders, acting together, will be able to influence many matters requiring shareholder approval, including the election of directors and approval of mergers and acquisitions and other significant corporate transactions. See "Security Ownership of Certain Beneficial Owners and Management." The interests of these shareholders may differ from yours and this concentration of ownership enables these shareholders to exercise influence over many matters requiring shareholder approval, may have the effect of delaying, preventing or deterring a change in control, and could deprive you of an opportunity to receive a premium for your securities as part of a sale of the company and may affect the market price of our securities.

The conversion of convertible securities and the exercise of outstanding options and warrants to purchase our common stock could substantially dilute your investment and reduce the voting power of your shares, impede our ability to obtain additional financing and cause us to incur additional expenses.

Our Series B convertible preferred stock is convertible into our common stock. As of December 31, 2015, there were 1.4 million shares of our Series B convertible Preferred Stock outstanding, convertible into shares of our common stock on 10 to 1 ratio. Certain of our financing arrangements, such as our EB-5 notes are convertible into shares of our common stock at fixed prices. Additionally, there are outstanding warrants and options to acquire our common stock issued to employees, directors and others. As of December 31, 2015, there were outstanding warrants and options to purchase 1.3 million shares of our common stock.

Such securities allow their holders an opportunity to profit from a rise in the market price of our common stock such that conversion of the securities will result in dilution of the equity interests of our common stockholders. The terms on which we may obtain additional financing may be adversely affected by the existence and potentially dilutive impact of our outstanding convertible and other promissory notes, Series B convertible preferred stock, options and warrants. In addition, holders of our outstanding promissory notes and certain warrants have registration rights with respect to the common stock underlying those notes and warrants, the registration of which involves substantial expense.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

North America

Corporate Office. Our corporate headquarters are located at 20400 Stevens Creek Blvd., Suite 700, Cupertino, CA. The Cupertino facility office space consists of 9,238 rentable square feet. We extended the lease in February 2015 for an additional five years ending on May 31, 2020. From July 2009 through July 2012, we sublet office space consisting of 3,104 rentable square feet to Solargen, Inc., then from June 1, 2013 through present, we sublet office space consisting of 3,104 rentable square feet to Splunk Inc., at a monthly rent rate equal to the rent charged to us by our landlord.

Ethanol Plant in Keyes, CA. On July 6, 2012, we acquired Cilion, Inc., including the Keyes plant. The Keyes plant is situated on approximately 11 acres of land and contains 25,284 square feet of plant building and structures. The property is located next to Union Pacific rail road system to facilitate the transportation of raw materials. Our tangible and intangible assets, including the Keyes plant, are subject to perfected first liens and mortgages as further described in Note 5. Notes Payable, of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K.

We productively utilize the majority of the space in these facilities.

India

Biodiesel Plant in Kakinada, India. The Kakinada plant is situated on approximately 32,000 square meters of land in Kakinada, India. The property is located 7.5 kilometers from the local seaport with connectivity through a third-party pipeline to the port jetty. The pipeline facilitates the importing of raw materials and exporting finished product. Our tangible and intangible assets, including the Kakinada plant, are subject to liens as further described in Note 5. Notes Payable, of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K.

India Administrative Office. Our principal administrative, sales and marketing facilities are located in approximately 1,000 square feet of office space in Hyderabad, India which we lease on a month to month rental arrangement.

We productively utilize the majority of the space in these facilities.

Item 3. Legal Proceedings

On March 10, 2011, UBPL, our India operating subsidiary, received a demand notice from the State Bank of India under the Agreement of Loan for Overall Limit dated as of June 26, 2008. The notice informed UBPL that an event of default had occurred for failure to make an installment payment on the loan commencing June 2009 and demanded repayment of the entire outstanding indebtedness of 19.60 crore rupees (approximately \$3.2 million) together with all accrued interest thereon and any applicable fees and expenses. Upon the occurrence and during the continuance of an Event of Default, interest accrues at the default interest rate of 2% above the State Bank of India Advance Rate. The default period began on July 1, 2009 when the principal payment was deemed past due; and we have accrued interest at the default rate since the beginning of the default period. On August 22, 2015, UBPL received from the State Bank of India, a One Time Settlement Sanction Letter allowing for, among other things, four payments over a 360 day period amounting to \$4.3 million, an interest rate holiday for 15 days after which the interest rate is payable at a rate of 2% above the base rate of Reserve Bank of India and certain releases by both parties. Upon performance under the agreement, including the payment of all stipulated amounts, UBPL will receive relief for prior accrued interest in the amount of approximately \$2.1 million.

On August 4, 2013, GS Cleantech Corporation, a subsidiary of Greenshift Corporation (“Greenshift”), filed a complaint in the United States District Court for the Eastern District of California – Fresno Division against us and our subsidiary, AAFK. The case was transferred to the Southern District of Indiana and joined to a pending Multidistrict Litigation. The complaint alleges infringement of patent rights assigned to Greenshift and pertaining to corn oil extraction processes we employ, and seeks royalties, treble damages, attorney’s fees, and injunctions precluding us from further infringement. The corn oil extraction process we use is licensed to us by Valicor Separation Technologies LLC. Valicor has no obligations to indemnify us. On October 23, 2014, the Court ruled that all the claims of all the patents at issue in the case are invalid and, therefore, not infringed and adopted this finding in our case on January 16, 2015. GS Cleantech has said it will appeal this decision when the remaining claim in the suit has been decided. We believe the likelihood of Greenshift succeeding on appeal of the invalidity findings is small since the Court’s findings included several grounds for invalidity of each allegedly infringed patent. If Greenshift successfully appeals the findings of invalidity, damages may be \$1 million or more. The only remaining claim in the suit alleges that GS Cleantech obtained the patents at issue by inequitably conducting itself before the United States Patent Office. A trial in the District Court for the Southern District of Indiana on that issue was concluded and awaits judicial decision. If the patents at issue are found invalid due to GS Cleantech’s inequitable conduct, it would receive no damage award. If the Court determines this is an “exceptional case” it may award us and our subsidiary the attorneys’ fees expended to date for defense in this case. It is unknown whether GS Cleantech would appeal such a ruling.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the NASDAQ Stock Market under the symbol "AMTX." Prior to trading on NASDAQ, between November 15, 2011 and June 5, 2014 our common stock was traded on the OTC Bulletin Board under the symbol "AMTX." Between December 7, 2007 and November 15, 2011, our common stock traded on the OTC Bulletin Board under the symbol "AEBF." Prior to December 7, 2007, our common stock traded on the OTC Bulletin Board under the symbol "MWII."

The following table sets forth the high and low sale prices of our common stock for the quarterly reporting periods indicated, as adjusted for the 1 for 10 stock split, which became effective after the close of trading on May 15, 2014:

<u>Quarter Ending</u>	<u>High</u>	<u>Low</u>
2015		
December 31,	\$ 3.05	\$ 1.80
September 30,	\$ 3.89	\$ 2.35
June 30,	\$ 5.05	\$ 3.60
March 31,	\$ 6.18	\$ 3.39
2014		
December 31,	\$ 8.99	\$ 3.99
September 30,	\$ 13.29	\$ 6.05
June 30,	\$ 11.20	\$ 4.30
March 31,	\$ 7.30	\$ 1.80

Shareholders of Record

According to the records of our transfer agent, we had 411 stockholders of record as of February 25, 2016. This figure does not include "street name" holders or beneficial holders of our common stock whose shares are held of record by banks, brokers and other financial institutions.

Dividends

We have never declared or paid any cash dividends on its common stock. We currently expect to retain any future earnings for use in the operation and expansion of its business and to reduce its outstanding debt and do not anticipate paying any cash dividends in the foreseeable future. Information with respect to restrictions on paying dividends is set forth in Note 5. Notes Payable of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K.

Securities Authorized For Issuance under Equity Compensation Plans

Our shareholders approved our Second Amended and Restated 2007 Stock Plan ("2007 Stock Plan") at our 2015 Annual Shareholders Meeting. On July 1, 2011, we acquired the Zymetis 2006 Stock Plan ("2006 Stock Plan") pursuant to the acquisition of Zymetis, Inc. and gave Zymetis option holders the right to convert shares into our common stock at the same terms as the 2006 Plan. During 2015, we established an Equity Inducement Plan pursuant to which 100,000 shares were made available specifically to attract human talent. Additional information regarding the 2007 Stock Plan, 2006 Stock Plan and other compensatory warrants may be found under the caption "Equity Compensation Plans," in the Proxy Statement, which is hereby incorporated by reference.

Sales of Unregistered Equity Securities

On October 16, 2015, we issued 1,000 shares of our common stock as a result of a Series B investor exercising their right to convert each share of Series B Preferred to 0.10 of a share of common stock at a \$0.001 par value cost per share.

Each of these issuances was exempt from registration under Section 4(2) of the Securities Act of 1933, as amended, as sales of securities not involving any public offering.

Item 6. Selected Financial Data

Not applicable

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is provided in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition, and cash flows. MD&A is organized as follows:

- *Overview. Discussion of our business and overall analysis of financial and other highlights affecting us, to provide context for the remainder of MD&A.*
- *Results of Operations. An analysis of our financial results comparing the twelve months ended December 31, 2015 and 2014.*
- *Liquidity and Capital Resources. An analysis of changes in our balance sheets and cash flows and discussion of our financial condition.*
- *Critical Accounting Estimates. Accounting estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results and forecasts.*

The following discussion should be read in conjunction with our consolidated financial statements and accompanying notes included elsewhere in this report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Report, particularly under "Part I, Item 1A. Risk Factors," and in other reports we file with the SEC. All references to years relate to the calendar year ended December 31 of the particular year.

Overview

We are an advanced renewable fuels and biochemicals company focused on the acquisition, development and commercialization of innovative technologies that replace traditional petroleum-based products by the conversion of first generation ethanol and biodiesel plants into advanced biorefineries. We own and operate the Keyes plant where we manufacture and produce ethanol, WDG, CDS and distillers' corn oil and manufacturing and the Kakinada plant where we manufacture and produce fatty acid methyl ester (biodiesel), crude and refined glycerin. In September 2013, we received approval by the U.S. EPA to produce ethanol using milo and biogas as well as approval for the Keyes plant to use existing combined heat and power systems to generate higher value advanced biofuel RINs. In addition, we are continuing to research the viability of commercializing our microbial technology, which would enable us to produce renewable industrial biofuels and biochemicals and our integrated starch-cellulose technology, which would enable us to produce ethanol from non-food feedstock.

North America

In the second quarter of 2012, we acquired the Keyes plant which we had previously been operating since April 2011 pursuant to a 5-year lease agreement with Cilion, Inc. The Keyes plant is a dry mill ethanol production facility currently utilizing corn and milo as feedstocks.

We produce four products at the Keyes plant: denatured ethanol, WDG, corn oil and CDS. In 2015, we sold 100% of the ethanol and WDG we produced to J.D. Heiskell pursuant to a Purchase Agreement established with J.D. Heiskell. Distillers' corn oil was sold to J.D. Heiskell and other local animal feedlots (primarily poultry). Small amounts of CDS were sold to various local third parties. Ethanol pricing is determined pursuant to a marketing agreement between us and Kinergy Marketing LLC, and is generally based on daily and monthly pricing for ethanol delivered to the San Francisco Bay Area, California, as published by the Oil Price Information Service (OPIS), as well as quarterly contracts negotiated by Kinergy with local fuel blenders. The price for WDG is determined monthly pursuant to a marketing agreement between A.L. Gilbert Co. and us, and is generally determined in reference to the price of dry distillers grains (DDG) and corn. North American revenue is dependent on the price of ethanol and wet distiller's grains. Ethanol pricing is influenced by national inventory levels, corn prices and gasoline prices. Distiller's grains is influenced by the price of corn, the supply of dry distiller's grains, and demand from the local dairy and feed markets. Our revenue is further influenced by our decision to operate the Keyes plant at any capacity level, maintenance requirements, and the influences of the underlying biological processes. During 2015, the most significant factor impacting revenue has been the price received for ethanol.

India

During the twelve months ended December 31, 2015 and 2014, we operated the Kakinada plant. However, our India operations were constrained by funds available from our working capital partner and by diesel price subsidies from the Indian government. During 2014, the Indian government eliminated subsidies for diesel and increased the sales price of diesel to the market prices. Our biodiesel pricing is indexed to the price of petroleum diesel, and as such, the increase in the price of petroleum diesel is expected to favorably impact the profitability of our India operations.

We continue to diversify our feedstock, our product lines and our customer base. In early 2012, we completed the construction of glycerin and oil refining units, which enable us to produce and sell refined glycerin and refined palm oil. During 2013, we further increased sales with expanded orders from international customers. In addition, we commissioned biodiesel distillation capacity for the Kakinada plant in February 2014 and this allows the Kakinada plant to produce quality biodiesel which meets or exceeds international standards. During 2014, we further diversified our feedstock with the introduction of animal oils and fats, which we used for the production of biodiesel to be sold into the European markets. The India segment has benefited from several recent governmental policy changes beginning in October 2014 with the deregulation of diesel and the related removal of government subsidies that artificially lowered the price of diesel below the world oil price.

In August 2015, a policy change occurred that allowed for the sale of transportation fuel to bulk sales customers which further opened the markets. In October 2015, a policy change occurred that exempted biodiesel feedstock and chemicals used in the manufacture of biodiesel from central excise duty, including palm stearin, methanol and sodium methoxide. These policy changes have had a positive effect on the development of the markets for biodiesel products.

North America Segment

Revenue

Substantially all of our North America revenues during the years ended December 31, 2015, and 2014 were from sales of ethanol and WDG. During the twelve months ended December 31, 2015 and 2014, we produced and sold 55.8 million gallons and 60.2 million gallons of ethanol and 360 thousand tons and 408 thousand tons of WDG, respectively.

Cost of Goods Sold

Substantially all of our feedstock is procured by J.D. Heiskell. Our cost of feedstock includes rail, truck, or ship transportation, local basis costs and a handling fee paid to J.D. Heiskell. Cost of goods sold also includes chemicals, plant overhead and out bound transportation. Plant overhead includes direct and indirect costs associated with the operation of the Keyes plant, including the cost of electricity and natural gas, maintenance, insurance, direct labor, depreciation and freight. Transportation includes the costs of in-bound delivery of corn by rail, inbound delivery of milo by ship, rail, and truck, and out-bound shipments of ethanol and WDG by truck. In 2015, the transportation cost for ethanol and WDG was approximately \$0.04 per gallon and \$7.50 per ton.

Pursuant to a Corn Procurement and Working Capital Agreement with J.D. Heiskell, we purchase all of our corn and milo from J.D. Heiskell. Title to the corn or milo passes to us when the corn is deposited into our weigh bin and entered into the production process. The credit term of the corn or milo purchased from J.D. Heiskell is five days. J.D. Heiskell purchases our ethanol and WDG on one-day terms. The price of corn is established by J.D. Heiskell based on Chicago Board of Trade (CBOT) pricing including transportation and basis, plus a handling fee.

Sales, Marketing and General Administrative Expenses (SG&A)

SG&A expenses consist of employee compensation, professional services, travel, depreciation, taxes, insurance, rent and utilities, including license and permit fees, penalties, and sales and marketing fees. Our single largest expense is employee compensation, including related stock compensation, followed by sales and marketing fees paid in connection with the marketing and sale of ethanol and WDG.

In October 2010, we entered into an exclusive marketing agreement with Kinergy to market and sell our ethanol and an agreement with A.L. Gilbert to market and sell our WDG. The agreements expire on August 31, 2016 and December 31, 2016, respectively, and are automatically renewed for additional one-year terms. Pursuant to these agreements, our marketing costs for ethanol and WDG are less than 2% of sales.

Research and Development Expenses (R&D)

In 2015 and 2014, substantially all of our R&D expenses were related to our research and development activities in Maryland.

India Segment

Revenue

Substantially all of our India segment revenues during the years ended December 31, 2015 and 2014 were from sales of biodiesel and refined glycerin. During the twelve months ended December 31, 2015, we sold 19.5 thousand metric tons of biodiesel and 4.7 thousand metric tons of refined glycerin. During the twelve months ended December 31, 2014, we sold 9.0 thousand metric tons of biodiesel and 2.2 thousand metric tons of refined glycerin. During 2014, we completed upgrades to the Kakinada plant for the distillation of biodiesel and testing of waste fats and oils for the production of distilled biodiesel for sales into international markets.

Cost of Goods Sold

Cost of goods sold consists primarily of feedstock oil, chemicals, direct costs (principally labor and labor related costs) and factory overhead. Depending upon the costs of these inputs in comparison to the sales price of biodiesel and glycerin, our gross margins at any given time can vary from positive to negative. Factory overhead includes direct and indirect costs associated with the Kakinada plant, including the cost of repairs and maintenance, consumables, maintenance, on-site security, insurance, depreciation and inbound freight.

We purchase NRPO, a non-edible feedstock, for our biodiesel unit from neighboring natural oil processing plants at a discount to refined palm oil. In addition, we purchase waste fats and oils from other processing plants in India. Raw material is received by truck and title passes when the goods are received at our facility. Credit terms vary by vendor; however, we generally receive 15 days of credit on the purchases. We purchase crude glycerin in the international market on letters of credit or advance payment terms.

Sales, Marketing and General Administrative Expenses (SG&A)

SG&A expenses consist of employee compensation, professional services, travel, depreciation, taxes, insurance, rent and utilities, including licenses and permits, penalties, and sales and marketing fees. Pursuant to an operating agreement with Secunderabad Oils Limited, we receive operational support and working capital. We compensate Secunderabad Oils Limited with a percentage of the profits generated from operations. Payments of interest are identified as interest income while payments of profits are identified as compensation for the operational support component of this agreement. We therefore include the portion of profits paid to Secunderabad Oils Limited as a component of SG&A and our SG&A component will vary based on the profits earned by operations. In addition, we market our biodiesel and glycerin through our internal sales staff, commissioned agents and brokers. Commissions paid to agents are included as a component of SG&A.

Research and Development Expenses (R&D)

Our India segment has no research and development activities.

Results of Operations

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenues

Our revenues are derived primarily from sales of ethanol and WDG in North America and biodiesel and refined glycerin in India.

Fiscal Year Ended December 31 (in thousands)

	2015	2014	Inc/(dec)	% change
North America	\$ 129,408	\$ 195,416	\$ (66,008)	-34%
India	17,241	12,267	4,974	41%
Total	\$ 146,649	\$ 207,683	\$ (61,034)	-29%

North America. The decrease in revenues in North America segment for the year ended December 31, 2015 reflects decreases in average ethanol price by 31% to \$1.74 per gallon the year ended December 31, 2015 compared to \$2.54 in the year ended December 31, 2014 while the ethanol sales volume decreased by 7% to 55.8 million gallons. The average price of WDG also decreased 13% to \$79.68 per ton the year ended December 31, 2015 compared to \$91.81 per ton the year ended December 31, 2014 while the WDG sales volume decreased 12% to 360 thousand tons during the year ended December 31, 2015 compared to 408 thousand tons during the year ended December 31, 2014. For the year ended December 31, 2015, we generated approximately 75% of revenues from sales of ethanol, and 22% of revenues from sales of WDG and 3% of revenues from corn oil and syrup sales compared to 78% of revenues from sales of ethanol, and 19% of revenues from sales of WDG and 3% of revenues from distillers corn oil and syrup sales for the year ended December 31, 2014. For the year ended December 31, 2015, the Keyes plant operations averaged 101% of 55 million gallon per year nameplate capacity compared to 109% for the year ended December 31, 2014.

India. The increase in revenues in the India segment for the year ended December 31, 2015 reflects an increase in sales into the domestic market as a result of policy changes by the Indian government on the sale of transportation fuel to bulk sale customers. In addition, biodiesel sales volume increased by 116% to 19.5 thousand tons while the average price decreased by 27% to \$724 per metric ton and refined glycerin sales volume increased by 108% to 4.7 thousand tons while the average price per metric ton decreased by 28% to \$668 per metric ton. For the year ended December 31, 2015, we generated approximately 82% of revenue from sales of biodiesel (methyl ester), and 18% of revenue from sales of glycerin, compared to 73% of revenue from sales of biodiesel (methyl ester), 17% of revenue from sales of glycerin and 10% of revenue from sales of processing biodiesel and crude glycerin for the year ended December 31, 2014.

Cost of Goods Sold

Fiscal Year Ended December 31 (in thousands)

	2015	2014	Inc/(dec)	% change
North America	\$ 126,290	\$ 158,719	\$ (32,429)	-20%
India	16,160	11,820	4,340	37%
Total	\$ 142,450	\$ 170,539	\$ (28,089)	-16%

North America. We ground 19.5 million bushels of corn during the year ended December 31, 2015 compared to 21.4 million bushels of corn during the year ended December 31, 2014. Our cost of feedstock on a per bushel basis decreased by 13% to \$5.01 per bushel for the year ended December 31, 2015 as compared to 2014. In addition, the decrease in costs of goods sold from 2014 to 2015 reflects the 34% decrease in sales during the year ended December 31, 2015 compared to 2014.

India. The increase in cost of goods sold reflects the increase in sales of biodiesel in 2015. The cost of NRPO and waste oils and fats feedstock decreased an average of 43% to \$414 per metric ton while the volume increased by 117% to 20.3 thousand metric tons of NRPO and waste oils and fats compared to the year ended December 31, 2014. The average price of crude glycerin increased by 39% to \$577 per metric ton while the volume increased by 32% to 4.0 thousand metric tons compared to the year ended December 31, 2014.

Gross Profit

Fiscal Year Ended December 31 (in thousands)

	2015	2014	Inc/(dec)	% change
North America	\$ 3,118	\$ 36,697	\$ (33,579)	-92%
India	1,081	447	634	142%
Total	\$ 4,199	\$ 37,144	\$ (32,945)	-89%

North America. Gross profit decreased by 91.5% in the year ended December 31, 2015 due to a decrease in average price and volume of ethanol by 31% and 7%, and a decrease in average price and volume of WDG by 13% and 12% respectively, in 2015.

India. The increase in gross profit was attributable to the increase of 41% in overall revenues in the year ended December 31, 2015 compared to the year ended December 31, 2014. Overall sales volume increased by 114% to 24.2 metric tons while the average feedstock cost decreased by 33% to \$441 per metric ton.

Operating Expenses

R&D

Fiscal Year Ended December 31 (in thousands)

	2015	2014	Inc/(dec)	% change
North America	\$ 447	\$ 459	\$ (12)	-3%
India	-	-	-	0%
Total	\$ 447	\$ 459	\$ (12)	-3%

The R&D expenses period over period remained constant.

SG&A

Fiscal Year Ended December 31 (in thousands)

	2015	2014	Inc/(dec)	% change
North America	\$ 11,162	\$ 11,619	\$ (457)	-4%
India	1,199	976	223	23%
Total	\$ 12,361	\$ 12,595	\$ (234)	-2%

Selling, General and Administrative Expenses (SG&A). SG&A expenses consist primarily of salaries and related expenses for employees, marketing expenses related to sales of ethanol and WDG in North America and biodiesel and other products in India, as well as professional fees, other corporate expenses, and related facilities expenses.

North America. SG&A expenses as a percentage of revenue in the year ended December 31, 2015 increased to 9% as compared to 6% in the year ended December 31, 2014. The slight decrease in overall SG&A expenses in the year ended December 31, 2015 was primarily attributable to: (i) decrease in marketing fees of \$0.7 million, (ii) decrease in professional fees of \$0.7 million and (iii) \$0.1 million decrease in travel expenses, offset by (iv) increase in taxes and utilities of \$0.6 million, and (v) increases of \$0.5 million in stock compensation and salaries during year ended December 31, 2015.

India. SG&A expenses as a percentage of revenue in the year ended December 31, 2015 decreased slightly to 7% as compared to 8% in the year ended December 31, 2014. The overall SG&A expense increased by 23% in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was due to an increase in operational support services and plant services by \$0.2 million and marketing expenses by \$0.2 million, offset by a decrease in taxes and other utilities, salaries and professional fees by \$0.1 million.

Fiscal Year Ended December 31 (in thousands)

	2015	2014	Inc/(dec)	% change
North America				
Interest expense	\$ 9,308	\$ 9,018	\$ 290	3%
Amortization expense	6,715	6,038	677	11%
Loss on debt extinguishment	330	1,346	(1,016)	-75%
Loss on impairment of intangible assets	1,044	-	1,044	100%
Other (income) expense	349	(471)	820	-174%
India				
Interest expense	856	1,034	(178)	-17%
Other (income)	(79)	(14)	(65)	464%
Total	\$ 18,523	\$ 16,951	\$ 1,572	9%

Other Income/Expense. Other (income) expense consisted primarily of interest, amortization and extinguishment expense attributable to debt facilities acquired by our parent company, our subsidiaries Universal Biofuels Pvt. Ltd. (UBPL), International Biofuels, Inc., Aemetis Advanced Fuels Keyes, Inc., Aemetis Facilities Keyes, Aemetis Technologies and AE Advanced Fuels and interest accrued on the judgments obtained by Cordillera Fund, UBS and Kiefer. The debt facilities include stock or warrants issued as fees. The fair value of stock and warrants are amortized as amortization expense, except when the extinguishment accounting method is applied, in which case refinanced debt costs are recorded as extinguishment expense.

North America. Interest expense was slightly higher in the year ended December 31, 2015 due to a net increase in outstanding debt of \$23.6 million. The increase in amortization expense is due to several amendment fees on senior notes added during the year while the sub debt discount costs fully amortized. The debt extinguishment costs were lower in 2015 as sub debt notes were extinguished only once while three sub debt notes were refinanced and extinguished twice during the year ended December 31, 2014. The annual impairment indicated the impairment of goodwill of \$1.0 million. The decrease in other income was due to recognition of expense of fee to McAfee Capital for guarantees on senior debt in the year ended December 31, 2015 compared to a loss on sale of assets offset by gain on settlement of liabilities in the year ended December 31, 2014.

India. Interest expense decreased as a result of principal and interest payments of \$1.6 and \$1.3 million for the State Bank of India term loan and working capital loan respectively during the year ended December 31, 2015. The increase in other income was caused primarily by an increase in scrap sales and foreign exchange gains in the year ended December 31, 2015.

Liquidity and Capital Resources

Cash and Cash Equivalents

Cash and cash equivalents were \$0.3 million at December 31, 2015, of which \$0.1 million was held in North America and \$0.2 million was held in our Indian subsidiary. Our current ratio was 0.27 and 0.29, respectively, at December 31, 2015 and 2014. We expect that our future available capital resources will consist primarily of cash generated from operations, remaining cash balances, EB-5 program borrowings, amounts available for borrowing, if any, under our senior debt facilities and our subordinated debt facilities, and any additional funds raised through sales of equity.

Liquidity

Cash and cash equivalents, current assets, current liabilities and debt at the end of each period were as follows (in thousands):

	December 31, 2015	December 31, 2014
Cash and cash equivalents	\$ 283	\$ 332
Current assets (including cash, cash equivalents, and deposits)	8,002	7,933
Current liabilities and long term liabilities (excluding short term debt)	17,540	14,847
Short & long term debt and other long term liabilities	100,895	77,301

Our principal sources of liquidity have been cash provided by operations and borrowings under various debt arrangements. During the year ended December 31, 2015, \$22.0 million in funding from the EB-5 program was released to Aemetis's subsidiary, AE Advanced Fuels, Inc; additionally, the EB-5 escrow account is holding funds from 23 investors pending approval by the USCIS. These funds represent \$11.5 million of funding that is expected to be released from the escrow account early 2016. Our principal uses of cash have been to service indebtedness and capital expenditures. We anticipate these uses will continue to be our principal uses of cash in the future. Global financial and credit markets have been volatile in recent years, and future adverse conditions of these markets could negatively affect our ability to secure funds or raise capital at a reasonable cost or at all. For additional discussion of our various debt arrangements see Note 5. Notes Payable of the Notes to Consolidated Financial Statements in Part IV of this Form 10-K.

Ethanol prices have declined significantly, reducing our profitability for the year ended December 31, 2015. We operate in a volatile market in which we have little control over the major components of production costs and product revenues. As such, we expect cash provided by operating activities to fluctuate in future periods primarily as a result of changes in the prices for corn, ethanol, WDG, corn oil, CDS, biodiesel, waste fats and oils, NPRO and natural gas. To the extent that we experience periods in which the spread between ethanol prices and corn and energy costs narrow or the spread between biodiesel prices and waste fats and oils or palm oil and energy costs narrow, we may require additional working capital to fund operations.

Management believes that through: (i) operating the Keyes plant, (ii) continuing to incorporate lower-cost non-food advanced biofuels feedstock at the Keyes plant when economical, thereby increasing operating margins, (iii) selling additional EB-5 Notes, (iv) refinancing senior debt on terms more commensurate with the long-term financing of capital assets, (v) securing higher volumes of sales from the Kakinada plant, (vi) continuing to expand the domestic India markets and (vii) using the availability on the existing working capital credit line, we will be able to obtain the liquidity necessary to fund company operations for the foreseeable future. However, there is no assurance that our operations will generate significant positive cash flow, or that additional funds will be available to us, through borrowings or otherwise, on favorable terms when required, or at all.

At December 31, 2015, the outstanding balance of principal, interest and fees, net of discounts, on all Third Eye Capital Notes equaled \$60.9 million. The current maturity date for all of the Third Eye Capital financing arrangements is April 1, 2016; provided, however, that pursuant to Amendment No. 11 to the Note Purchase Agreement, dated August 6, 2015, we have the right to extend the maturity date of the Notes to April 1, 2017 upon notice and payment of a 5% extension fee. We intend to pay the Notes through operational cash flow, EB-5 subordinated debt, a senior debt refinancing and/or equity financing.

Our senior lender has provided a series of accommodating amendments to the existing and previous loan facilities in the past as described in further detail in Note 5. Notes Payable of the Notes to Consolidated Financial Statements in Part IV of this Form 10-K. However, there can be no assurance that our senior lender will continue to provide further amendments or accommodations or will fund additional amounts in the future.

We also rely on our working capital lines with J.D. Heiskell in California and Secunderabad Oils Limited, in India to fund our commercial arrangements for the acquisitions of feedstock. J.D. Heiskell currently provides us with working capital for the Keyes plant and Secunderabad Oils Limited currently provides us with working capital for the Kakinada plant. The ability of both J.D. Heiskell and Secunderabad Oils Limited to continue to provide us with working capital depends in part on both of their respective financial strength and banking relationships.

Change in Working Capital and Cash Flows

During the twelve months ended December 31, 2015, current and long term debt increased \$23.6 million primarily due to (i) additional borrowings of \$22.0 million received from the EB-5 investors, (ii) stock repurchase costs of \$8.2 million added to the outstanding balance and \$3.9 million in draws against the Revolving Credit Facility with our senior lender, (iii) monitoring, waiver, and maturity date extension fees on senior debt added to the Revolving Credit Facility of \$4.3 million and extension fees on sub debt of \$0.7 million, and (iv) accrued interest of \$9.7 million. The increase in current and long term debt was partially offset by decreases due to: (i) payments of principal of \$21.3 million to our senior lender and \$0.2 million to our subordinated lenders, (ii) \$1.3 million and \$2.1 million of principal payments to our working capital partners in India and on the State Bank of India loan, and (iii) payments of interest of \$0.5 million. Current assets slightly increased by \$0.1 million due to an increase of \$0.8 million in other assets and \$0.3 million in inventories offset by decrease in prepaid expenses of \$0.9 million and \$0.1 million in accounts receivable and cash.

Net cash used in operating activities during the year ended December 31, 2015 was \$0.8 million consisting of non-cash charges of \$14.0 million, net changes in operating assets and liabilities of \$12.3 million, and net loss of \$27.1 million. The non-cash charges consisted of: (i) \$6.8 million in amortization of debt issuance costs and patents, (ii) \$4.7 million in depreciation expenses, (iii) a \$1.1 million in stock-based compensation expense, (iv) \$1.0 million in impairment loss on intangible assets, and (v) \$0.3 million in loss of extinguishment of debt. Net changes in operating assets and liabilities consisted primarily of an increase in (i) accounts payable of \$2.0 million, (ii) accrued interest of \$9.8 million, and (iii) other liabilities of \$0.7 million.

Cash used by investing activities was not significant.

Cash provided by financing activities was \$0.8 million primarily from proceeds from borrowings of \$30.3 million, offset by payments in principal on long-term term loans of \$29.3 million and debt guarantee fee of \$0.2 million.

Off-Balance Sheet Arrangements

We had no outstanding off-balance sheet arrangements as of December 31, 2015.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for each period. The following represents a summary of our critical accounting policies, defined as those policies that we believe are the most important to the portrayal of our financial condition and results of operations and that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Revenue Recognition

We recognize revenue when it is realized or realizable and earned. We consider revenue realized or realizable and earned when there is persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable, and collection is reasonably assured. We derive revenue primarily from sales of ethanol and related co-products, biodiesel, refined glycerin, and refined palm oil. We recognize revenue when title transfers to our customers, which is generally upon the delivery of these products to a customer's designated location. These deliveries are made in accordance with sales commitments and related sales orders entered into with customers and our working capital partner J.D. Heiskell for the Keyes plant and Secunderabad Oils Limited for the Kakinada plant. Commitments can be offered either verbally or in written form. The sales commitments and related sales orders provide quantities, pricing and conditions of sales. In this regard, sales consist of inventory produced at the Keyes or Kakinada plant.

Revenues from sales of ethanol and its co-products are billed net of the related transportation and marketing charges. The transportation component is accounted for in cost of goods sold and the marketing component is accounted for in sales, general and administrative expense. Revenues are recorded at the gross invoiced amount. Deductions taken by our customer for transportation and marketing are recorded as cost of goods sold and marketing, respectively. Additionally, our working capital partner leases our finished goods tank and requires us to transfer legal title to the product upon transfer of our finished ethanol to this location. We consider the purchase of corn as a cost of goods sold and the sale of ethanol upon transfer to the finished goods tank as revenue on the basis that (i) we bear the risk of gain or loss on the processing of corn into ethanol and (ii) we have legal title to the goods during the processing time. Revenue from nonmonetary transactions, principally in-kind by-products received in exchange for material processing where the by-product is contemplated by contract to provide value, is recognized at the quoted market price of those goods received or by-products.

Recoverability of Our Long-Lived Assets

Property and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation after assets are placed in service and are comprised primarily of buildings, furniture, machinery, equipment, land, and plants in North America and India. When property, plant and equipment are acquired as part of an acquisition, the items are recorded at fair value on the purchase date. It is our policy to depreciate capital assets over their estimated useful lives using the straight-line method.

Impairment of Long-Lived Assets and Intangibles

Our long-lived assets consist of property and equipment. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. We measure recoverability of assets to be held and used by comparing the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, we record an impairment charge in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Our intangibles consist of amounts relating to goodwill and patents from our acquisition of Zymetis, Inc. in 2011. We review intangibles at an individual plant or subsidiary level for impairment at least annually, or more frequently whenever events or changes in circumstances indicate that impairment may have occurred. We perform a two-step impairment test to evaluate goodwill. Under the first step, we compare the estimated fair value of the reporting unit with its carrying value (including goodwill). If the estimated fair value of the reporting unit is less than its carrying value, we would complete a second step to determine the amount of the goodwill impairment that we should record. In the second step, we determine the implied fair value of the reporting unit's goodwill by allocating the reporting unit's fair value to all of its assets (other than goodwill) and liabilities and the remaining fair value amount results in the implied fair value of goodwill. We then compare the resulting implied fair value of the goodwill to the carrying amount of goodwill and record an impairment charge for the difference.

The annual impairment test of long-lived assets and intangibles require us to make estimates regarding amount and timing of projected cash flows to be generated by an asset or asset group over an extended period of time. Management judgment regarding the existence of circumstances that indicate impairment is based on numerous potential factors including, but not limited to, a decline in our future projected cash flows, a decision to suspend operations at a plant for an extended period of time, adoption of our product by the market, a sustained decline in our market capitalization, a sustained decline in market prices for similar assets or businesses, or a significant adverse change in legal or regulatory factors or the business climate. Significant management judgment is required in determining the fair value of our long-lived assets and intangibles to measure impairment, including projections of future cash flows. Fair value is determined through various valuation techniques including discounted cash flow models, market values and third-party independent appraisals, as considered necessary. Changes in estimates of fair value could result in a write-down of the asset in a future period.

During 2015, our annual impairment analysis indicated an impairment of goodwill. Accordingly, we recorded approximately \$1 million of impairment relating to goodwill and patents, which was comprised of a \$968 thousand charge related to impairment of all goodwill associated with our acquisition of Zymetis, Inc. in 2011 and a \$76 thousand charge resulting from abandoning two filed, but not awarded patents no longer being pursued due to changes in patent strategy.

Our subsidiaries, Aemetis Advanced Fuels Keyes, which operates our Keyes plant, and UBPL, which operates our Kakinada plant, represent our significant long-lived assets. Both plants were tested for impairment and the fair value of each plant exceeded the carrying value on our books, so no impairment was recorded for our Company's long-lived assets.

Testing for Modification or Extinguishment Accounting

During 2015 and 2014, we evaluated amendments to our debt under the ASC 470-50 guidance for modification and extinguishment accounting. This evaluation included comparing the net present value of cash flows of the new debt to the old debt to determine if changes greater than 10 percent occurred. In instances where our future cash flows changed more than 10 percent, we recorded our debt at fair value based on factors available to us for similar borrowings and used the extinguishment accounting method to account for the debt extinguishment.

Warrant Liability Accounting

Certain common stock warrants issued in our equity financing are classified as liabilities under ASC 480. We use the Black-Scholes option pricing model as our method of valuation for warrants subject to warrant liability accounting. Warrants subject to liability accounting are valued on the date of issuance and re-measured at the end of each reporting period with the change in value reported in our consolidated statement of operations. The determination of fair value as of the reporting date is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, expected stock price volatility over the term of the security and risk-free interest rate. In addition, the Black-Scholes option pricing model requires the input of an expected life for the securities, which we estimated based upon the remaining term of the warrant. The primary factors affecting the fair value of the warrant liability are our stock price and volatility. The use of the Black-Scholes option pricing model in this context requires the input of highly subjective assumptions, and the model is very sensitive to changes in inputs. Other reasonable assumptions in the pricing model could provide differing results.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes all existing revenue recognition requirements, including most industry-specific guidance. The new standard requires a company to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the company expects to receive for those goods or services. The new standard will be effective for us on January 1, 2018. We are currently evaluating the potential impact that Topic 606 may have on our financial position and results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

Financial Statements are listed in the Index to Consolidated Financial Statements on page 46 of this Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

The information contained in this section covers management's evaluation of our disclosure controls and procedures and our assessment of our internal control over financial reporting for the year ended December 31, 2015.

Evaluation of Disclosure Controls and Procedures.

Management (with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures along with the related internal controls over financial reporting were effective to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Inherent Limitations on Effectiveness of Controls

Our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Our controls and procedures are designed to provide reasonable assurance that our control system's objective will be met and our CEO and CFO have concluded that our disclosure controls and procedures are effective at the reasonable assurance level. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls in future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles (GAAP). Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures by us are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of the period covered by this report based on the criteria for effective internal control described in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) - 2013. Based on the results of management’s assessment and evaluation, our chief executive officer and chief financial officer concluded that our internal control over financial reporting was effective as of December 31, 2015.

An attestation report from our accounting firm on internal control over financial reporting is not included in this annual report because an attestation report is only required under the regulations of the Securities and Exchange Commission for accelerated filers or large accelerated filers.

Changes in Internal Control over Financial Reporting

Our efforts to improve our internal controls are ongoing and focused on expanding our organizational capabilities to improve our control environment and on implementing process changes to strengthen our internal control and monitoring activities.

Item 9B. Other Information

Third Eye Capital Amendment

On March 21, 2016, Third Eye Capital agreed to Amendment No. 12 to the Note Purchase Agreement to: (i) extend the maturity date of the Notes to April 1, 2017 and to allow for the extension of the maturity date of the Notes to April 1, 2018, at the Company’s election, for an extension fee of 5% of the then outstanding Notes, (ii) waive the free cash flow financial covenant under the Note Purchase Agreement for the three months ended December 31, 2015, (iii) provide that such covenant need not be complied with for the fiscal quarters ending March 31, June 30 and September 30, 2016, (iv) revise the Keyes Plant market value to note indebtedness ratio to 65%, (v) add a covenant that the Company shall have received I-924 approval from the US Citizenship and Immigration Services for additional EB-5 Program financing of at least \$35 million by June 1, 2016 and (vi) increase the basket for all costs and expenses that may be reimbursed to directors of the Company and its affiliates to \$300,000 in any given fiscal year. As consideration for such amendment and waiver, the borrowers agreed to pay Third Eye Capital an amendment and waiver fee of \$1.5 million to be added to the outstanding principal balance of the Revolving Credit Facility, and to deliver a binding letter of intent from Aemetis Advanced Fuels Goodland, Inc. to acquire the plant, property and equipment located in Goodland, Kansas and previously owned by New Goodland Energy Center for \$15,000,000 in assumed debt. We will evaluate the amendment of the Notes and will determine accounting treatment in accordance with ASC 470-50 Debt – Modification and Extinguishment.

The foregoing description of Amendment No. 12 is only a summary and does not purport to be complete and is qualified in its entirety by reference to the full text of Amendment No. 12, Exhibit 10.68 hereto, and is incorporated herein by reference.

Binding Letter of Intent for the Purchase of Certain Property, Plant and Equipment in Goodland, Kansas

On March 22, 2016, the Company’s subsidiary Aemetis Advanced Fuels Goodland, Inc. (“AAFG”) entered into a binding letter of intent (the “LOI”) with Third Eye Capital, a related party to the Company. Pursuant to the LOI, AAFG agreed to purchase certain property, plant and equipment situated on approximately 94.8 acres in Goodland, Kansas (the “Purchased Assets”) from Third Eye Capital, in its capacity as attorney-in-fact for New Goodland Energy Center, LLC (“NGEC”). The purchase price for the Purchased Assets will be \$15,000,000 (the “Purchase Price”), which will be satisfied by the assumption by AAFG of \$15,000,000 of debt (the “Assumed Debt”) previously owing by NGEC to Third Eye Capital and certain other lenders. Interest and repayment terms for the Assumed Debt shall include: (i) no interest for the first year; thereafter at the rate of 12% per annum, payable monthly in arrears, (ii) repayment at any time, with final maturity in three years and (iii) mandatory repayment from proceeds of insurance, EB-5 program filed for the benefit of AAFG, any asset sales, any sale of equity in AAFG and 100% of free cash flow from AAFG. A formal agreement of purchase and sale and financing shall be negotiated embodying the terms and conditions contained within the LOI and shall contain such representations and warranties and covenants of each of the parties as are customary for an acquisition of this nature.

The foregoing description of the LOI is qualified in its entirety by reference to that agreement, a copy of which is filed as Exhibit 10.69 hereto, and is incorporated herein by reference.

At Market Issuance Sales Agreement

On March 23, 2016, the Company entered into an At Market Issuance Sales Agreement (the “Sales Agreement”) with FBR Capital Markets & Co. and MLV & Co. LLC. Pursuant to the Sales Agreement, from time to time the Company will offer, through the sales agents, shares of the Company’s common stock, par value \$0.001 per share, in an aggregate amount up to \$10 million. Sales of the Shares, if any, will be made in “at the market offerings” as defined in Rule 415 under the Securities Act of 1933, as amended, or in other manners contemplated by the Sales Agreement. Sales may be made at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices, and subject to such other terms as may be agreed upon at the time of sale.

The Shares will be sold and issued pursuant to the Company’s Registration Statement on Form S-3 (File No. 333-197259), which was previously declared effective by the Securities and Exchange Commission, and the related prospectus and one or more prospectus supplements.

The Company will pay the distribution agents a commission equal to 3.0% of the gross proceeds from any sale of the Shares sold pursuant to the Sales Agreement and will reimburse the distribution agents for certain expenses. In addition, the Company has agreed to indemnify the sales agents against certain liabilities, including liabilities under the Securities Act.

The foregoing description of the Sales Agreement is qualified in its entirety by reference to that agreement, a copy of which is filed as Exhibit 1.1 hereto, and is incorporated herein by reference.

PART III

Item 10. Directors, Executive Officers and Governance

The information required by this Item 10 is included in our Proxy Statement for our 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item 11 is included in our Proxy Statement for our 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item 12 is included in our Proxy Statement for our 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item 13 is included in our Proxy Statement for our 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item 14 is included in our Proxy Statement for our 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this Form 10-K:

1. Financial Statements:

The following financial statements of Aemetis, Inc. are filed as a part of this Annual Report:

- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets
- Consolidated Statements of Operations and Comprehensive Income (Loss)
- Consolidated Statements of Cash Flows
- Consolidated Statements of Stockholders' Deficit
- Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

All schedules have been omitted as the required information is inapplicable or the information is presented in the Consolidated Financial Statements and notes thereto under Item 8 in Part II of this Form 10-K.

3. Exhibits:

INDEX TO EXHIBITS

Exhibit No.	Description	Incorporated by Reference			Filed Herewith
		Form	File No.	Exhibit	
1.1	At Market Issuance Sales Agreement dated March 23, 2016 with FBR Capital Markets & Co. and MLV & Co. LLC and Aemetis Inc.	10-K	000-51354	1.1	Mar. 28, 2016
3.1.1	Articles of Incorporation	10-Q	000-51354	3.1	Nov. 14, 2008
3.1.2	Certificate of Amendment to Articles of Incorporation	10-Q	000-51354	3.1.1	Nov. 14, 2008
3.1.3	Certificate of Designation of Series B Preferred Stock	8-K	000-51354	3.2	Dec. 13, 2007
3.1.4	Certificate of Amendment to Articles of Incorporation	8-K	000-51354	3.3	Dec. 13, 2007
3.1.5	Certificate of Amendment to Articles of Incorporation	Pre14C	111136140		Oct. 11, 2011
3.1.6	Certificate of Change in Articles of Incorporation are a result of 1 for 10 reverse split to Authorized Shares and Common Shares Outstanding on May 5, 2014	10-Q	000-51354	3.1	May 31, 2014
3.2.1	Bylaws	8-K	000-51354	3.4	Dec. 13, 2007
4.1	Specimen Common Stock Certificate	8-K	000-51354	4.1	Dec. 13, 2007
4.2	Specimen Series B Preferred Stock Certificate	8-K	000-51354	4.2	Dec. 13, 2007
4.3	Form of Common Stock Warrant	8-K	000-51354	4.3	Dec. 13, 2007
4.4	Form of Series B Preferred Stock Warrant	8-K	000-51354	4.4	Dec. 13, 2007
10.1	Amended and Restated 2007 Stock Plan	14A	000-51354		Apr. 3, 2015
10.2	Amended and Restated 2007 Stock Plan form of Stock Option Award Agreement	14A	000-51354		Apr. 15, 2008
10.3	Eric McAfee Executive Employment Agreement dated September 1, 2011	8-K	000-51354	10.2	Sep. 8, 2011
10.4	Andrew Foster Executive Employment Agreement, dated May 22, 2007	8-K	000-51354	10.7	Dec. 13, 2007
10.5	Todd Waltz Executive Employment Agreement, dated March 15, 2010	8-K	000-51354		May 20, 2009
10.6	Sanjeev Gupta Executive Employment Agreement, dated September 1, 2007	10-K	000-51354	10.11	May 20, 2009
10.7	Agreement of Loan for Overall Limit dated June 26, 2008 between Universal Biofuels Private Limited and State Bank of India	10-Q	000-51354	10.12	Aug. 14, 2008
10.8	Ethanol Marketing Agreement, dated October 29, 2010 between AE Advanced Fuels Keyes, Inc. and Kinergy Marketing, LLC	10-Q	000-51354	10.6	Dec. 1, 2010
10.9	Zymetis, Inc. 2006 Stock Incentive Plan	10-K	000-51354	10.31	Oct. 31, 2012

10.10	Zymetis Inc. Incentive Stock Option Agreement	10-K	000-51354	10.32	Oct. 31, 2012
10.11	Zymetis Inc. Non-Incentive Stock Option Agreement	10-K	000-51354	10.33	Oct. 31, 2012
10.12	First Amendment to Ethanol Marketing Agreement dated September 6, 2011, between AE Advanced Fuels Keyes, Inc. and Kinery Energy Marketing	8-K	000-51354	10.1	Sept. 8, 2011
10.13	Form of Note and Warrant Purchase Agreement	8-K	000-51354	10.1	Jan. 1, 2012
10.14	Form of 5% Subordinated Note	8-K	000-51354	10.2	Jan. 1, 2012
10.15	Form of Common Stock Warrant	8-K	000-51354	10.3	Jan. 1, 2012
10.16	Amendment No. 6 to Note Purchase Agreement dated April 13, 2012 among Aemetis Advanced Fuels Keyes, Inc., Third Eye Capital Corporation, as agent, and the Purchasers	8-K	000-51354	10.1	Apr. 19, 2012
10.17	Limited Waiver to Note Purchase Agreement dated March 31, 2012 among Aemetis Advanced Fuels Keyes, Inc., and Third Eye Capital Corporation, an Ontario corporation, as agent	8-K	000-51354	10.1	Apr. 19, 2012
10.18	Limited Waiver to Note and Warrant Purchase Agreement dated March 31, 2012 among Aemetis, Inc., Third Eye Capital Corporation, an Ontario corporation, as agent, and the Purchasers	8-K	000-51354	10.1	Apr. 19, 2012
10.19	Amendment No. 7 to Note Purchase Agreement dated May 15, 2012 among Aemetis Advanced Fuels Keyes, Inc., Third Eye Capital Corporation, as agent, and the Purchasers	8-K	000-51354	10.1	May 22, 2012
10.20	Form of Note and Warrant Purchase Agreement	8-K	000-51354	10.1	Jun. 6, 2012
10.21	Form of 5% Subordinated Note	8-K	000-51354	10.1	Jun. 6, 2012
10.22	Form of Common Stock Warrant	8-K	000-51354	10.1	Jun. 6, 2012

10.23	Note and Warrant Purchase Agreement dated June 21, 2012 among Third Eye Capital Corporation, Aemetis Advanced Fuels Keyes, Inc., and Aemetis, Inc.	8-K	000-51354	10.1	Jun. 28, 2012
10.24	5% Subordinated Promissory Note dated June 21, 2012 among Third Eye Capital Corporation, Aemetis Advanced Fuels Keyes, Inc., and Aemetis, Inc.	8-K	000-51354	10.2	Jun. 28, 2012
10.25	Form of Warrant to Purchase Common Stock	8-K	000-51354	10.3	Jun. 28, 2012
10.26	Note Purchase Agreement dated June 27, 2012 among Third Eye Capital Corporation, Aemetis Advanced Fuels Keyes, Inc., and Aemetis, Inc.	8-K	000-51354	10.1	July 3, 2012
10.27	15% Subordinated Promissory Note dated June 27, 2012 among Third Eye Capital Corporation, Aemetis Advanced Fuels Keyes, Inc., and Aemetis, Inc.	8-K	000-51354	10.2	July 3, 2012
10.28	Agreement and Plan of Merger, dated July 6, 2012, among Aemetis, Inc., AE Advanced Fuels, Inc., Keyes Facility Acquisition Corp., and Cilion, Inc.	8-K	000-51354	2.1	July 10, 2012
10.29	Stockholders' Agreement dated July 6, 2012, among Aemetis, Inc., and Western Milling Investors, LLC, as Security holders' Representative.	8-K	000-51354	10.1	July 10, 2012
10.30	Amended and Restated Note Purchase Agreement, dated July 6, 2012 among Aemetis Advanced Fuels Keyes, Inc., Keyes Facility Acquisition Corp., Aemetis, Inc., Third Eye Capital Corporation, as Administrative Agent, and the Note holders	8-K	000-51354	10.2	July 10, 2012
10.31	Amended and Restated Guaranty, dated July 6, 2012 among Aemetis, Inc., certain subsidiaries of Aemetis and Third Eye Capital Corporation, as Agent.	8-K	000-51354	10.3	July 10, 2012

10.32	Amended and Restated Security Agreement, dated July 6, 2012 among Aemetis, Inc., certain subsidiaries of Aemetis and Third Eye Capital Corporation, as Agent.	8-K	000-51354	10.4	July 10, 2012
10.33	Investors' Rights Agreement dated July 6, 2012, by and among Aemetis, Inc., and the investors listed on Schedule A thereto.	8-K	000-51354	10.5	July 10, 2012
10.34	Technology License Agreement dated August 9, 2012 between Chevron Lummus Global LLC and Aemetis Advanced Fuels, Inc.	8-K	000-51354	10.1	Aug. 22, 2012
10.35	Corn Procurement and Working Capital Agreement dated March 9, 2011 between J.D. Heiskell Holdings LLC and Aemetis Advanced Fuels Keyes, Inc.*	10-K	000-51354	10.64	Oct. 31, 2012
10.36	Purchasing Agreement dated March 9, 2011 between J.D. Heiskell Holdings LLC and Aemetis Advanced Fuels Keyes, Inc.*	10-K	000-51354	10.65	Oct. 31, 2012
10.37	WDG Purchase and Sale Agreement dated March 23, 2011 between A.L. Gilbert Company and Aemetis Advanced Fuels Keyes, Inc.	10-K	000-51354	10.66	Oct. 31, 2012
10.38	Keyes Corn Handling Agreement dated March 23, 2011 among A. L. Gilbert Company, AE Advanced Fuels Keyes, Inc., and J.D. Heiskell Holdings, LLC**	10-K	000-51354	10.67	Oct. 31, 2012

10.39	Limited Waiver and Amendment No. 1 to Amended and Restated Note Purchase Agreement dated as of October 18, 2012 by and among Aemetis Advanced Fuels Keyes, Inc., a Delaware corporation, Aemetis Facility Keyes, Inc., a Delaware corporation, Third Eye Capital Corporation, an Ontario corporation as agent, Third Eye Capital Credit Opportunities Fund – Insight Fund, and Sprott PC Trust.	8-K	000-51354	10.1	Oct. 23, 2012
10.40	Amendment No. 1 to Revolving Line of Credit Agreement dated October 16, 2012 by and among Aemetis International, Inc., a Nevada corporation, and Laird Q. Cagan	8-K	000-51354	10.2	Oct. 23, 2012
10.41	Note Purchase Agreement effective as of March 4, 2011, amended January 19, 2012 and July 24, 2012 by and among AE Advanced Fuels, Inc., a Delaware corporation, and Advanced BioEnergy, LP a California limited partnership and Advanced BioEnergy GP, LLC, a California limited liability company.	8-K	000-51354	10.3	Oct. 23, 2012
10.42	Form of Convertible Subordinated Promissory Note by and among AE Advanced Fuels, Inc., a Delaware corporation and Advanced BioEnergy, LP, a California limited partnership.	8-K	000-51354	10.4	Oct. 23, 2012
10.43	Amendment to the Purchasing Agreement dated March 9, 2011 between J.D. Heiskell Holdings LLC and Aemetis Advanced Fuels Keyes, Inc. dated September 29, 2012	10-K	000-51354	10.72	Apr. 4, 2013

10.44	Agreement for Repayment of Note by Share Issuance dated as of December 31, 2012 by and among Aemetis, Inc., Aemetis International, Inc., (formerly known as "International Biodiesel, Inc."), a Nevada corporation and wholly-owned subsidiary of the Company, and Laird Q. Cagan for himself and on behalf of all other holders of interests in the Revolving Line of Credit (as defined in the Agreement).	8-K	000-51354	10.1	Jan. 7, 2013
10.45	Agreement for Repayment of Note by Share Issuance dated as of December 31, 2012 by and among Aemetis, Inc., Aemetis International, Inc., (formerly known as "International Biodiesel, Inc."), a Nevada corporation and wholly-owned subsidiary of the Company, and Laird Q. Cagan for himself and on behalf of all other holders of interests in the Revolving Line of Credit (as defined in the Agreement).	8-K/A	000-51354	10.1	Feb. 27, 2013
10.46	Limited Waiver and Amendment No. 2 to Amended and Restated Note Purchase Agreement dated as of February 27, 2013 by and among Aemetis Advanced Fuels Keyes, Inc., a Delaware corporation, Aemetis Facility Keyes, Inc., a Delaware corporation, Third Eye Capital Corporation, an Ontario corporation as agent, Third Eye Capital Credit Opportunities Fund – Insight Fund, and Sprott PC Trust.	8-K	000-51354	10.1	Mar. 11, 2013
10.47	Amendment No. 1 to Agreement for Repayment of Note by Share Issuance dated as of April 10, 2013 by and among Aemetis, Inc., Aemetis International, Inc., a Nevada corporation and wholly-owned subsidiary of the Company, and Laird Q. Cagan for himself and on behalf of all other holders of interests in the Revolving Line of Credit (as defined in the Agreement).	10-K	000-51354	10.77	Apr. 4, 2013

10.48	Amendment to the Purchasing Agreement dated March 9, 2011 between J.D. Heiskell Holdings LLC and Aemetis Advanced Fuels Keyes, Inc. dated January 2, 2013.	10-K	000-51354	10.76	Apr. 4, 2013
10.49	Limited Waiver and Amendment No.3 to Amended and Restated Note Purchase Agreement dated as of April 15, 2013 by and among Aemetis Advanced Fuels Keyes, Inc., a Delaware corporation, Aemetis Facility Keyes, Inc., a Delaware corporation, Third Eye Capital Corporation, an Ontario corporation as agent, Third Eye Capital Credit Opportunities Fund – Insight Fund, and Sprott PC Trust.	8-K	000-51354	10.1	Apr. 16, 2013
10.505	Amendment No. 4 to Amended and Restated Note Purchase Agreement dated as of April 19, 2013 by and among Aemetis Advanced Fuels Keyes, Inc., a Delaware corporation, Aemetis Facility Keyes, Inc., a Delaware corporation, Aemetis, Inc., a Nevada corporation, and Third Eye Capital Corporation, an Ontario corporation, as agent for Third Eye Capital Insight Fund	8-K/A	000-51354	10.2	May 14, 2013
10.5	Special Bridge Advance dated as of March 29, 2013 by and among Aemetis Advanced Fuels Keyes, Inc., a Delaware corporation, Aemetis, Inc., a Nevada corporation, Third Eye Capital Corporation, an Ontario corporation, as agent for Third Eye Capital Insight Fund	8-K	000-51354	10.2	Apr. 16, 2013
10.51	Agreement For Satisfaction of Note by Share and Note Issuance dated as of April 18, 2013 between Aemetis, Inc., Aemetis International, Inc. and Laird Q. Cagan for himself and on behalf of all other holders of interests in the Revolving Line of Credit dated August 17, 2009 as amended.	8-K	000-51354	10.1	Apr. 24, 2013

10.52	Amended and Restated Heiskell Purchasing Agreement dated May 16, 2013, by and between Aemetis Advanced Fuels Keyes, Inc., a Delaware corporation and a wholly-owned subsidiary of Aemetis, Inc. and J.D. Heiskell Holdings, LLC, a California limited liability company doing business as J.D. Heiskell & Co.*	8-K	000-51354	10.1	May 23, 2013
10.53	Amended and Restated Aemetis Keyes Corn Procurement and Working Capital Agreement, dated May 2, 2013, by and between Aemetis Advanced Fuels Keyes, Inc., and J.D. Heiskell Holdings, LLC	8-K	000-51354	10.2	May 23, 2013
10.54	Limited Waiver and Amendment No.5 to Amended and Restated Note Purchase Agreement, dated as of July 26, 2013 by and among Aemetis, Inc., Aemetis Advanced Fuels Keyes, Inc. Aemetis Facility Keyes, Inc., Third Eye Capital Corporation, an Ontario corporation, as agent, Third Eye Capital Credit Opportunities Fund - Insight Fund, and Sprott PC Trust	8-K	000-51354	10.1	July 31, 2013
10.55	Limited Waiver and Amendment No.6 to Amended and Restated Note Purchase Agreement, dated as of October 28, 2013 by and among Aemetis, Inc.; Aemetis Advanced Fuels Keyes, Inc.; Aemetis Facility Keyes, Inc.; Third Eye Capital Corporation, an Ontario corporation, as agent for Third Eye Capital Credit Opportunities Fund - Insight Fund, and Sprott PC Trust.	8-K	000-51354	10.1	Nov. 1, 2013
10.62	Limited Waiver and Amendment No.7 to Amended and Restated Note Purchase Agreement, dated as of May 14, 2014 by and among Aemetis, Inc.; Aemetis Advanced Fuels Keyes, Inc.; Aemetis Facility Keyes, Inc.; Third Eye Capital Corporation, an Ontario corporation, as agent for Third Eye Capital Credit Opportunities Fund - Insight Fund, and Sprott PC Trust.	10-Q	000-51354	10.1	Mar. 31, 2014

10.64	Limited Waiver and Amendment No. 8 to Amended and Restated Note Purchase Agreement, dated as of November 7, 2014 by and among Aemetis, Inc.; Aemetis Advanced Fuels Keyes, Inc.; Aemetis Facility Keyes, Inc.; Third Eye Capital Corporation, an Ontario corporation, as agent for Third Eye Capital Credit Opportunities Fund - Insight Fund, and Sprott PC Trust.	10-Q/A	000-51354	10.1	Nov. 13, 2014	
10.65	Limited Waiver and Amendment No. 9 to Amended and Restated Note Purchase Agreement, dated as of March 12, 2015 by and among Aemetis, Inc.; Aemetis Advanced Fuels Keyes, Inc.; Aemetis Facility Keyes, Inc.; Third Eye Capital Corporation, an Ontario corporation, as agent for Third Eye Capital Credit Opportunities Fund - Insight Fund, and Sprott PC Trust.	10K	000-51354	10.1	Mar. 12, 2015	10.65
10.66	Limited Waiver and Amendment No. 10 to Amended and Restated Note Purchase Agreement, dated as of April 30, 2015 by and among Aemetis, Inc.; Aemetis Advanced Fuels Keyes, Inc.; Aemetis Facility Keyes, Inc.; Third Eye Capital Corporation, an Ontario corporation, as agent for Third Eye Capital Credit Opportunities Fund - Insight Fund, and Sprott PC Trust.	10-Q	000-51354	10.1	May 7, 2015	
10.67	Limited Waiver and Amendment No. 11 to Amended and Restated Note Purchase Agreement, dated as of August 6, 2015 by and among Aemetis, Inc.; Aemetis Advanced Fuels Keyes, Inc.; Aemetis Facility Keyes, Inc.; Third Eye Capital Corporation, an Ontario corporation, as agent for Third Eye Capital Credit Opportunities Fund - Insight Fund, and Sprott PC Trust (incorporated by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q filed on August 7, 2015).	10-Q	000-51354	10.1	Nov. 5, 2015	

10.68	Limited Waiver and Amendment No. 12 to Amended and Restated Note Purchase Agreement, dated as of March 21, 2016 by and among Aemetis, Inc.; Aemetis Advanced Fuels Keyes, Inc.; Aemetis Facility Keyes, Inc.; Third Eye Capital Corporation, an Ontario corporation, as agent for Third Eye Capital Credit Opportunities Fund - Insight Fund, and Sprott PC Trust.	10-K	000-51354	10.68	Mar. 28, 2016	
10.69	Binding letter of intent for the purchase of certain property, plant and equipment in Goodland, Kansas by Aemetis Advanced Fuels Goodland, Inc., or such other subsidiary of Aemetis Inc., dated March 22, 2016 from Third Eye Capital Corporation, in its capacity as attorney-in-fact for New Goodland Energy Center, LLC.	10-K	000-51354	10.69	Mar. 28, 2016	
14	Code of Ethics	10-K	000-51354	14	May 20, 2009	
21	Subsidiaries of the Registrant					X
23	Consent of Independent Registered Public Accounting Firm					X
24	Power of Attorney (see signature page)					X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X

*Confidential treatment has been requested for portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

AEMETIS, INC.
Consolidated Financial Statements

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
Aemetis, Inc.

We have audited the accompanying consolidated balance sheets of Aemetis, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations and comprehensive income (loss), stockholders' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aemetis, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ RSM US LLP
Des Moines, Iowa
March 28, 2016

AEMETIS, INC.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2015 AND 2014
(In thousands except for par value)

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 283	\$ 332
Accounts receivable	1,166	1,262
Inventories	4,804	4,491
Prepaid expenses	527	1,392
Other current assets	<u>1,222</u>	<u>456</u>
Total current assets	8,002	7,933
Property, plant and equipment, net	70,718	75,810
Goodwill	-	968
Intangible assets, net of accumulated amortization of \$344 and \$264, respectively	1,380	1,536
Other assets	<u>3,041</u>	<u>2,929</u>
Total assets	<u><u>\$ 83,141</u></u>	<u><u>\$ 89,176</u></u>
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	\$ 10,183	\$ 8,339
Current portion of long term debt	5,607	6,032
Short term borrowings	6,340	6,714
Mandatorily redeemable Series B convertible preferred stock	2,742	2,641
Other current liabilities	<u>4,425</u>	<u>3,590</u>
Total current liabilities	29,297	27,316
Long term liabilities:		
Senior secured notes	60,925	57,648
EB-5 notes	22,500	1,534
Long term subordinated debt	5,523	5,373
Other longterm liabilities	<u>190</u>	<u>277</u>
Total long term liabilities	89,138	64,832
Stockholders' deficit:		
Series B convertible preferred stock, \$0.001 par value; 7,235 authorized; 1,398 and 1,665 shares issued and outstanding each period, respectively (aggregate liquidation preference of \$4,194 and \$4,995, respectively)	1	2
Common stock, \$0.001 par value; 40,000 authorized; 19,619 and 20,650 shares issued and outstanding, respectively	20	21
Additional paid-in capital	82,115	87,080
Accumulated deficit	(114,251)	(87,113)
Accumulated other comprehensive loss	<u>(3,179)</u>	<u>(2,962)</u>
Total stockholders' deficit	<u>(35,294)</u>	<u>(2,972)</u>
Total liabilities and stockholders' deficit	<u><u>\$ 83,141</u></u>	<u><u>\$ 89,176</u></u>

The accompanying notes are an integral part of the financial statements

AEMETIS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands, except for earnings per share)

	2015	2014
Revenues	\$ 146,649	\$ 207,683
Cost of goods sold	142,450	170,539
Gross profit	4,199	37,144
Research and development expenses	447	459
Selling, general and administrative expenses	12,361	12,595
Operating income (loss)	(8,609)	24,090
Other income (expense)		
Interest expense		
Interest rate expense	(10,164)	(10,052)
Amortization expense	(6,715)	(6,038)
Loss on debt extinguishment	(330)	(1,346)
Loss on sale or disposal of assets	-	(119)
Loss on impairment of goodwill and intangible assets	(1,044)	-
Other income (expense)	(270)	604
Income (loss) before income taxes	(27,132)	7,139
Income tax expense	(6)	(6)
Net income (loss)	<u>\$ (27,138)</u>	<u>\$ 7,133</u>
Other comprehensive income (loss)		
Foreign currency translation adjustment	(217)	(46)
Comprehensive income (loss)	<u>\$ (27,355)</u>	<u>\$ 7,087</u>
Net income(loss) per common share		
Basic	\$ (1.37)	\$ 0.35
Diluted	\$ (1.37)	\$ 0.34
Weighted average shares outstanding		
Basic	19,823	20,371
Diluted	19,823	21,047

The accompanying notes are an integral part of the financial statement

AEMETIS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands)

	2015	2014
Operating activities:		
Net income (loss)	\$ (27,138)	\$ 7,133
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Share-based compensation	938	624
Stock issued in connection with consultant services	204	645
Depreciation	4,730	4,681
Debt related amortization expense	6,715	6,038
Intangibles and other amortization expense	129	126
Change in fair value of warrant liability	(54)	48
Loss on extinguishment of debt	330	1,346
Loss on sale/ Disposal of assets	-	119
Impairment loss on goodwill and intangible assets	1,044	-
Changes in operating assets and liabilities:		
Accounts receivable	72	1,498
Inventory	(450)	(457)
Prepaid expenses	1,109	(311)
Other current assets and other assets	(979)	(187)
Accounts payable	2,020	(879)
Accrued interest expense and fees, net of payments	9,800	3,124
Other liabilities	744	(2,956)
Net cash provided by (used in) operating activities	(786)	20,592
Investing activities:		
Capital expenditures	(71)	(1,965)
Net cash used in investing activities	(71)	(1,965)
Financing activities:		
Proceeds from borrowings	30,331	9,884
Repayments of borrowings	(29,293)	(32,688)
Issuance of common stock for services, option and warrant exercises	23	5
Payment of debt guarantee fee	(245)	(172)
Payment of financing costs	-	(255)
Net cash provided by (used in) financing activities	816	(23,226)
Effect of exchange rate changes on cash and cash equivalents	(8)	5
Net cash and cash equivalents decrease for period	(49)	(4,594)
Cash and cash equivalents at beginning of period	332	4,926
Cash and cash equivalents at end of period	\$ 283	\$ 332
Supplemental disclosures of cash flow information, cash paid:		
Interest payments	\$ 478	\$ 6,824
Income tax expense	6	6
Supplemental disclosures of cash flow information, non-cash transactions:		
Proceeds from exercise of stock options applied to accounts payable	21	16
Issuance of warrants to subordinated debt holders	1,087	1,301
Transfer between debt and other liabilities	-	438
Stock issued for interest on debt	229	-
Repurchase of common stock on revolver loan advance	7,479	-
Exercise of conversion feature on note to equity	-	47
Settlement of accounts payable through transfer of equipment	-	99

The accompanying notes are an integral part of the financial statement

AEMETIS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands)

	Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive loss	Total
	Shares	Dollars	Shares	Dollars				
Balance at December 31, 2013	2,401	2	19,974	20	84,373	(94,246)	(2,916)	(12,767)
Conversion of Series B preferred to common stock	(736)	-	74	-	-	-	-	-
Options exercised & stock-based compensation	-	-	161	-	643	-	-	643
Shares issued to consultants and other services	-	-	205	-	715	-	-	715
Issuance and exercise of warrants	-	-	217	1	1,302	-	-	1,303
Conversion of note by note holder	-	-	19	-	47	-	-	47
Other comprehensive loss	-	-	-	-	-	-	(46)	(46)
Net income	-	-	-	-	-	7,133	-	7,133
Balance at December 31, 2014	1,665	2	20,650	21	87,080	(87,113)	(2,962)	(2,972)
Conversion of Series B preferred to common stock	(267)	(1)	26	-	-	-	-	(1)
Options exercised & stock-based compensation	-	-	146	-	981	-	-	981
Shares issued to consultants and other services	-	-	50	-	204	-	-	204
Issuance and exercise of warrants	-	-	270	1	1,098	-	-	1,099
Repurchase of common stock	-	-	(1,600)	(3)	(7,476)	-	-	(7,479)
Issuance of shares for Interest and additional consideration	-	-	77	1	228	-	-	229
Other comprehensive loss	-	-	-	-	-	-	(217)	(217)
Net loss	-	-	-	-	-	(27,138)	-	(27,138)
Balance at December 31, 2015	1,398	1	19,619	20	82,115	(114,251)	(3,179)	(35,294)

The accompanying notes are an integral part of the financial statements.

AEMETIS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular data in thousands, except par value and per share data)

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities. These consolidated financial statements include the accounts of Aemetis, Inc. (formerly AE Biofuels, Inc.), a Nevada corporation, and its wholly owned subsidiaries (collectively, "Aemetis" or the "Company"):

- Aemetis Americas, Inc., a Nevada corporation, and its subsidiary AE Biofuels, Inc., a Delaware corporation;
- Biofuels Marketing, Inc., a Delaware corporation;
- Aemetis International, Inc., a Nevada corporation, and its subsidiary International Biofuels, Ltd., a Mauritius corporation, and its subsidiary Universal Biofuels Private, Ltd., an India company;
- Aemetis Technologies, Inc., a Delaware corporation;
- Aemetis Biochemicals, Inc., a Nevada corporation;
- Aemetis Biofuels, Inc., a Delaware corporation, and its subsidiary Energy Enzymes, Inc., a Delaware corporation;
- AE Advanced Fuels, Inc., a Delaware corporation, and its subsidiaries Aemetis Advanced Fuels Keyes, Inc., a Delaware corporation, and Aemetis Facility Keyes, Inc., a Delaware corporation;
- Aemetis Advanced Fuels, Inc., a Nevada corporation;
- Aemetis Advanced Products Keyes, Inc., a Delaware corporation; and,
- Aemetis Advanced Fuels Goodland, Inc., a Delaware corporation.

Aemetis is an advanced renewable fuels and renewable chemicals company focused on the acquisition, development and commercialization of innovative technologies that replace traditional petroleum-based products by the conversion of first-generation ethanol and biodiesel plants into advanced biorefineries. Founded in 2006, Aemetis owns and operates a 60 million gallon per year ethanol production facility in the California Central Valley. Aemetis also owns and operates a 50 million gallon per year renewable chemical and advanced fuel production facility on the East Coast of India, producing high quality distilled biodiesel and refined glycerin for customers in India. Aemetis operates a research and development laboratory at the Maryland Biotech Center, and holds a portfolio of patents and related technology licenses for the production of renewable fuels and biochemicals.

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and its subsidiaries. All material inter-company accounts and transactions are eliminated in consolidation.

Reverse Stock Split. In April 2014, our board of directors approved, and submitted a proposal to our stockholders for approval of a 1 for 10 reverse split of our common stock (the "Reverse Stock Split"). The Reverse Stock Split was intended to increase the market price of our common stock to enhance our ability to meet the initial listing requirements of the NASDAQ Global Market and to make our common stock more attractive to a broader range of institutional and other investors. Our stockholders approved the Reverse Stock Split on May 9, 2014 and we filed a Certificate of Change with the Secretary of State of the State of Nevada to affect the Reverse Stock Split on May 9, 2014. The Reverse Stock Split became effective with the Financial Industry Regulatory Authority (FINRA) on May 15, 2014. Trading on the NASDAQ Global Market commenced on June 5, 2014.

Upon the effectiveness of the Reverse Stock Split, every ten shares of issued and outstanding and authorized Aemetis common stock were automatically combined into one share of common stock with any fractional shares rounded up to the next whole share without any change in the per share par value. The Reverse Stock Split reduced the number of outstanding shares of Aemetis common stock from approximately 201.7 million shares to approximately 20.2 million shares. The authorized shares of Aemetis common stock were also proportionally reduced from 400 million shares to 40 million shares.

Unless otherwise indicated, all share amounts, per share data, share prices, exercise prices and conversion rates set forth in these notes and the accompanying consolidated financial statements have, where applicable, been adjusted to reflect the Reverse Stock Split.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. To the extent there are material differences between these estimates and actual results, the Company's consolidated financial statements will be affected.

Revenue recognition. The Company recognizes revenue when there is persuasive evidence of an arrangement, delivery has occurred, the price is fixed or determinable and collection is reasonably assured. The Company records revenues based upon the gross amounts billed to its customers. Revenue from nonmonetary transactions, principally in-kind by-products received in exchange for material processing where the by-product is contemplated by contract to provide value, is recognized at the quoted market price of those goods received or by-products.

AEMETIS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular data in thousands, except par value and per share data)

Cost of Goods Sold. Cost of goods sold include those costs directly associated with the production of revenues, such as raw material consumed, factory overhead, and other direct production costs. During periods of idle plant capacity, costs otherwise charged to cost of goods sold are reclassified to selling, general and administrative expense.

Shipping and Handling Costs. Shipping and handling costs are classified as a component of cost of goods sold in the accompanying consolidated statements of operations.

Research and Development. Research and development costs are expensed as incurred, unless they have alternative future uses to the Company.

Cash and Cash Equivalents. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains cash balances at various financial institutions domestically and abroad. The Federal Deposit Insurance Corporation (FDIC) insures domestic cash accounts. The Company's accounts at these institutions may at times exceed federally insured limits. The Company has not experienced any losses in such accounts.

Accounts Receivable. The Company sells ethanol, wet distillers grains, corn syrup and corn oil through third-party marketing arrangements generally without requiring collateral. The Company sells biodiesel, glycerin, and processed natural oils to a variety of customers and may require advanced payment based on the size and creditworthiness of the customer. Accounts receivables consist of product sales made to large creditworthy customers. Trade accounts receivable are presented at original invoice amount, net of any allowance for doubtful accounts. There is no allowance for doubtful accounts at December 31, 2015 and 2014.

The Company maintains an allowance for doubtful accounts for balances that appear to have specific collection issues. The collection process is based on the age of the invoice and requires attempted contacts with the customer at specified intervals. If, after a specified number of days, the Company has been unsuccessful in its collection efforts, a bad debt allowance is recorded for the balance in question. Delinquent accounts receivable are charged against the allowance for doubtful accounts once uncollectibility has been determined. The factors considered in reaching this determination are the apparent financial condition of the customer and the Company's success in contacting and negotiating with the customer. If the financial condition of the Company's customers were to deteriorate additional allowances may be required.

Inventories. Ethanol inventory, raw materials, and work-in-process are valued using methods which approximate the lower of cost (first-in, first-out) or net realizable value (NRV). Distillers' grains and related products are stated at net realizable value. In the valuation of inventories, NRV is determined as estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Property, Plant and Equipment. Property, plant and equipment are carried at cost less accumulated depreciation after assets are placed in service and are comprised primarily of buildings, furniture, machinery, equipment, land, and the Kakinada plant. It is our policy to depreciate capital assets over their estimated useful lives using the straight-line method.

The Company evaluates the recoverability of long-lived assets with finite lives in accordance with ASC Subtopic 360-10-35 *Property Plant and Equipment – Subsequent Measurements*, which requires recognition of impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, based on estimated undiscounted cash flows, the impairment loss would be measured as the difference between the carrying amount of the assets and its estimated fair value.

Goodwill and Intangible Assets. Intangible assets consist of intellectual property in the form of patents pending, in-process research and development and goodwill. Once the patents pending or in-process R&D have secured a definite life in the form of a patent or product, they will be carried at cost less accumulated amortization over their estimated useful life. Amortization commences upon the commercial application or generation of revenue and is amortized over the shorter of the economic life or patent protection period.

AEMETIS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular data in thousands, except par value and per share data)

Company intangible assets such as goodwill have indefinite lives and as a result need to be evaluated at least annually, or more frequently, if impairment indicators arise. In the Company's review, we determined the fair value of the reporting unit using market indicators and discounted cash flow modeling. The Company compares the fair value to the net book value of the reporting unit. An impairment loss would be recognized when the fair value is less than the related carrying value, and an impairment expense would be recorded in the amount of the difference. Forecasts of future cash flows are judgments based on the Company's experience and knowledge of the Company's operations and the industries in which the Company operates. These forecasts could be significantly affected by future changes in market conditions, the economic environment, including inflation, and the purchasing decisions of the Company's customers.

Warrant liability: The Company adopted guidance related to distinguishing liabilities from equity for certain warrants which contain a conditional obligation to repurchase feature. As of December 31, 2015 and 2014, there were 18,644 warrants with a conditional obligation to repurchase feature that require liability treatment. As a result, a warrant liability was recorded to recognize the fair value upon issuance of each warrant. The Company estimates the fair value of future liability on warrants using the Black-Scholes pricing model. Assumptions within the pricing model include: 1) the risk-free interest rate, which comes from the U.S. Treasury yield curve for periods within the contractual life of the warrant 2) the expected life of the warrants is assumed to be the contractual life of the warrants, and, 3) the volatility is estimated based on an average of the historical volatilities.

The Company computes the fair value of the warrant liability at each reporting period and the change in the fair value is recorded through earnings. The key component in the value of the warrant liability is the Company's stock price, which is subject to significant fluctuation and is not under the Company's control. The resulting effect on the Company's net loss is therefore subject to significant fluctuation and will continue to be so until the warrants are exercised, amended or expired. Assuming all other fair value inputs remain constant, the Company will record non-cash expense when the stock price increases and non-cash income when the stock price decreases.

Income Taxes. The Company recognizes income taxes in accordance with ASC 740 *Income Taxes* using an asset and liability approach. This approach requires the recognition of taxes payable or refundable for the current year and deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns. The measurement of current and deferred taxes is based on provisions of enacted tax law.

ASC 740 provides for recognition of deferred tax assets if the realization of such assets is more likely than not to occur. Otherwise, a valuation allowance is established for the deferred tax assets, which may not be realized. As of December 31, 2015 and 2014, the Company recorded a full valuation allowance against its net deferred tax assets due to operating losses incurred since inception. Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Accordingly, the net deferred tax assets were fully offset by a valuation allowance.

The Company is subject to income tax audits by the respective tax authorities in all of the jurisdictions in which it operates. The determination of tax liabilities in each of these jurisdictions requires the interpretation and application of complex and sometimes uncertain tax laws and regulations. The recognition and measurement of current taxes payable or refundable and deferred tax assets and liabilities requires that the Company make certain estimates and judgments. Changes to these estimates or a change in judgment may have a material impact on the Company's tax provision in a future period.

Basic and Diluted Net Income (Loss) per Share. Basic net income (loss) per share is computed by dividing net income or loss attributable to common shareholders by the weighted average number of common shares outstanding for the period. Diluted net income (loss) per share reflects the dilution of common stock equivalents such as options, convertible preferred stock, debt and warrants to the extent the impact is dilutive. As the Company incurred net loss for the year ended December 31, 2015, potentially dilutive securities have been excluded from the diluted net income per share computations as their effect would be anti-dilutive. As the Company incurred net income for the year ended December 31, 2014, potentially dilutive securities have been included in the diluted net income per share computations and any potentially anti-dilutive shares have been excluded and are shown below.

The following table reconciles the number of shares utilized in the net income (loss) per share calculations for the year ended December 31, 2015 and 2014:

AEMETIS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular data in thousands, except par value and per share data)

	Year ended	
	December 31, 2015	December 31, 2014
	(In thousands, except per share amounts)	
Net income (loss)	\$ (27,138)	\$ 7,133
Shares:		
Weighted average shares outstanding—basic	19,823	20,371
Weighted average dilutive share equivalents from preferred shares	-	220
Weighted average dilutive share equivalents from stock options	-	269
Weighted average dilutive share equivalents from common warrants	-	187
Weighted average shares outstanding—diluted	19,823	21,047
Earnings (loss) per share—basic	\$ (1.37)	\$ 0.35
Earnings (loss) per share—diluted	\$ (1.37)	\$ 0.34

The following table shows the number of potentially dilutive shares excluded from the diluted net income (loss) per share calculation as of December 31, 2015 and 2014:

	As of	
	December 31, 2015	December 31, 2014
Series B preferred (1:10 post split basis)	140	-
Common stock options and warrants	1,347	30
EB-5 debt convertible to Common stock at \$30 per share	783	-
Total number of potentially dilutive shares excluded from the diluted net income (loss) per share calculation	2,270	30

Comprehensive Income (Loss). ASC 220 *Comprehensive Income* requires that an enterprise report, by major components and as a single total, the change in its net assets from non-owner sources. The Company's other comprehensive income (loss) and accumulated other comprehensive loss consists solely of cumulative currency translation adjustments resulting from the translation of the financial statements of its foreign subsidiary. The investment in this subsidiary is considered indefinitely invested overseas, and as a result, deferred income taxes are not recorded related to the currency translation adjustments.

Foreign Currency Translation/Transactions. Assets and liabilities of the Company's non-U.S. subsidiary that operates in a local currency environment, where that local currency is the functional currency, are translated into U.S. dollars at exchange rates in effect at the balance sheet date; with the resulting translation adjustments directly recorded to a separate component of accumulated other comprehensive loss. Income and expense accounts are translated at average exchange rates during the year. Gains and losses from foreign currency transactions are recorded in other income (loss), net.

Operating Segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. Aemetis recognized two reportable geographic segments: "North America" and "India."

AEMETIS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular data in thousands, except par value and per share data)

The "North America" operating segment includes the Company's 60 million gallons per year capacity Keyes plant in Keyes, California and the research facilities in College Park, Maryland.

The "India" operating segment encompasses the Company's 50 million gallon per year capacity biodiesel plant in Kakinada, India, the administrative offices in Hyderabad, India, and the holding companies in Nevada and Mauritius.

Fair Value of Financial Instruments. The carrying amount of cash and cash equivalents, accounts receivable and accounts payable approximate their estimated fair values due to the short-term maturities of those financial instruments. These financial instruments are considered Level 1 measurements under the fair value hierarchy. Due to the unique terms of our notes payable and lines of credit and the financial condition of the company, the fair value of the debt is not determinable. The fair value of warrants recorded as derivative liabilities is described in Note 10.

Share-Based Compensation. The Company recognizes share based compensation expense in accordance with ASC 718 *Stock Compensation* requiring the Company to recognize expense related to the estimated fair value of the Company's share-based compensation awards at the time the awards are granted adjusted to reflect only those shares that are expected to vest.

Commitments and Contingencies. The Company records and/or discloses commitments and contingencies in accordance with ASC 450 *Contingencies*. ASC 450 applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur.

Convertible Instruments. The Company evaluates the impacts of convertible instruments based on the underlying conversion features. Convertible Instruments are evaluated for treatment as derivatives that could be bifurcated and recorded separately. Any beneficial conversion feature is recorded based on the intrinsic value difference at the commitment date.

Debt Modification Accounting. The Company evaluates amendments to its debt in accordance with ASC 540-50 *Debt – Modification and Extinguishments* for modification and extinguishment accounting. This evaluation includes comparing the net present value of cash flows of the new debt to the old debt to determine if changes greater than 10 percent occurred. In instances, where the net present value of future cash flows changed more than 10 percent, the Company applies extinguishment accounting and determines the fair value of its debt based on factors available to the Company.

Recently Issued Accounting Pronouncements. In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes all existing revenue recognition requirements, including most industry-specific guidance. The new standard requires a company to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the company expects to receive for those goods or services. The new standard will be effective for us on January 1, 2018. We are currently evaluating the potential impact that Topic 606 may have on our financial position and results of operations.

2. Inventory

Inventory consists of the following:

	December 31, 2015	December 31, 2014
Raw materials	\$ 1,219	\$ 1,522
Work-in-progress	1,807	1,453
Finished goods	1,778	1,516
Total inventory	<u>\$ 4,804</u>	<u>\$ 4,491</u>

3. Property, Plant and Equipment

Property, plant and equipment consist of the following:

AEMETIS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular data in thousands, except par value and per share data)

	December 31, 2015	December 31, 2014
Land	\$ 2,727	\$ 2,753
Plant and Buildings	81,821	82,338
Furniture and fixtures	494	458
Machinery and equipment	4,052	4,063
Construction in progress	147	148
Total gross property, plant & equipment	89,241	89,760
Less accumulated depreciation	(18,523)	(13,950)
Total net property, plant & equipment	\$ 70,718	\$ 75,810

Depreciation on the components of the property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Years
Plant and Buildings	20 - 30
Machinery & Equipment	5 - 7
Furniture & Fixtures	3 - 5

The Company recorded depreciation expense of \$4.7 million each for the years ended December 31, 2015 and 2014.

Management is required to evaluate these long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Based on the evaluation, management determined no assets required impairment as of December 31, 2015 and 2014.

4. Intangible Assets and Goodwill

As of December 31, 2015 and 2014, intangible assets and goodwill consist of the following:

	2015	2014
Patents	\$ 826	\$ 906
In-process research and development	554	630
	\$ 1,380	\$ 1,536
Goodwill	\$ -	\$ 968

During the year ended December 31, 2015 and 2014, the Company recognized amortization expense of \$80 thousand each period related to patents.

At December 31, 2015, future patent and in-process research and development amortization for the next five years and beyond consists of the following:

AEMETIS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular data in thousands, except par value and per share data)

For the twelve months ending December 31,	Amortization
2016	\$ 80
2017	80
2018	108
2019	198
2020	108
Thereafter	806
Total	\$ 1,380

In December 2015, pursuant to our annual goodwill impairment test, we recorded a full impairment of goodwill amounting to \$1.0 million. Due to limitations in our access to capital to develop the acquired technology into a product for sale and current industry conditions, the cash flow projections were lowered and the earnings forecast was revised. We determine the fair value of our reporting units utilizing discounted cash flows and incorporate assumptions that we believe marketplace participants would utilize.

We wrote off \$76 thousand of abandoned patents during the year ended December 31, 2015.

5. Notes Payable

Debt consists of the notes from the Company's senior lender, Third Eye Capital, acting as Agent for the Purchasers (Third Eye Capital), other working capital lenders and subordinated lenders as follows:

	December 31, 2015	December 31, 2014
Third Eye Capital term note	\$ 6,269	\$ 7,394
Third Eye Capital revolving credit facility	25,870	22,330
Third Eye Capital revenue participation term note	10,526	10,195
Third Eye Capital acquisition term note	18,260	17,728
Cilion shareholder seller note payable	5,523	5,373
State Bank of India secured term loan	4,200	6,032
Subordinated notes	6,340	5,428
EB-5 long term promissory notes	23,907	1,534
Unsecured working capital loans	-	1,287
Total debt	100,895	77,301
Less current portion of debt	11,947	12,746
Total long term debt	\$ 88,948	\$ 64,555

Third Eye Capital Note Purchase Agreement

On July 6, 2012, Aemetis, Inc. and Aemetis Advanced Fuels Keyes, Inc. ("AAFK"), entered into an Amended and Restated Note Purchase Agreement with Third Eye Capital (the "Note Purchase Agreement"). Pursuant to the Note Purchase Agreement, Third Eye Capital extended credit in the form of (i) senior secured term loans in an aggregate principal amount of approximately \$7.2 million to replace existing notes held by Third Eye Capital (the "Term Notes"); (ii) senior secured revolving loans in an aggregate principal amount of \$18.0 million ("Revolving Credit Facility"); (iii) senior secured term loans in the principal amount of \$10.0 million to convert the prior revenue participation agreement to a note ("Revenue Participation Term Notes"); and (iv) senior secured term loans in an aggregate principal amount of \$15.0 million ("Acquisition Term Notes") used to fund the cash portion of the acquisition of Cilion, Inc. After this financing transaction, Third Eye Capital obtained sufficient equity ownership in the Company to be considered a related party (the Term Notes, Revolving Credit Facility, Revenue Participation Term Notes and Acquisition Term Notes are referred to herein collectively as the "Notes"). The Notes mature on April 1, 2017*.

AEMETIS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular data in thousands, except par value and per share data)

On March 12, 2015, Third Eye Capital agreed to Amendment No. 9 to the Note Purchase Agreement to allow for the repurchase of 1,000,000 shares of common stock of the Company at an average price of \$5.52 per share for an aggregate purchase price of approximately \$5.5 million. The repurchase price was added to the outstanding principal balance of the Revolving Credit Facility. Third Eye Capital also agreed to remove the covenant that the Company must complete an equity offering of its preferred stock for net proceeds of not less than \$20 million with all of such net proceeds to be used to repay the principal outstanding under the Note Purchase Agreement. In addition, Third Eye Capital waived the free cash flow financial covenant under the Note Purchase Agreement for the three months ended March 31, 2015. On April 30, 2015, Third Eye Capital agreed to Amendment No. 10 to the Note Purchase Agreement to allow for the repurchase of 500,000 shares of common stock of the Company at a repurchase price of \$5.00 per share for an aggregate purchase price of approximately \$2.5 million. The repurchase price was added to the outstanding principal balance of the Revolving Credit Facility. In addition, Third Eye Capital agreed to extend the maturity date of the Notes to April 1, 2016 upon notice and payment of a 3% extension fee. The existing guarantees were reaffirmed. On May 29, 2015, the Company gave notice to extend the maturity date of the Notes to April 1, 2016 and added the 3% fee to the Notes. On August 6, 2015, Third Eye Capital agreed to Amendment No. 11 to the Note Purchase Agreement to allow for the extension of the maturity date of the Notes to April 1, 2017 upon election by the Company provided that the Company i) has \$11.5 million in EB-5 funds in escrow as of August 31, 2015, ii) enters into an investment banking engagement by October 1, 2015 to complete a capital markets transaction for the sale of shares of its India subsidiary, and iii) repurchases 100,000 shares of common stock from Third Eye Capital at the greater of \$4.00 and the closing price on the date of the amendment. In addition, Third Eye Capital waived the free cash flow financial covenant under the Note Purchase Agreement for the three months ended June 30, 2015 and for the three months ending September 30, 2015, and reduced the note indebtedness to plant fair value covenant to 65%. As consideration, Third Eye Capital charged an amendment fee of \$1.0 million which was added to the outstanding principal balance of the Revolving Credit Facility and an extension fee equal to 5% of the Note indebtedness to be charged at the time of exercise of the option to extend the maturity date of the Notes. In addition, as consideration for Amendment No. 11, the unconditional personal guaranty from the Chief Executive Officer of the Company, the guaranties from Company parties and McAfee Capital, LLC owned by Mr. Eric McAfee were all affirmed. The Company also agreed to pay a fee of \$0.2 million to McAfee Capital, LLC for the loss of liquidity from this arrangement. We evaluated the amendments No. 9, 10, 11 of the Notes and applied modification accounting treatment in accordance with ASC 470-50 *Debt – Modification and Extinguishment*.

On February 9, 2016, Third Eye Capital and the Company agreed to a Promissory Note in the amount of \$0.3 million in connection with the Note Purchase Agreement to use the agreed proceeds from the Promissory Note as operating expenses in consideration of any grants or credits received from any government agencies for milo usage and to enter into an Amendment No. 12 as described below.

On March 21, 2016, Third Eye Capital agreed to Amendment No. 12 to the Note Purchase Agreement to: (i) extend the maturity date of the Notes to April 1, 2017 and to allow for the extension of the maturity date of the Notes to April 1, 2018, at the Company's election, for an extension fee of 5% of the then outstanding Notes, (ii) waive the free cash flow financial covenant under the Note Purchase Agreement for the three months ended December 31, 2015, (iii) provide that such covenant need not be complied with for the fiscal quarters ending March 31, June 30 and September 30, 2016, (iv) revise the Keyes Plant market value to note indebtedness ratio to 65%, (v) add a covenant that the Company shall have received I-924 approval from the US Citizenship and Immigration Services for additional EB-5 Program financing of at least \$35 million by June 1, 2016 and (vi) increase the basket for all costs and expenses that may be reimbursed to directors of the Company and its affiliates to \$300,000 in any given fiscal year. As consideration for such amendment and waiver, the borrowers agreed to pay Third Eye Capital an amendment and waiver fee of \$1.5 million to be added to the outstanding principal balance of the Revolving Credit Facility, and to deliver a binding letter of intent from Aemetis Advanced Fuels Goodland, Inc. to acquire the plant, property and equipment located in Goodland, Kansas and previously owned by New Goodland Energy Center for \$15,000,000 in assumed debt. We will evaluate the amendment of the Notes and will determine accounting treatment in accordance with ASC 470-50 *Debt – Modification and Extinguishment*.

Further details regarding the terms of the Notes are set forth below under the heading "Terms of Third Eye Capital Notes."

Terms of Third Eye Capital Notes

Details about each portion of the Third Eye Capital financing facility are as follows:

- A. **Term Notes.** As of December 31, 2015, AAFK had \$6.3 million in principal and interest outstanding under the Term Notes, net of unamortized fair value discounts of \$0.1 million. The Term Notes mature on April 1, 2017*. Interest on the Term Notes accrues at 14% per annum.

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- B. **Revolving Credit Facility.** The Revolving Credit Facility accrues interest at the prime rate plus 13.75% (17% as of December 31, 2015) payable monthly in arrears. The Revolving Credit Facility matures on April 1, 2017*. As of December 31, 2015, AAFK had \$25.9 million in principal and interest outstanding, net of unamortized debt issuance costs of \$0.4 million on the Revolving Credit Facility.
- C. **Revenue Participation Term Notes.** The Revenue Participation Term Note bears interest at 5% per annum and matures on April 1, 2017*. As of December 31, 2015, AAFK had \$10.5 million in principal and interest outstanding, net of unamortized discounts of \$0.2 million, on the Revenue Participation Term Note.
- D. **Acquisition Term Notes.** The Acquisition Term Notes accrue interest at prime rate plus 10.75% (14% per annum as of December 31, 2015) and mature on April 1, 2017*. As of December 31, 2015, Aemetis Facility Keyes, Inc. had \$18.3 million in principal and interest outstanding, net of unamortized discounts of \$0.3 million, on the Acquisition Term Notes.

The Notes contain various covenants, including but not limited to, minimum free cash flow and production requirements and restrictions on capital expenditures.

*The note maturity date can be extended by us to April 2018. As a condition to any such extension, the Company would be required to pay a fee of 5% of the carrying value of the debt.

The Third Eye Capital Notes are secured by first priority liens on all real and personal property of, and assignment of proceeds from all government grants and guarantees from Aemetis, Inc. The Notes all contain cross-collateral and cross-default provisions. McAfee Capital, LLC ("McAfee Capital"), owned by Eric McAfee, the Company's Chairman and CEO, provided a guaranty of payment and performance secured by all of its Company shares. In addition, Eric McAfee provided a blanket lien on substantially all of his personal assets, and McAfee Capital provided a guarantee in the amount of \$8.0 million.

Cilion shareholder seller notes payable. In connection with the Company's merger with Cilion on July 6, 2012, the Company issued \$5.0 million in notes payable to Cilion shareholders as merger compensation subordinated to the senior secured Third Eye Capital Notes. The notes bear interest at 3% per annum and are due and payable after the Third Eye Capital Notes have been paid in full. As of December 31, 2015, Aemetis Facility Keyes, Inc. had \$5.5 million in principal and interest outstanding under the Cilion shareholder seller notes payable.

State Bank of India secured term loan. On June 26, 2008, Universal Biofuels Private Limited ("UBPL"), the Company's India operating subsidiary, entered into a six year secured term loan with the State Bank of India in the amount of approximately \$6.0 million. The term loan is secured by UBPL's assets, consisting of the biodiesel plant and land in Kakinada.

On August 22, 2015, UBPL received from the State Bank of India, a One Time Settlement Sanction Letter allowing for, among other things, four payments over a 360 day period amounting to \$4.3 million, an interest rate holiday for 15 days after which the interest rate is payable at the rate of 2% above the base rate of Reserve Bank of India and certain releases by both parties. The base rate was at 9.7% and the interest had been accrued at 11.7%. Upon performance under the agreement, including the payment of all stipulated amounts, UBPL will receive relief for prior accrued interest in the amount of approximately \$2.1 million. We paid the first payment under the settlement on August 23, 2015, the second payment under the settlement on October 22, 2015 and the third payment under the settlement is due in February with a grace period of one month to pay out. The remaining payment under the settlement is due in August 2016.

As of December 31, 2015, the State Bank of India loan had \$4.2 million in principal outstanding. See Note 6 - Commitments and Contingencies for further details.

Subordinated Notes. On January 6 and January 9, 2012, AAFK entered into Note and Warrant Purchase Agreements with two accredited investors (the "Sub Notes"). Interest is due at maturity. Neither AAFK nor Aemetis may make any principal payments under the Sub Notes until all loans made by Third Eye Capital to AAFK are paid in full.

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The Company agreed to an Amendment No. 1 to the Sub Notes to extend the maturity of the January 2012 Sub Notes to July 1, 2014 and issued two Sub Notes. On January 24, 2013, an additional \$0.3 million Sub Note was issued with a maturity date of April 30, 2013. All above Sub Notes were extended maturity for every six months there onwards. In March 2014, the Company received \$0.5 million from EB-5 investments and repaid one of the accredited investors holding a January 2012 Sub Note of \$0.5 million. On March 24, 2015, the Company paid off remaining \$180 thousand on January 2012 Sub Note principal and interest held by one of the accredited investors with the money received from the EB-5 program. The remaining two notes usually have a six month maturity and we extend them for next six months at the maturity date by adding fees of \$0.3 million to two notes in aggregate and issuing warrants to purchase common stock to two investors. On Jan 1, 2015 and July 1, 2015, the Sub Notes above were amended to extend the maturity date until the earlier of (i) June 2015, December 2015 accordingly; (ii) completion of an equity financing by AAFK or Aemetis in an amount of not less than \$25.0 million; (iii) the completion of an Initial Public Offering by AAFK or Aemetis; or (iv) after the occurrence of an Event of Default, including failure to pay interest or principal when due and breaches of note covenants. A 10 % cash extension fee was paid by adding the fee to the balance of the new note and warrants to purchase 113 thousand shares of common stock were granted for each extension with a term of two years and an exercise price of \$0.01 per share.

On Jan 1, 2016, the Sub Notes above were amended to extend the maturity date until the earlier of (i) June 30, 2016; (ii) completion of an equity financing by AAFK or Aemetis in an amount of not less than \$25.0 million; (iii) the completion of an Initial Public Offering by AAFK or Aemetis; or (iv) after the occurrence of an Event of Default, including failure to pay interest or principal when due and breaches of note covenants. A 10 % cash extension fee was paid by adding the fee to the balance of the new note and warrants to purchase 113 thousand shares of common stock were granted with a term of two years and an exercise price of \$0.01 per share.

On January 14, 2013, Laird Cagan, a related party, loaned \$0.1 million through a promissory note maturing on April 30, 2013 with a 5% annualized interest rate and the right to exercise 5 thousand warrants exercisable at \$0.01 per share. In February 2015, the Cagan related party promissory note was amended to extend the maturity date until the earlier of (i) December 31, 2016; (ii) completion of an equity financing by AAFK or Aemetis in an amount of not less than \$25.0 million; (iii) the completion of an Initial Public Offering by AAFK or Aemetis; or (iv) after the occurrence of an Event of Default, including failure to pay interest or principal when due and breaches of note covenants.

The Company owed, in aggregate, subordinated notes in the amount of \$6.3 million and \$5.4 million in principal and interest outstanding at December 31, 2015 and December 31, 2014, respectively.

EB-5 long-term promissory notes. EB-5 is a U.S. government program authorized by the Immigration and Nationality Act designed to foster employment-based visa preference for immigrant investors to encourage the flow of capital into the U.S. economy and to promote employment of U.S. workers. On March 4, 2011, and amended January 19, 2012 and July 24, 2012, the Company entered into a Note Purchase Agreement with Advanced BioEnergy, LP, a California limited partnership authorized as a Regional Center to receive EB-5 investments, for the issuance of up to 72 subordinated convertible promissory notes bearing interest at 3%, each note in the principal amount of \$0.5 million and due and payable four years from the date of the note, for a total aggregate principal amount of up to \$36.0 million. The notes are convertible after three years at a conversion price of \$30.00 per share.

Advanced BioEnergy, LP arranges investments with foreign investors, who each make investments in the Keyes plant in investment increments of \$0.5 million. The Company sold notes in the amount of \$1.0 million during the first quarter of 2012, \$0.5 million during the first quarter of 2014, \$17.5 million during the first quarter of 2015, \$2.5 million in the second quarter of 2015, and \$2.0 million in the third quarter of 2015. As of December 31, 2015, \$23.5 million in principal and \$0.4 million in accrued interest remained outstanding on the notes. The escrow account holds an additional \$11.5 million representing 23 investors. The availability of the remaining \$12.5 million (including the \$11.5 million in escrow) will be determined by the ability of Advanced BioEnergy, LP to attract the last two qualified investors, and for the United States Citizenship and Immigration Service to approve those investors who have made escrow deposits.

Unsecured working capital loans. In November 2008, the Company entered into an operating agreement with Secunderabad Oils Limited ("Secunderabad"). Under this agreement, Secunderabad agreed to provide the Company with working capital, on an as needed basis, to fund the purchase of feedstock and other raw materials for its Kakinada biodiesel facility. Working capital advances bear interest at the actual bank borrowing rate of Secunderabad of 15%. In return, the Company agreed to pay Secunderabad an amount equal to 30% of the plant's monthly net operating profit. In the event that the Company's Kakinada plant operates at a loss, Secunderabad owes the Company 30% of the losses. The agreement can be terminated by either party at any time without penalty.

At December 31, 2015 and December 31, 2014, the Company had none and \$1.3 million outstanding under this agreement, respectively.

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Scheduled debt repayments for loan obligations follow:

Year ended December 31,	<u>Debt Repayments</u>
2016	\$ 11,947
2017	63,833
2018	3,500
2019	22,523
2020	-
Total debt	101,803
Discounts	(908)
Total debt, net of discounts	<u>\$ 100,895</u>

6. Commitments and Contingencies

Operating Leases

As of December 31, 2015, the Company, through its subsidiaries, has non-cancelable future minimum operating lease payments for various office space locations. Future minimum operating lease payments are as follows:

Twelve months ended December 31,	<u>Future Rent Payments</u>
2016	\$ 447
2017	462
2018	479
2019	495
2020	209
Total	<u>\$ 2,092</u>

The Cupertino facility office space consists of 9,238 rentable square feet. The current lease expired on May 31, 2015, but the Company extended the lease for an additional five years ending on May 31, 2020. From June 1, 2013 through present, we sublet office space consisting of 3,104 rentable square feet to Splunk Inc., at a monthly rent rate equal to the rent charged to us by our landlord.

For the year ending December 31, 2015 and 2014, the Company received from Splunk Inc., approximately \$0.1 million in rent reimbursement respectively. For the years ended December 31, 2015 and 2014, the Company recognized rent expense of \$0.5 million and \$0.3 million, respectively.

Legal Proceedings

On March 10, 2011, Universal Biofuels Private Limited ("UBPL"), the Company's India operating subsidiary, received a demand notice from the State Bank of India under the Agreement of Loan for Overall Limit dated as of June 26, 2008. The notice informed UBPL that an event of default had occurred for failure to make an installment payment on the loan commencing June 2009 and demanded repayment of the entire outstanding indebtedness of 19.60 crore rupees (approximately \$3.2 million) together with all accrued interest thereon and any applicable fees and expenses. Upon the occurrence and during the continuance of an Event of Default, interest accrues at the default interest rate of 2% above the State Bank of India Advance Rate. The default period began on July 1, 2009 when the principal payment was deemed past due; and we have accrued interest at the default rate since the beginning of the default period. On August 22, 2015, UBPL received from the State Bank of India, a One Time Settlement Sanction Letter allowing for, among other things, four payments over a 360 day period amounting to \$4.3 million, an interest rate holiday for 15 days after which the interest rate is payable at the rate of 2% above the base rate of Reserve Bank of India and certain releases by both parties. The base rate was at 9.7% and the interest had been accrued at 11.7%. Upon performance under the agreement, including the payment of all stipulated amounts, UBPL will receive relief for prior accrued interest in the amount of approximately \$2.1 million.

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On August 4, 2013, GS Cleantech Corporation, a subsidiary of Greenshift Corporation (“Greenshift”), filed a complaint in the United States District Court for the Eastern District of California – Fresno Division against the Company and its subsidiary, AAFK. The case was transferred to the Southern District of Indiana and joined to a pending Multidistrict Litigation. The complaint alleges infringement of patent rights assigned to Greenshift and pertaining to corn oil extraction processes the Company employs, and seeks royalties, treble damages, attorney’s fees, and injunctions precluding the Company from further infringement. The corn oil extraction process we use is licensed to us by Valicor Separation Technologies LLC. Valicor has no obligations to indemnify us. On October 23, 2014, the Court ruled that all the claims of all the patents at issue in the case are invalid and, therefore, not infringed and adopted this finding in our case on January 16, 2015. GS Cleantech has said it will appeal this decision when the remaining claim in the suit has been decided. We believe the likelihood of Greenshift succeeding on appeal of the invalidity findings is small since the Court’s findings included several grounds for invalidity of each allegedly infringed patent. If Greenshift successfully appeals the findings of invalidity, damages may be \$1 million or more. The only remaining claim in the suit alleges that GS Cleantech obtained the patents at issue by inequitably conducting itself before the United States Patent Office. A trial in the District Court for the Southern District of Indiana on that issue was concluded and awaits judicial decision. If the patents at issue are found invalid due to GS Cleantech’s inequitable conduct, it would receive no damage award. If the Court determines this is an “exceptional case” it may award the Company and its subsidiary the attorneys’ fees expended to date for defense in this case. It is unknown whether GS Cleantech would appeal such a ruling.

7. Stockholders’ Equity

The Company is authorized to issue up to 40 million shares of common stock, \$0.001 par value and 65 million shares of preferred stock, \$0.001 par value.

Convertible Preferred Stock

The following is a summary of the authorized, issued and outstanding convertible preferred stock:

	Authorized Shares	Shares Issued and Outstanding December 31,	
		2015	2014
Series B preferred stock	7,235	1398	1665
Undesignated	57,765	—	—
	<u>65,000</u>	<u>1398</u>	<u>1665</u>

Our Articles of Incorporation authorize the Company’s board to issue up to 65 million shares of preferred stock, \$0.001 par value, in one or more classes or series within a class upon authority of the board without further stockholder approval.

Significant terms of the designated preferred stock are as follows:

Voting. Holders of the Company’s Series B preferred stock are entitled to the number of votes equal to the number of shares of Common Stock into which the shares of Series B preferred stock held by such holder could be converted as of the record date. Cumulative voting with respect to the election of directors is not allowed. Currently each share of Series B preferred stock is entitled to a 0.1 vote per share of Series B preferred stock. In addition, without obtaining the approval of the holders of a majority of the outstanding preferred stock, the Company cannot:

- Increase or decrease (other than by redemption or conversion) the total number of authorized shares of Series B preferred stock;
- Effect an exchange, reclassification, or cancellation of all or a part of the Series B preferred stock, including a reverse stock split, but excluding a stock split;
- Effect an exchange, or create a right of exchange, of all or part of the shares of another class of shares into shares of Series B preferred stock; or
- Alter or change the rights, preferences or privileges of the shares of Series B preferred stock so as to affect adversely the shares of such series.

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Dividends. Holders of all of the Company's shares of Series B preferred stock are entitled to receive non-cumulative dividends payable in preference and before any declaration or payment of any dividend on common stock as may from time to time be declared by the board of directors out of funds legally available for that purpose at the rate of 5% of the original purchase price of such shares of preferred stock. No dividends may be made with respect to the Company's common stock until all declared dividends on the preferred stock have been paid or set aside for payment to the preferred stockholders. To date, no dividends have been declared.

Liquidation Preference. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series B preferred stock are entitled to receive, prior and in preference to any payment to the holders of the common stock, \$3.00 per share plus all declared but unpaid dividends (if any) on the Series B preferred stock. If the Company's assets legally available for distribution to the holders of the Series B preferred stock are insufficient to permit the payment to such holders of their full liquidation preference, then the Company's entire assets legally available for distribution are to be distributed to the holders of the Series B preferred stock in proportion to their liquidation preferences. After the payment to the holders of the Series B preferred stock of their liquidation preference, the Company's remaining assets legally available for distribution are distributed to the holders of the common stock in proportion to the number of shares of common stock held by them. A liquidation, dissolution or winding up includes (a) the acquisition of the Company by another entity by means of any transaction or series of related transactions to which the Company is party (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding any sale of stock for capital raising purposes) that results in the voting securities of the Company outstanding immediately prior thereto failing to represent immediately after such transaction or series of transactions (either by remaining outstanding or by being converted into voting securities of the surviving entity or the entity that controls such surviving entity) a majority of the total voting power represented by the outstanding voting securities of the Company, such surviving entity or the entity that controls such surviving entity, or (b) a sale, lease or other conveyance of all or substantially all of the assets of the Company.

Conversion. Holders of Series B preferred stock have the right, at their option at any time, to convert any shares into common stock. Every 10 shares of preferred stock will convert into one share of common stock, at the current conversion rate. The conversion ratio is subject to adjustment from time to time in the event of certain dilutive issuances and events, such as stock splits, stock dividends, stock combinations, reclassifications, exchanges and the like. In addition, at such time as the Registration Statement covering the resale of the shares of common stock is declared effective, then all outstanding Series B preferred stock shall be automatically converted into common stock at the then effective conversion rate.

Mandatorily Redeemable Series B preferred stock. In connection with the election of dissenters' rights by the Cordillera Fund, L.P., at December 31, 2008 the Company reclassified 583 thousand shares with an original purchase price of \$1.8 million out of shareholders' equity to a liability called "mandatorily redeemable Series B preferred stock" and accordingly reduced stockholders' equity by the same amount to reflect the Company's obligations with respect to this matter. The obligation accrues interest at the rate of 5.25% per year. At December 31, 2015 and 2014, the Company had accrued an outstanding obligation of \$2.7 million and \$2.6 million, respectively. Full cash payment to the Cordillera Fund is past due. The Company expects to pay this obligation upon availability of funds after paying senior secured obligations.

8. Outstanding Warrants

During the year ended December 31, 2015, the Company granted 229 thousand common stock warrants, which had the potential to enhance returns for accredited investors who entered into additional Notes. The accredited investors received 2 year warrants exercisable at \$0.01 per share as part of note agreements. In addition, the Company granted 110 thousand common stock warrants outside the Company plans to certain employees with 1/12th vesting every three months over 3 years and to Board of Directors with immediate vesting. These warrants have a 10 year term and are exercisable at \$2.59 per share as part of the warrant agreement. We estimate the fair value of warrant awards on the date of grant using the Black-Scholes option pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods using the straight-line method.

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The weighted average fair value calculations for warrants granted are based on the following weighted average assumptions:

Description	For the years ended December 31	
	2015	2014
Dividend-yield	0%	0%
Risk-free interest rate	1.10%	0.49%
Expected volatility	80.02%	72.26%
Expected life (years)	3.62	2
Market value per share on grant date	\$ 4.06	\$ 8.78
Fair value per share on grant date	\$ 3.85	\$ 8.77

For the twelve months ended December 31, 2015, Note investors exercised 229 thousand warrant shares at exercise prices of \$0.01 per share and employees exercised 38 thousand warrant shares at exercise price of \$1.30 per share.

A summary of historical warrant activity for the years ended December 31, 2015 and 2014 follows:

	Warrants Outstanding	Weighted - Average Exercise Price	Average Remaining Term in Years
Outstanding December 31, 2013	470	\$ 3.40	4.85
Granted	148	0.01	
Exercised	(217)	1.32	
Expired	(50)	4.97	
Outstanding December 31, 2014	351	\$ 3.05	2.69
Granted	339	0.85	
Exercised	(272)	0.21	
Expired	(50)	1.30	
Outstanding December 31, 2015	368	\$ 3.36	4.61

60 thousand of the above outstanding warrants are not vested and exercisable as of December 31, 2015.

9. Fair Value of Warrants

We compute the fair value of liability warrants subject to fair value accounting at each quarter end.

The following tables summarize the assumptions used in computing the fair value of liability warrants subject to fair value accounting at December 31, 2015:

Expected dividend yield	0%
Risk-free interest rate	0.95%
Expected volatility	66.37%
Expected Life (years)	1.63
Exercise price	\$ 0.01
Company stock price	\$ 2.90
Fair value of stock	\$ 2.89

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There were no warrants granted during the year ended December 31, 2015 that were recorded as liabilities on the date of grant.

10. Fair Value Measurements

The Company complies with the fair value measurements and disclosures standard which defines fair value, establishes a framework for measuring fair value, and expands disclosure for those assets and liabilities carried on the balance sheet on a fair value basis.

The Company's balance sheet contains derivative financial instruments that are recorded at fair value on a recurring basis. Fair value measurements and disclosures require that assets and liabilities carried at fair value be classified and disclosed according to the process for determining fair value. There are three levels of determining fair value.

Level 1 uses quoted market prices in active markets for identical assets or liabilities.

Level 2 uses observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 uses unobservable inputs that are not corroborated by market data.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Warrant liability: The warrant liability consists of stock warrants issued by the Company that contain a conditional obligation to repurchase feature. In accordance with accounting for warrants as liabilities, the Company calculated the fair value of warrants under Level 3 using the assumptions described in "Fair Value of Warrants". Realized and unrealized gains and losses related to the change in fair value of the warrant liability are included in other income (expense) in the Consolidated Statement of Operations.

The following table summarizes financial liabilities measured at fair value on a recurring basis as of December 31, 2015 and 2014, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Total	Level 1	Level 2	Level 3
2015				
Warrant liability	\$ 54	\$ -	\$ -	\$ 54
2014				
Warrant liability	\$ 108	\$ -	\$ -	\$ 108

The following table reflects the activity for liabilities measured at fair value using Level 3 inputs for the twelve months ended December 31, 2015 and 2014:

Balance as of December 31, 2013	\$ 60
Related change in fair value	48
Balance as of December 31, 2014	\$ 108
Related change in fair value	(54)
Balance as of December 31, 2015	\$ 54

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Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). Financial assets and financial liabilities measured at fair value on a non-recurring basis were not significant at December 31, 2015.

11. Stock-Based Compensation

Common Stock Reserved for Issuance

Aemetis authorized the issuance of 1.2 million shares of common stock under its Zymetis 2006 Stock Plan and Amended and Restated 2007 Stock Plan (together, the "Company Stock Plans"), which includes both incentive and non-statutory stock options and restricted stock awards. The options generally expire five to ten years from the date of grant. The options have a general vesting term of 1/12th every three months and are exercisable at any time after vesting subject to continuation of employment.

The Company granted 98 thousand stock options on May 21, 2015 with an expiration term for the options seven years from the grant date. In addition, 50 thousand restricted stock awards were granted on May 21, 2015 with immediate vesting. The fair value of the restricted stock awards is determined to be equal to the market price of the stock on the grant date.

The Company granted 62 thousand stock options on December 10, 2015 with expiration term for options 10 years from the grant date. The valuation of these options is described below with fair value assumption obtained on the grant date.

Non-Plan Stock Options

In November 2012, the Company issued 98 thousand stock options to board members and consultants outside of any Company stock option plan. As of December 31, 2015, all options are vested, and 89 thousand options are outstanding.

Inducement Equity Plan Options

In March 2015, the Board of Directors of the Company approved an Inducement Equity Plan authorizing the issuance of 100,000 non-statutory options to purchase common stock. The Company issued 25 thousand options during March 2015 with a three year vesting period and five year term at a weighted average exercise price of \$3.88. As of December 31, 2015, all 25 thousand options were outstanding.

The following is a summary of awards granted under the above Plans:

	<u>Shares Available for Grant</u>	<u>Number of Shares Outstanding</u>	<u>Weighted-Average Exercise Price</u>
Balance as of December 31, 2014	5	1,015	\$ 5.52
Authorized	200	—	—
Granted	(235)	235	3.83
Exercised	-	(145)	2.72
Forfeited/expired	125	(125)	3.64
Balance as of December 31, 2015	<u>95</u>	<u>980</u>	<u>\$ 5.76</u>

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During 2015, 145 thousand shares of common stock issued upon exercise of options under from the Company's stock plans had an intrinsic value of \$246 thousand at time of exercise. The weighted average strike price for the shares exercised was \$2.72 per share and the weighted average closing market price at time of exercise was \$4.42.

Vested and unvested awards outstanding as of December 31, 2015 and 2014 follow:

	Number of Shares	Weighted Average Exercise Price	Remaining Contractual Term (In Years)	Average Intrinsic Value ¹
2015				
Vested and exercisable	687	\$ 6.49	2.32	\$ -
Unvested	293	4.06	5.59	-
Total Outstanding	980	\$ 5.76	3.30	\$ -
2014				
Vested and exercisable	648	\$ 5.84	2.47	\$ 670
Unvested	367	4.95	3.87	356
Total Outstanding	1,015	\$ 5.52	2.98	\$ 1,026

⁽¹⁾ Intrinsic value based on the \$2.90 and \$5.79 closing price of Aemetis stock on December 31, 2015 and 2014 respectively, as reported on the NASDAQ Exchange and Over the Counter Bulletin Board respectively.

Stock-based compensation for employees

Stock-based compensation is accounted for in accordance with the provisions of ASC 718, Compensation-Stock Compensation, which requires the measurement and recognition of compensation expense for all stock-based awards made to employees and directors based on estimated fair values on the grant date. We estimate the fair value of stock-based awards on the date of grant using the Black-Scholes option pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods using the straight-line method.

For the years ended December 31, 2015 and 2014, the Company recorded option expense in the amount of \$0.9 million and \$0.6 million, respectively.

Valuation and Expense Information

All issuances of stock options or other issuances of equity instruments to employees as the consideration for services received by us are accounted for based on the fair value of the equity instrument issued. The fair value of options granted to employees is estimated on the grant date using the Black-Scholes option valuation model. This valuation model for stock based compensation expense requires us to make assumptions and judgments about the variables used in the calculation, including the fair value of our common stock, the expected term (the period of time that the options granted are expected to be outstanding), the volatility of our common stock, a risk-free interest rate, and expected dividends. We also estimate forfeitures of unvested stock options. To the extent actual forfeitures differ from the estimates, the difference will be recorded as a cumulative adjustment in the period estimates are revised. No compensation cost is recorded for options that do not vest. We use the simplified calculation of expected life described in the SEC's Staff Accounting Bulletin No. 107, Share-Based Payment, and volatility is based on an average of the historical volatilities of the common stock of four entities with characteristics similar to those of the Company. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option. We use an expected dividend yield of zero, as we do not anticipate paying any dividends in the foreseeable future. Expected forfeitures are assumed to be zero due to the small number of plan participants and the plan.

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The weighted average fair value calculations for options granted are based on the following weighted average assumptions:

Description	For the years ended December 31	
	2015	2014
Dividend-yield	0%	0%
Risk-free interest rate	1.61%	0.88%
Expected volatility	76.55%	77.86%
Expected life (years)	5.40	3
Market value per share on grant date	\$ 3.69	\$ 4.38
Fair value per share on grant date	\$ 2.27	\$ 2.22

As of December 31, 2015, the Company had \$630 thousand of total unrecognized compensation expense for employees which the Company will amortize over the 2.00 years of weighted remaining term.

In addition, Company issued 50 thousand shares in the Company's restricted common stock for services provided by outside consulting firms at an exercise price of \$4.26. The fair value of the stock granted to the consultants was recorded to expense over the six months term of the consulting contract. We determine the fair value of these awards granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. Stock-based compensation awards issued to non-employees are recorded in expense and additional paid-in capital in stockholders' deficit over the applicable service periods based on the fair value of the awards or consideration received at the vesting date.

12. Agreements

Working Capital Arrangement. Pursuant to a Corn Procurement and Working Capital Agreement with J.D. Heiskell, we agreed to procure whole yellow corn and milo. The Company has the ability to obtain grain from other sources subject to certain conditions, however, in the past all of our grain purchases have been from Heiskell. Title and risk of loss of the corn pass to the Company when the corn is deposited into the weigh bin. The term of the Agreement expires on December 31, 2016 and is automatically renewed for additional one-year terms. Heiskell further agrees to sell all ethanol to Kinergy Marketing or other marketing purchaser designated by the Company and all WDG and condensed distillers solubles to A.L. Gilbert. Our relationships with J.D. Heiskell, Kinergy Marketing, and A.L. Gilbert are well established and the Company believes that the relationships are beneficial to all parties involved in utilizing the distribution logistics, reaching out to widespread customer base, managing inventory, and building working capital relationships. Revenue is recognized upon delivery of ethanol to J. D. Heiskell as revenue recognition criteria have been met and any performance required of the Company subsequent to the sale to J.D. Heiskell is inconsequential. These agreements are ordinary purchase and sale agency agreements for the Keyes plant.

The J.D. Heiskell sales activity associated with the Purchasing Agreement, Corn Procurement and Working Capital Agreements during the year ended December 31, 2015 and 2014 were as follows:

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	For the year ended December 31,	
	2015	2014
Ethanol sales	\$ 92,729	\$ 148,408
Wet distiller's grains sales	24,556	32,689
Corn oil sales	3,485	4,501
Corn purchases	97,179	120,915
Accounts receivable	305	368
Accounts payable	1,455	1,965

Ethanol and Wet Distillers Grains Marketing Arrangement. The Company entered into an Ethanol Marketing Agreement with Kinergy Marketing and a Wet Distillers Grains Marketing Agreement with A. L Gilbert. Under the terms of the agreements, subject to certain conditions, the agreements with Kinergy Marketing matures on August 31, 2016 and with A.L Gilbert on December 31, 2016 with automatic one-year renewals thereafter. For the years ended December 31, 2015 and 2014, the Company expensed marketing costs of \$2.2 million and \$2.9 million, respectively, under the terms of both ethanol and wet distillers grains agreements.

13. Segment Information

Aemetis recognizes two reportable geographic segments: "North America" and "India."

The "North America" operating segment includes the Company's 60 million gallon per year capacity ethanol manufacturing plant in Keyes, California and its technology lab in College Park, Maryland. As the Company's technology becomes commercialized, this business segment will include its domestic commercial application of second generation ethanol technology, its plant construction projects and any acquisitions of ethanol or ethanol related technology facilities in North America.

The "India" operating segment includes the Company's 50 million gallon per year capacity biodiesel manufacturing plant in Kakinada, the administrative offices in Hyderabad, India, and the holding companies in Nevada and Mauritius. The Company's biodiesel is marketed and sold primarily to customers in India through brokers and by the Company directly.

Summarized financial information by reportable segment for the years ended December 31, 2015 and 2014 follow:

	For the year ended December 31,	
	2015	2014
Revenues		
North America	\$ 129,408	\$ 195,416
India	17,241	12,267
Total revenues	\$ 146,649	\$ 207,683
Cost of goods sold		
North America	\$ 126,290	\$ 158,719
India	16,160	11,820
Total cost of goods sold	\$ 142,450	\$ 170,539
Gross profit		
North America	\$ 3,118	\$ 36,697
India	1,081	447
Total gross profit	\$ 4,199	\$ 37,144

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North America: In 2015 and 2014, all of the Company's revenues from sales of ethanol, WDG and corn oil were sold to J.D. Heiskell pursuant to the Corn Procurement and Working Capital Agreement. Sales to J.D. Heiskell accounted for 93% and 95% of the Company's North American segment consolidated revenues in 2015 and 2014 respectively.

India: During the 2015, one customer in biodiesel accounted for 56% of the consolidated India segment revenues compared to two customers in biodiesel who accounted for 38% and 19%, respectively of the consolidated India segment revenues in 2014.

Company total assets by segment follow:

	As of	
	December 31, 2015	December 31, 2014
North America	\$ 69,165	\$ 76,066
India	13,976	13,110
Total Assets	\$ 83,141	\$ 89,176

14. Quarterly Financial Data (Unaudited)

A summary of the unaudited quarterly results of operations for the years ended December 31, 2015 and 2014 is as follows:

AEMETIS, INC.
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2015	For the three months ended				For the year
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	ended December 31, 2015
Revenues	\$ 34,726	\$ 38,067	\$ 38,510	\$ 35,346	\$ 146,649
Cost of goods sold	34,954	36,118	37,476	33,902	142,450
Gross profit (loss)	(228)	1,949	1,034	1,444	4,199
Research and development expenses	109	104	117	117	447
Selling, general and administrative expenses	3,634	3,148	2,774	2,805	12,361
Operating loss	(3,971)	(1,303)	(1,857)	(1,478)	(8,609)
Other expense					
Interest expense					
Interest rate expense	(2,546)	(2,485)	(2,610)	(2,523)	(10,164)
Amortization expense	(1,723)	(2,405)	(1,258)	(1,329)	(6,715)
Loss on debt extinguishment	(330)	-	-	-	(330)
Loss on impairment of goodwill and intangible assets	-	-	-	(1,044)	(1,044)
Other expense	(67)	(94)	(30)	(79)	(270)
Loss before income taxes	(8,637)	(6,287)	(5,755)	(6,453)	(27,132)
Income tax expense	(6)	-	-	-	(6)
Net loss	<u>(8,643)</u>	<u>(6,287)</u>	<u>(5,755)</u>	<u>(6,453)</u>	<u>(27,138)</u>
Other comprehensive loss					
Foreign currency translation adjustment	38	(84)	(104)	(67)	(217)
Comprehensive loss	<u>\$ (8,605)</u>	<u>\$ (6,371)</u>	<u>\$ (5,859)</u>	<u>\$ (6,520)</u>	<u>\$ (27,355)</u>
Net loss per common share					
Basic	\$ (0.42)	\$ (0.32)	\$ (0.29)	\$ (0.33)	\$ (1.37)
Diluted	\$ (0.42)	\$ (0.32)	\$ (0.29)	\$ (0.33)	\$ (1.37)
Weighted average shares outstanding					
Basic	20,595	19,590	19,521	19,598	19,823
Diluted	20,595	19,590	19,521	19,598	19,823

The accompanying notes are an integral part of the financial statements.

AEMETIS, INC.
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2014	For the three months ended				For the year
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	ended December 31, 2014
Revenues	\$ 60,665	\$ 57,195	\$ 48,348	\$ 41,475	\$ 207,683
Cost of goods sold	45,041	45,842	40,633	39,023	170,539
Gross profit	15,624	11,353	7,715	2,452	37,144
Research and development expenses	100	141	101	117	459
Selling, general and administrative expenses	2,842	3,449	2,972	3,332	12,595
Operating income/(loss)	12,682	7,763	4,642	(997)	24,090
Other income/(expense)					
Interest expense					
Interest rate expense	(2,920)	(2,530)	(2,287)	(2,315)	(10,052)
Amortization expense	(2,118)	(2,502)	(741)	(677)	(6,038)
Loss on debt extinguishment	(115)	-	(1,231)	-	(1,346)
Gain on sale of assets	-	(119)	-	-	(119)
Other income/(expense)	164	110	81	249	604
Income /(Loss) before income taxes	7,693	2,722	464	(3,740)	7,139
Income tax expense	(6)	-	-	-	(6)
Net income /(loss)	<u>7,687</u>	<u>2,722</u>	<u>464</u>	<u>(3,740)</u>	<u>7,133</u>
Other comprehensive income (loss)					
Foreign currency translation adjustment	108	-	(98)	(56)	(46)
Comprehensive income (loss)	<u>\$ 7,795</u>	<u>\$ 2,722</u>	<u>\$ 366</u>	<u>\$ (3,796)</u>	<u>\$ 7,087</u>
Net income (loss) per common share					
Basic	\$ 0.38	\$ 0.13	\$ 0.02	\$ (0.18)	\$ 0.35
Diluted	\$ 0.34	\$ 0.13	\$ 0.02	\$ (0.18)	\$ 0.34
Weighted average shares outstanding					
Basic	20,007	20,284	20,555	20,630	20,371
Diluted	22,657	20,948	21,476	20,630	21,047

The accompanying notes are an integral part of the financial statements.

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15. Related Party Transactions

The Company owes Eric McAfee and McAfee Capital, solely owned by Eric McAfee, amounts of \$0.4 million each period in connection with employment agreements and expense reimbursements, which are included in accrued expenses and accounts payable on the balance sheet as of December 31, 2015 and 2014. For the years ended December 31, 2015 and 2014, the Company expensed \$0.1 million and \$0.2 million, respectively, to reimburse actual expenses incurred for McAfee Capital and related entities. The Company prepaid \$0.2 million to Redwood Capital, a company controlled by Eric McAfee, for the Company's use of flight time on a corporate jet. As of December 31, 2015, \$0.1 million remained as a prepaid expense.

As consideration for the reaffirmation of guaranties required by Amendment No.11 and Amendment No.8 to the Notes which we entered with Third Eye Capital on August 6, 2015 and November 7, 2014, the Company also agreed to pay \$0.2 million each in consideration to Mr. McAfee and McAfee Capital in exchange for their willingness to provide the guaranties. As part of these Guarantee fee agreements, \$0.2 million each were paid as of December 31, 2015 and 2014.

The Company owes various Board Members amounts totaling \$1.6 million and \$1.7 million each as of December 31, 2015 and 2014, respectively, in connection with board compensation fees, which are included in accounts payable on the balance sheet. For each of the years ended December 31, 2015 and 2014, the Company expensed \$0.4 million each year then ended, in connection with board compensation fees.

On July 6, 2012, Aemetis, Inc. and Aemetis Advanced Fuels Keyes, Inc., entered into an Amended and Restated Note Purchase Agreement with Third Eye Capital. Third Eye Capital extended credit in the form of (i) senior secured revolving loans in an aggregate principal amount of \$18.0 million ("Revolving Credit Facility"); (ii) senior secured term loans in the principal amount of \$10.0 million to convert the Revenue Participation agreement to a Note ("Revenue Participation Term Notes"); and (iii) senior secured term loans in an aggregate principal amount of \$15.0 million ("Acquisition Term Notes") used to fund the cash portion of the acquisition of Cilion, Inc. After this financing transaction, Third Eye Capital obtained sufficient equity ownership in the Company to be considered a related party. Please refer to Note Payable - Note 5 for more information on the transactions with Third Eye Capital.

16. Income Tax

The Company files a consolidated federal income tax return including all its domestic subsidiaries. State tax returns are filed on a consolidated, combined or separate basis depending on the applicable laws relating to the Company and its subsidiaries.

Income tax expense for each of the years ended December 31, 2015 and 2014 consisted of \$6 thousand of state and local taxes.

During the year ended December 31, 2015 and 2014, there is minimal tax expense recognized. The deferred tax liability resulted in a reduction in the valuation allowance of the Company, as the Company believes the reversal of the deferred tax liability will occur prior to the expiration of the NOL carryforward. During the year ended December 31, 2015 and 2014, there is minimal tax expense recognized due to state minimum taxes and the Company's valuation allowance. U.S. loss and foreign loss before income taxes are as follows:

	<u>Year Ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
United States	(26,241)	8,652
Foreign	(892)	(1,513)
Pretax Income	<u>(27,133)</u>	<u>7,139</u>

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Income tax benefit differs from the amounts computed by applying the statutory U.S. federal income tax rate (34%) to loss before income taxes as a result of the following:

	Year Ended December 31,	
	2015	2014
Income tax expense (benefit) at the federal statutory rate	(9,225)	2,427
State tax expense (benefit)	(760)	1,089
Foreign tax rate differential	180	302
Stock-based compensation	253	204
Interest Expense	16	53
Goodwill impairment	329	-
Other	113	(147)
Credits	(17)	(25)
Valuation Allowance	9,117	(3,897)
Income Tax Expense	6	6
Effective Tax Rate	-0.02%	0.08%

The components of the net deferred tax asset or (liability) are as follows:

	Year Ended December 31,	
	2015	2014
Org. Start-up and Intangible Assets	8,067	8,750
Stock Based Comp	67	86
Prop., Plant, and Equip.	(22,717)	(22,015)
NOLs and Credits	60,603	49,645
Convertible Debt	(5)	(5)
Ethanol Credits	1,500	1,500
Debt Extinguishment	1,361	2,239
Other, net	536	592
Subtotal	49,412	40,792
Valuation Allowance	(49,412)	(40,792)
Deferred tax assets (liabilities)	-	-

Based on the Company's evaluation of current and anticipated future taxable income, the Company believes it is more likely than not that insufficient taxable income will be generated to realize the net deferred tax assets, and accordingly, a valuation allowance has been set against these net deferred tax assets.

The Company does not provide for U.S. income taxes for any undistributed earnings of the Company's foreign subsidiaries, as the Company considers these to be permanently reinvested in the operations of such subsidiaries and have a cumulative foreign loss. At December 31, 2015 and 2014, these undistributed losses totaled \$11.6 million, and \$10.7 million, respectively. If any earnings were distributed, some countries may impose withholding taxes. However, due to the Company's overall deficit in foreign cumulative earnings and its U.S. loss position, the Company does not believe a material net unrecognized U.S. deferred tax liability exists.

ASC 740 *Income Taxes* provides that the tax effects from an uncertain tax position can be recognized in the Company's financial statements only if the position is more-likely-than-not of being sustained on audit, based on the technical merits of the position. Tax positions that meet the recognition threshold are reported at the largest amount that is more-likely-than-not to be realized. This determination requires a high degree of judgment and estimation. The Company periodically analyzes and adjusts amounts recorded for the Company's uncertain tax positions, as events occur to warrant adjustment, such as when the statutory period for assessing tax on a given tax return or period expires or if tax authorities provide administrative guidance or a decision is rendered in the courts. The Company does not reasonably expect the total amount of uncertain tax positions to significantly increase or decrease within the next 12 months. As of December 31, 2015, the Company's uncertain tax positions were not significant for income tax purposes.

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We conduct business globally and, as a result, one or more of the Company's subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as India, Mauritius, and the United States. The Company files a U.S. federal income tax return and tax returns in three U.S. states, as well as in two foreign jurisdictions. Penalties and interest are classified as general and administrative expenses.

The following describes the open tax years, by major tax jurisdiction, as of December 31, 2015:

United States — Federal	2005 – present
United States — State	2005– present
India	2006 – present
Mauritius	2006 – present

As of December 31, 2015, the Company had federal net operating loss carryforwards of approximately \$146.0 million and state net operating loss carryforwards of approximately \$139.0 million. Included in the federal and state net operating loss carryforwards are approximately \$0.4 million and \$0.3 million of excess stock based compensation related deductions that will be credited to additional paid in capital when the tax benefits are realized. The Company also has approximately \$1.5 million of alcohol and cellulosic biofuel credit carryforwards. The federal net operating loss and other tax credit carryforwards expire on various dates between 2027 and 2032. The state net operating loss carryforwards expire on various dates between 2027 through 2032. Under the current tax law, net operating loss and credit carryforwards available to offset future income in any given year may be limited by U.S. or India statute regarding net operating loss carryforwards and timing of expirations or upon the occurrence of certain events, including significant changes in ownership interests. The Company's India subsidiary also will have net operating loss carryforwards as of March 31, 2016, its tax fiscal year end, of approximately \$10 million in U.S. dollars, which expire from March 30, 2016 to March 30, 2023.

17. Parent Company Financial Statements (Unaudited)

The following is a summary of the Parent Company financial statements for the years ended December 31, 2015 and 2014:

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Aemetis, Inc. (Parent Company)
Consolidated Balance Sheets
As of December 31, 2015 and 2014

Assets	2015	2014
Current assets		
Cash and cash equivalents	\$ -	\$ 65
Intercompany receivables	15,609	24,578
Prepaid expenses	315	609
Total current assets	15,924	25,252
Investment in Aemetis International, Inc.	-	1,082
Total investments in Subsidiaries, net of advances	-	1,082
Other assets	54	23
Total Assets	\$ 15,978	\$ 26,357
Liabilities & stockholders' deficit		
Current liabilities		
Accounts payable	\$ 2,746	\$ 2,869
Mandatorily redeemable Series B convertible preferred	2,742	2,641
Other current liabilities	1,158	996
Total current liabilities	6,646	6,506
Subsidiary obligation in excess of investment		
Investment in AE Advanced Fuels, Inc.	39,019	18,497
Investment in Aemetis Americas, Inc	205	205
Investment in Aemetis Biofuels, Inc.	2,741	2,741
Investment in Aemetis Technologies, Inc.	2,285	1,031
Investment in Biofuels Marketing, Inc.	349	349
Investment in Aemetis International, Inc.	27	-
Total subsidiary obligation in excess of investment	44,626	22,823
Total long term liabilities	44,626	22,823
Stockholders' deficit		
Series B Preferred convertible stock	1	2
Common stock	20	21
Additional paid-in capital	82,115	87,080
Accumulated deficit	(114,251)	(87,113)
Accumulated other comprehensive loss	(3,179)	(2,962)
Total stockholders' deficit	(35,294)	(2,972)
Total liabilities & stockholders' deficit	\$ 15,978	\$ 26,357

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Aemetis, Inc. (Parent Company)
Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended December 31, 2015 and 2014

	2015	2014
Equity in subsidiary gains (losses)	(22,669)	11,123
Selling, general and administrative expenses	3,910	3,942
Operating income (loss)	(26,579)	7,181
Other income (expense)		
Interest expense	(179)	(277)
Other income (expense)	(374)	235
Income (loss) before income taxes	(27,132)	7,139
Income tax expense	(6)	(6)
Net income (loss)	(27,138)	7,133
Other comprehensive income (loss)		
Foreign currency translation adjustment	(217)	(46)
Comprehensive income (loss)	(27,355)	7,087

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Aemetis, Inc. (Parent Company)
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating activities:		
Net income (loss)	(27,138)	7,133
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Stock-based compensation	938	624
Stock issued in connection with consultant services	204	645
Change in fair value of warrant liability	(54)	48
Changes in assets and liabilities:		
Subsidiary portion of net (gains) losses	22,669	(11,123)
Prepaid expenses	294	(539)
Accounts payable	(103)	(512)
Accrued interest expense	197	-
Other liabilities	120	(629)
Other assets	(31)	-
Net cash used in operating activities	<u>(2,904)</u>	<u>(4,353)</u>
Investing activities:		
Change in outstanding checks in excess of cash	-	-
Subsidiary advances, net	2,816	4,399
Net cash provided by investing activities	<u>2,816</u>	<u>4,399</u>
Financing activities:		
Issuance of common stock for services, option and warrant exercises	23	5
Net cash provided by financing activities	<u>23</u>	<u>5</u>
Net increase (decrease) in cash and cash equivalents	<u>(65)</u>	<u>51</u>
Cash and cash equivalents at beginning of period	65	14
Cash and cash equivalents at end of period	<u>\$ -</u>	<u>\$ 65</u>
Supplemental disclosures of cash flow information, cash paid:		
Interest payments	6,824	6,824
Income tax expense	6	6
Supplemental disclosures of cash flow information, non-cash transactions:		
Proceeds from exercise of stock options applied to accounts payable		16
Issuance of warrants to subordinated debt holders	1,087	1,301
Stock issued in connection with services and for interest on debt	229	-
Repurchase of common stock on revolver loan advance	7,479	-
Exercise of conversion feature on note to equity	-	47

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(Tabular data in thousands, except par value and per share data)

18. Subsequent Events

Subordinated Notes

On January 1, 2016, the two accredited investors Subordinated Notes' maturity was extended until the earlier of (i) June 30, 2016; (ii) completion of an equity financing by AAFK or Aemetis in an amount of not less than \$25 million; (iii) the completion of an Initial Public Offering by AAFK or Aemetis; or (iv) after the occurrence of an Event of Default, including failure to pay interest or principal when due and breaches of note covenants. A 10 percent cash extension fee was paid by adding the fee to the balance of the new Note and 113 thousand in common stock warrants were granted with a term of two years and an exercise price of \$0.01 per share.

Third Eye Capital Amendment

On February 9, 2016, Third Eye Capital and Company agreed to a Promissory Note in the amount of \$0.3 million in connection with the Note Purchase Agreement to use the agreed proceeds from the Promissory Note as operating expenses in consideration of any grants or credits received from any government agencies for milo usage and to enter into an Amendment No. 12 as described below.

On March 21, 2016, Third Eye Capital agreed to Amendment No. 12 to the Note Purchase Agreement to: (i) extend the maturity date of the Notes to April 1, 2017 and to allow for the extension of the maturity date of the Notes to April 1, 2018, at the Company's election, for an extension fee of 5% of the then outstanding Notes, (ii) waive the free cash flow financial covenant under the Note Purchase Agreement for the three months ended December 31, 2015, (iii) provide that such covenant need not be complied with for the fiscal quarters ending March 31, June 30 and September 30, 2016, (iv) revise the Keyes Plant market value to note indebtedness ratio to 65%, (v) add a covenant that the Company shall have received I-924 approval from the US Citizenship and Immigration Services for additional EB-5 Program financing of at least \$35 million by June 1, 2016 and (vi) increase the basket for all costs and expenses that may be reimbursed to directors of the Company and its affiliates to \$300,000 in any given fiscal year. As consideration for such amendment and waiver, the borrowers agreed to pay Third Eye Capital an amendment and waiver fee of \$1.5 million to be added to the outstanding principal balance of the Revolving Credit Facility, and to deliver a binding letter of intent from Aemetis Advanced Fuels Goodland, Inc. to acquire the plant, property and equipment located in Goodland, Kansas and previously owned by New Goodland Energy Center for \$15,000,000 in assumed debt. We will evaluate the amendment of the Notes and will determine accounting treatment in accordance with ASC 470-50 Debt – Modification and Extinguishment.

19. Management's Plan

The accompanying financial statements have been prepared contemplating the realization of assets and satisfaction of liabilities in the normal course of business. During 2015, the Company has been reliant on their senior secured lender and EB-5 notes to provide additional funding and has been required to remit substantially all excess cash from operations to the senior secured lender. Management's plans for the Company include:

- Operating the Keyes plant;
- Continuing to incorporate lower-cost, non-food advanced biofuels feedstock at the Keyes plant when economical;
- Attracting investors to financing arrangements including working with Advanced BioEnergy LP to issue up to \$12.5 million of additional EB-5 notes at 3% interest rate;
- Refinancing the senior debt with a lender who is able to offer terms conducive to the long term financing of the Keyes plant;
- Restructuring or refinancing the State Bank of India note to allow for additional working capital and reduce current financing costs; and
- Securing higher volumes of shipments from the Kakinada, India biodiesel and refined glycerin facility; and
- Offering our common stock by the ATM Registration Statement

Management believes that through the above mentioned actions it will be able to fund company operations and continue to operate the secured assets for the foreseeable future. There can be no assurance that the existing credit facilities and cash from operations will be sufficient or that the Company will be successful at maintaining adequate relationships with the senior lenders or significant shareholders. Should the Company require additional financing, there can be no assurances that the additional financing will be available on terms satisfactory to the Company.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: March 28, 2016

Aemetis, Inc.

/s/ ERIC A. MCAFEE
Eric A. McAfee
Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Eric A. McAfee and Todd A. Waltz, and each of them, his true and lawful attorneys-in-fact, each with full power of substitution, for him in any and all capacities, to sign any amendments to this report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Name	Title	Date
<u>/s/ ERIC A. MCAFEE</u> Eric A. McAfee	Chairman/Chief Executive Officer (Principal Executive Officer and Director)	March 28, 2016
<u>/s/TODD WALTZ</u> Todd Waltz	Chief Financial Officer (Principal Financial and Accounting Officer)	March 28, 2016
<u>/s/ FRANCIS BARTON</u> Fran Barton	Director	March 28, 2016
<u>/s/ JOHN R. BLOCK</u> John R. Block	Director	March 28, 2016
<u>/s/ DR. STEVEN HUTCHESON</u> Dr. Steven Hutcheson	Director	March 28, 2016
<u>/s/ HAROLD SORGENTI</u> Harold Sorgenti	Director	March 28, 2016

AEMETIS, INC.

Common Stock

(par value \$0.001 per share)

At Market Issuance Sales Agreement

March 23, 2016

FBR Capital Markets & Co.
300 North 17th Street
Suite 1400
North Arlington, Virginia 22209

MLV & Co. LLC
299 Park Avenue, 7th Floor
New York, NY 10171

Ladies and Gentlemen:

Aemetis, Inc., a Nevada corporation (the "Company"), confirms its agreement (this "Agreement") with FBR Capital Markets & Co. ("FBR") and MLV & Co. LLC ("MLV"; each of FBR and MLV individually a "Distribution Agent" and collectively the "Distribution Agents") as follows:

1. Issuance and Sale of Shares. The Company agrees that, from time to time during the term of this Agreement, on the terms and subject to the conditions set forth herein, it may issue and sell through the Distribution Agents shares (the "Placement Shares") of the Company's common stock, par value \$0.001 per share (the "Common Stock"); *provided however*, that in no event shall the Company issue or sell through the Distribution Agents such number of Placement Shares that (a) exceeds the number of shares or dollar amount of Common Stock registered on the effective Registration Statement (as defined below) pursuant to which the offering is being made, (b) exceeds the number of authorized but unissued shares of Common Stock, or (c) exceeds the number of shares or dollar amount registered on the Prospectus Supplement (as defined below) (the lesser of (a), (b) or (c) the "Maximum Amount"). Notwithstanding anything to the contrary contained herein, the parties hereto agree that compliance with the limitations set forth in this Section 1 on the number of Placement Shares issued and sold under this Agreement shall be the sole responsibility of the Company and that the Distribution Agents shall have no obligation in connection with such compliance, provided that the Distribution Agents shall not sell any more Placement Shares than the aggregate amount requested by the Company on all Placement Notices (as defined below). The issuance and sale of Placement Shares through the Distribution Agents will be effected pursuant to the Registration Statement (as defined below), although nothing in this Agreement shall be construed as requiring the Company to use the Registration Statement to issue any Placement Shares.

The Company has filed, in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "Securities Act"), with the Securities and Exchange Commission (the "Commission"), a registration statement on Form S-3 (File No. 333-197259), including a base prospectus, relating to certain securities, including the Placement Shares to be issued from time to time by the Company, and which incorporates by reference documents that the Company has filed or will file in accordance with the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "Exchange Act"). The Company has prepared a prospectus supplement to the base prospectus included as part of such registration statement specifically relating to the Placement Shares (the "Prospectus Supplement"). The Company will furnish to the Distribution Agents, for use by the Distribution Agents, copies of the base prospectus included as part of such registration statement, as supplemented by the Prospectus Supplement, relating to the Placement Shares. Except where the context otherwise requires, such registration statement, including all documents filed as part thereof or incorporated by reference therein, and including any information contained in a Prospectus (as defined below) subsequently filed with the Commission pursuant to Rule 424(b) under the Securities Act or deemed to be a part of such registration statement pursuant to Rule 430B of the Securities Act, is herein called the "Registration Statement." The base prospectus, including all documents incorporated or deemed incorporated therein by reference to the extent such information has not been superseded or modified in accordance with Rule 412 under the Securities Act (as qualified by Rule 430B(g) of the Securities Act), included in the Registration Statement, as it may be supplemented by the Prospectus Supplement, in the form in which such base prospectus and/or Prospectus Supplement have most recently been filed by the Company with the Commission pursuant to Rule 424(b) under the Securities Act, is herein called the "Prospectus." Any reference herein to the Registration Statement, the Prospectus or any amendment or supplement thereto shall be deemed to refer to and include the documents incorporated by reference therein, and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement or the Prospectus shall be deemed to refer to and include the filing after the execution hereof of any document with the Commission incorporated by reference therein (the "Incorporated Documents").

For purposes of this Agreement, all references to the Registration Statement, the Prospectus or to any amendment or supplement thereto shall be deemed to include the most recent copy filed with the Commission pursuant to its Electronic Data Gathering Analysis and Retrieval System, or if applicable, the Interactive Data Electronic Application system when used by the Commission (collectively, "EDGAR").

2. Placements. Each time that the Company wishes to issue and sell Placement Shares hereunder (each, a "Placement"), it will notify a Distribution Agent (the "Designated Distribution Agent") by email notice (or other method mutually agreed to in writing by the parties) of the number of Placement Shares, the time period during which sales are requested to be made, any limitation on the number of Placement Shares that may be sold in any one day and any minimum price below which sales may not be made (a "Placement Notice"), the form of which is attached hereto as Schedule 1. The Placement Notice shall originate from either of the individuals from the Company set forth on Schedule 3 (with a copy to each of the other individuals from the Company on such schedule listed), and shall be addressed to each of the individuals from the Designated Distribution Agent set forth on Schedule 3, as such Schedule 3 may be amended from time to time. The Placement Notice shall be effective immediately upon receipt by the Designated Distribution Agent unless and until (i) the Designated Distribution Agent declines to accept the terms contained therein for any reason, in its sole discretion, (ii) the entire amount of the Placement Shares thereunder has been sold, (iii) the Company suspends or terminates the Placement Notice or (iv) this Agreement has been terminated under the provisions of Section 13. The amount of any discount, commission or other compensation to be paid by the Company to the Designated Distribution Agent in connection with the sale of the Placement Shares shall be calculated in accordance with the terms set forth in Schedule 2. It is expressly acknowledged and agreed that neither the Company nor the Distribution Agents will have any obligation whatsoever with respect to a Placement or any Placement Shares unless and until the Company delivers a Placement Notice to the Designated Distribution Agent and the Designated Distribution Agent does not decline such Placement Notice pursuant to the terms set forth above, and then only upon the terms specified therein and herein. In the event of a conflict between the terms of Sections 2 or 3 of this Agreement and the terms of a Placement Notice, the terms of the Placement Notice will control.

3. Sale of Placement Shares by the Designated Distribution Agent.

a. Subject to the terms and conditions of this Agreement, for the period specified in a Placement Notice, the Designated Distribution Agent will use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of the NASDAQ Stock Market (the "Exchange"), to sell the Placement Shares up to the amount specified in, and otherwise in accordance with the terms of, such Placement Notice. The Designated Distribution Agent will provide written confirmation to the Company no later than the opening of the Trading Day (as defined below) immediately following the Trading Day on which it has made sales of Placement Shares hereunder setting forth the number of Placement Shares sold on such day, the compensation payable by the Company to the Designated Distribution Agent pursuant to Section 2 with respect to such sales, and the Net Proceeds (as defined below) payable to the Company, with an itemization of the deductions made by the Designated Distribution Agent (as set forth in Section 5(b)) from the gross proceeds that it receives from such sales. Subject to the terms of a Placement Notice, the Designated Distribution Agent may sell Placement Shares by any method permitted by law deemed to be an "at the market offering" as defined in Rule 415 of the Securities Act, including without limitation sales made directly on the Exchange, on any other existing trading market for the Common Stock or to or through a market maker. Subject to the terms of a Placement Notice, the Designated Distribution Agent may also sell, with the Company's consent, Placement Shares by any other method permitted by law, including but not limited to negotiated transactions. "Trading Day" means any day on which Common Stock is purchased and sold on the Exchange.

b. During the term of this Agreement, neither the Distribution Agents nor any of their respective affiliates or subsidiaries shall engage in (i) any short sale of any security of the Company, (ii) any sale of any security of the Company that the Distribution Agents do not own or any sale which is consummated by the delivery of a security of the Company borrowed by, or for the account of, the Distribution Agents, (iii) any proprietary trading or trading for the Distribution Agents' (or either of their respective affiliates' or subsidiaries') own account, or (vi) any market making, bidding, stabilization or other trading activity with regard to the Common Stock or related derivative securities if such activity would be prohibited under Regulation M or other anti-manipulation rules under the Securities Act.

4. Suspension of Sales. The Company or the Designated Distribution Agent may, upon notice to the other party in writing (including by email correspondence to each of the individuals of the other party set forth on Schedule 3, if receipt of such correspondence is actually acknowledged by any of the individuals to whom the notice is sent, other than via auto-reply) or by telephone (confirmed immediately by verifiable facsimile transmission or email correspondence to each of the individuals of the other party set forth on Schedule 3), suspend any sale of Placement Shares (a "Suspension"); *provided, however,* that such suspension shall not affect or impair any party's obligations with respect to any Placement Shares sold hereunder prior to the receipt of such notice. While a Suspension is in effect, any obligation under Sections 7(l), 7(m), and 7(n) with respect to the delivery of certificates, opinions, or comfort letters to the Distribution Agents, shall be waived. Each of the parties agrees that no such notice under this Section 4 shall be effective against any other party unless it is made to one of the individuals named on Schedule 3 hereto, as such Schedule may be amended from time to time.

5. Sale and Delivery to the Designated Distribution Agent; Settlement.

a. Sale of Placement Shares. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, upon the Designated Distribution Agent's acceptance of the terms of a Placement Notice, and unless the sale of the Placement Shares described therein has been declined, suspended, or otherwise terminated in accordance with the terms of this Agreement, the Designated Distribution Agent, for the period specified in the Placement Notice, will use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of the Exchange to sell such Placement Shares up to the amount specified in, and otherwise in accordance with the terms of, such Placement Notice. The Company acknowledges and agrees that (i) there can be no assurance that the Designated Distribution Agent will be successful in selling Placement Shares, (ii) the Designated Distribution Agent will incur no liability or obligation to the Company or any other person or entity if it does not sell Placement Shares for any reason other than a failure by the Designated Distribution Agent to use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of the Exchange to sell such Placement Shares as required under this Agreement and (iii) the Designated Distribution Agent shall be under no obligation to purchase Placement Shares on a principal basis pursuant to this Agreement, except as otherwise agreed by the Designated Distribution Agent and the Company.

b. Settlement of Placement Shares. Unless otherwise specified in the applicable Placement Notice, settlement for sales of Placement Shares will occur on the third (3rd) Trading Day (or such earlier day as is industry practice for regular-way trading) following the date on which such sales are made (each, a "Settlement Date"). The amount of proceeds to be delivered to the Company on a Settlement Date against receipt of the Placement Shares sold (the "Net Proceeds") will be equal to the aggregate sales price received by the Designated Distribution Agent, after deduction for (i) the Designated Distribution Agent's commission, discount or other compensation for such sales payable by the Company pursuant to Section 2 hereof, and (ii) any transaction fees imposed by any governmental or self-regulatory organization in respect of such sales.

c. Delivery of Placement Shares. On or before each Settlement Date, the Company will, or will cause its transfer agent to, electronically transfer the Placement Shares being sold by crediting the Designated Distribution Agent's or its designee's account (provided the Designated Distribution Agent shall have given the Company written notice of such designee and such designee's account information at least one Trading Day prior to the Settlement Date) at The Depository Trust Company through its Deposit and Withdrawal at Custodian System or by such other means of delivery as may be mutually agreed upon by the parties hereto which in all cases shall be freely tradable, transferable, registered shares in good deliverable form. On each Settlement Date, the Designated Distribution Agent will deliver the related Net Proceeds in same day funds to an account designated by the Company on, or prior to, the Settlement Date. The Company agrees that if the Company, or its transfer agent (if applicable), defaults in its obligation to deliver Placement Shares on a Settlement Date through no fault of the Designated Distribution Agent, then in addition to and in no way limiting the rights and obligations set forth in Section 11(a) hereto, it will (i) hold the Designated Distribution Agent harmless against any loss, claim, damage, or reasonable, documented expense (including reasonable and documented legal fees and expenses), as incurred, arising out of or in connection with such default by the Company or its transfer agent (if applicable) and (ii) pay to the Designated Distribution Agent (without duplication) any commission, discount, or other compensation to which it would otherwise have been entitled absent such default.

d. Limitations on Offering Size. Under no circumstances shall the Company cause or request the offer or sale of any Placement Shares if, after giving effect to the sale of such Placement Shares, the aggregate number of Placement Shares sold pursuant to this Agreement would exceed the lesser of (A) together with all sales of Placement Shares under this Agreement, the Maximum Amount, (B) the amount available for offer and sale under the currently effective Registration Statement and (C) the amount authorized from time to time to be issued and sold under this Agreement by the Company's board of directors, a duly authorized committee thereof or a duly authorized executive committee, and notified to the Designated Distribution Agent in writing. Under no circumstances shall the Company cause or request the offer or sale of any Placement Shares pursuant to this Agreement at a price lower than the minimum price authorized from time to time by the Company's board of directors, a duly authorized committee thereof or a duly authorized executive committee, and notified to the Designated Distribution Agent in writing.

e. Sales Through Distribution Agent. The Company agrees that any offer to sell, any solicitation of an offer to buy, or any sales of Common Stock or any other equity security of the Company on any single given date shall only be effected by or through a Distribution Agent, and only a single Distribution Agent, and in no event shall the Company request that more than one Distribution Agent sell Securities on the same day; provided however, that (i) the foregoing limitation shall not apply to (A) the exercise of any option, warrant, right or any conversion privilege set forth in the instruction governing such securities, (B) sales solely to employees, directors or security holders of the Company or its subsidiaries, or to a trustee or other person acquiring such securities for the accounts of such person and (ii) such limitation shall not apply (A) on any day during which no sales are made pursuant to this Agreement or (B) during a period in which the Company has notified the Distribution Agents that it will not sell Common Stock under this Agreement and (1) no Placement Notice is pending or (2) after a Placement Notice has been withdrawn.

6. Representations and Warranties of the Company. Except as disclosed in the Registration Statement or Prospectus (including the Incorporated Documents), the Company represents and warrants to, and agrees with each of the Distribution Agents that as of the date of this Agreement and as of each Applicable Time (as defined below), unless such representation, warranty or agreement specifies a different date or time:

a. Registration Statement and Prospectus. The Company and, assuming no act or omission on the part of the Distribution Agents that would make such statement untrue, the transactions contemplated by this Agreement meet the requirements for and comply with the conditions for the use of Form S-3 under the Securities Act. The Registration Statement has been filed with the Commission and has been declared effective under the Securities Act. The Prospectus Supplement will name FBR and MLV as the agents in the section entitled "Plan of Distribution." The Company has not received, and has no notice of, any order of the Commission preventing or suspending the use of the Registration Statement, or threatening or instituting proceedings for that purpose. The Registration Statement and the offer and sale of Placement Shares as contemplated hereby meet the requirements of Rule 415 under the Securities Act and comply in all material respects with said Rule. Any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement have been so described or filed, as applicable. Copies of the Registration Statement, the Prospectus, and any such amendments or supplements and all documents incorporated by reference therein that were filed with the Commission on or prior to the date of this Agreement have been delivered, or are available through EDGAR, to the Distribution Agents and their counsel. The Company has not distributed and, prior to the later to occur of each Settlement Date and completion of the distribution of the Placement Shares, will not distribute any offering material in connection with the offering or sale of the Placement Shares other than the Registration Statement and the Prospectus and any Issuer Free Writing Prospectus (as defined below) to which the Distribution Agents have consented. The Common Stock is currently quoted on the Exchange. The Company has not, in the 12 months preceding the date hereof, received notice from the Exchange to the effect that the Company is not in compliance with the listing or maintenance requirements of the Exchange. To the Company's knowledge, it is in compliance with all such listing and maintenance requirements.

b. No Misstatement or Omission. At each Settlement Date, the Registration Statement and the Prospectus, as of such date, will conform in all material respects with the requirements of the Securities Act. The Registration Statement, when it became effective, did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus and any amendment and supplement thereto, on the date thereof and at each Applicable Time (defined below), did not or will not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The documents incorporated by reference in the Prospectus or any Prospectus Supplement did not, and any further documents filed and incorporated by reference therein will not, when filed with the Commission, contain an untrue statement of a material fact or omit to state a material fact required to be stated in such document or necessary to make the statements in such document, in light of the circumstances under which they were made, not misleading. The foregoing shall not apply to statements in, or omissions from, any such document made in reliance upon, and in conformity with, information furnished to the Company by a Distribution Agent specifically for use in the preparation thereof.

c. Conformity with Securities Act and Exchange Act. The Registration Statement, the Prospectus, any Issuer Free Writing Prospectus or any amendment or supplement thereto, and the Incorporated Documents, when such documents were or are filed with the Commission under the Securities Act or the Exchange Act or became or become effective under the Securities Act, as the case may be, conformed or will conform in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable.

d. Financial Information. The consolidated financial statements of the Company included or incorporated by reference in the Registration Statement and the Prospectus, together with the related notes and schedules, present fairly, in all material respects, the consolidated financial position of the Company and the Subsidiaries (as defined below) as of the dates indicated and the consolidated results of operations, cash flows and changes in stockholders' equity of the Company and the Subsidiaries for the periods specified (subject, in the case of unaudited statements, to normal year-end audit adjustments which will not be material, either individually or in the aggregate) and have been prepared in compliance with the published requirements of the Securities Act and Exchange Act, as applicable, and in conformity with generally accepted accounting principles in the United States ("GAAP") applied on a consistent basis (except (i) for such adjustments to accounting standards and practices as are noted therein and (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) during the periods involved; the other financial and statistical data with respect to the Company and the Subsidiaries contained or incorporated by reference in the Registration Statement and the Prospectus are accurately and fairly presented and prepared on a basis consistent with the financial statements and books and records of the Company; there are no financial statements (historical or pro forma) that are required to be included or incorporated by reference in the Registration Statement or the Prospectus that are not included or incorporated by reference as required; the Company and the Subsidiaries do not have any material liabilities or obligations, direct or contingent (including any off balance sheet obligations), not described in the Registration Statement and the Prospectus which are required to be described in the Registration Statement or Prospectus; and all disclosures contained or incorporated by reference in the Registration Statement and the Prospectus, if any, regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Securities Act, to the extent applicable.

e. Conformity with EDGAR Filing. The Prospectus delivered to the Distribution Agents for use in connection with the sale of the Placement Shares pursuant to this Agreement will be identical to the versions of the Prospectus created to be transmitted to the Commission for filing via EDGAR, except to the extent permitted by Regulation S-T.

f. Organization. The Company and any subsidiary that is a significant subsidiary (as such term is defined in Rule 1-02 of Regulation S-X promulgated by the Commission) (each, a "Subsidiary", collectively, the "Subsidiaries"), are duly organized, validly existing and in good standing under the laws of their respective jurisdictions of organization. The Company and the Subsidiaries are duly licensed or qualified as foreign entities for transaction of business and in good standing under the laws of each other jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such license or qualification, and have all corporate or other power and authority necessary to own or hold their respective properties and to conduct their respective businesses as described in the Registration Statement and the Prospectus, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, have a material adverse effect on the assets, business, operations, earnings, properties condition (financial or otherwise), prospects, stockholders' equity or results of operations of the Company and the Subsidiaries taken as a whole, or prevent the consummation of the transactions contemplated hereby (a "Material Adverse Effect").

g. Subsidiaries. As of the date hereof, the Company's only Subsidiaries are set forth on Schedule 6(g). The Company owns directly or indirectly, all of the equity interests of the Subsidiaries free and clear of any lien, charge, security interest, encumbrance, right of first refusal or other restriction, and all the equity interests of the Subsidiaries are validly issued and are fully paid, nonassessable and free of preemptive and similar rights.

h. No Violation or Default. Neither the Company nor any Subsidiary is (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other similar agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary is bound or to which any of the property or assets of the Company or any Subsidiary is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of each of clauses (ii) and (iii) above, for any such violation or default that would not, individually or in the aggregate, have a Material Adverse Effect. To the Company's knowledge, no other party under any material contract or other agreement to which it or any Subsidiary is a party is in default in any respect thereunder where such default would have a Material Adverse Effect.

i. No Material Adverse Effect. Since the date of the most recent financial statements of the Company included or incorporated by reference in the Registration Statement and Prospectus, there has not been (i) any Material Adverse Effect, or any development that would result in a Material Adverse Effect, (ii) any transaction which is material to the Company and the Subsidiaries taken as a whole, (iii) any obligation or liability, direct or contingent (including any off-balance sheet obligations), incurred by the Company or the Subsidiaries, which is material to the Company and the Subsidiaries taken as a whole, (iv) any material change in the capital stock (other than (A) the grant of additional options under the Company's existing stock option plans, (B) changes in the number of outstanding Common Stock of the Company due to the issuance of shares upon the exercise or conversion of securities exercisable for, or convertible into, Common Stock outstanding on the date hereof, (C) as a result of the issuance of Placement Shares, (D) any repurchases of capital stock of the Company, (E) as described in a proxy statement filed on Schedule 14A or a Registration Statement on Form S-4, or (F) otherwise publicly announced) or outstanding long-term indebtedness of the Company or the Subsidiaries or (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company or any Subsidiary, other than in each case above in the ordinary course of business or as otherwise disclosed in the Registration Statement or Prospectus (including any document incorporated by reference therein).

j. Capitalization. The issued and outstanding shares of capital stock of the Company have been validly issued, are fully paid and non-assessable and are not subject to any preemptive rights, rights of first refusal or similar rights. The Company has an authorized, issued and outstanding capitalization as set forth in the Registration Statement and the Prospectus as of the dates referred to therein (other than (i) the grant of additional options under the Company's existing stock option plans, (ii) changes in the number of outstanding Common Stock of the Company due to the issuance of shares upon the exercise or conversion of securities exercisable for, or convertible into, Common Stock outstanding on the date hereof, (iii) as a result of the issuance of Placement Shares, or (iv) any repurchases of capital stock of the Company) and such authorized capital stock conforms to the description thereof set forth in the Registration Statement and the Prospectus. The description of the Common Stock in the Registration Statement and the Prospectus is complete and accurate in all material respects.

k. Authorization; Enforceability. The Company has full legal right, power and authority to enter into this Agreement and perform the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Company and is a legal, valid and binding agreement of the Company enforceable against the Company in accordance with its terms, except to the extent that (i) enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles and (ii) the indemnification and contribution provisions of Section 11 hereof may be limited by federal or state securities laws and public policy considerations in respect thereof.

l. Authorization of Placement Shares. The Placement Shares, when issued and delivered pursuant to the terms approved by the board of directors of the Company or a duly authorized committee thereof, or a duly authorized executive committee, against payment therefor as provided herein, will be duly and validly authorized and issued and fully paid and nonassessable, free and clear of any pledge, lien, encumbrance, security interest or other claim (other than any pledge, lien, encumbrance, security interest or other claim arising from an act or omission of a Distribution Agent or a purchaser), including any statutory or contractual preemptive rights, resale rights, rights of first refusal or other similar rights, and will be registered pursuant to Section 12 of the Exchange Act. The Placement Shares, when issued, will conform in all material respects to the description thereof set forth in or incorporated into the Prospectus.

m. No Consents Required. No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or any governmental or regulatory authority is required for the execution, delivery and performance by the Company of this Agreement, and the issuance and sale by the Company of the Placement Shares as contemplated hereby, except for such consents, approvals, authorizations, orders and registrations or qualifications (i) as may be required under applicable state securities laws or by the by-laws and rules of the Financial Industry Regulatory Authority ("FINRA") or the Exchange, including any notices that may be required by the Exchange, in connection with the sale of the Placement Shares by the Distribution Agents, (ii) as may be required under the Securities Act and (iii) as have been previously obtained by the Company.

n. No Preferential Rights. (i) No person, as such term is defined in Rule 1-02 of Regulation S-X promulgated under the Securities Act (each, a "Person"), has the right, contractual or otherwise, to cause the Company to issue or sell to such Person any Common Stock or shares of any other capital stock or other securities of the Company (other than upon the exercise of options or warrants to purchase Common Stock or upon the exercise of options that may be granted from time to time under the Company's stock option plans), (ii) no Person has any preemptive rights, rights of first refusal, or any other rights (whether pursuant to a "poison pill" provision or otherwise) to purchase any Common Stock or shares of any other capital stock or other securities of the Company from the Company which have not been duly waived with respect to the offering contemplated hereby, (iii) no Person has the right to act as an underwriter or as a financial advisor to the Company in connection with the offer and sale of the Common Stock, and (iv) no Person has the right, contractual or otherwise, to require the Company to register under the Securities Act any Common Stock or shares of any other capital stock or other securities of the Company, or to include any such shares or other securities in the Registration Statement or the offering contemplated thereby, whether as a result of the filing or effectiveness of the Registration Statement or the sale of the Placement Shares as contemplated thereby or otherwise, except in each case for such rights as have been waived on or prior to the date hereof.

o. Independent Public Accountant. RSM US LLP (formerly McGladrey LLP) (the "Accountant"), whose report on the consolidated financial statements of the Company is filed with the Commission as part of the Company's most recent Annual Report on Form 10-K filed with the Commission and incorporated into the Registration Statement, are and, during the periods covered by their report, were independent public accountants within the meaning of the Securities Act and the Public Company Accounting Oversight Board (United States). To the Company's knowledge, the Accountant is not in violation of the auditor independence requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") with respect to the Company.

p. Enforceability of Agreements. All agreements between the Company and third parties expressly referenced in the Prospectus, other than such agreements that have expired by their terms or whose termination is disclosed in documents filed by the Company on EDGAR, are legal, valid and binding obligations of the Company and, to the Company's knowledge, enforceable in accordance with their respective terms, except to the extent that (i) enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles and (ii) the indemnification provisions of certain agreements may be limited by federal or state securities laws or public policy considerations in respect thereof, and except for any unenforceability that, individually or in the aggregate, would not have a Material Adverse Effect.

q. No Litigation. There are no legal, governmental or regulatory actions, suits or proceedings pending, nor, to the Company's knowledge, any legal, governmental or regulatory investigations, to which the Company or a Subsidiary is a party or to which any property of the Company or any Subsidiary is the subject that, individually or in the aggregate, would have a Material Adverse Effect or materially and adversely affect the ability of the Company to perform its obligations under this Agreement; to the Company's knowledge, no actions, suits or proceedings are threatened or contemplated by any governmental or regulatory authority or threatened by others that, individually or in the aggregate would reasonably be expected to have a Material Adverse Effect; and there are no current or pending legal, governmental or regulatory actions, suits, proceedings or, to the Company's knowledge, investigations that are required under the Securities Act to be described in the Prospectus that are not described in the Prospectus (including any Incorporated Document).

r. Licenses and Permits. The Company and the Subsidiaries possess or have obtained, all licenses, certificates, consents, orders, approvals, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in the Registration Statement and the Prospectus (the "Permits"), except where the failure to possess, obtain or make the same would not, individually or in the aggregate, have a Material Adverse Effect. Neither the Company nor any Subsidiary has received written notice of any proceeding relating to revocation or modification of any such Permit or has any reason to believe that such Permit will not be renewed in the ordinary course, except where the failure to obtain any such renewal would not, individually or in the aggregate, have a Material Adverse Effect.

s. No Material Defaults. Neither the Company nor any Subsidiary is in default on any installment on indebtedness for borrowed money or on any rental on one or more long-term leases, which defaults, individually or in the aggregate, would have a Material Adverse Effect. The Company has not filed a report pursuant to Section 13(a) or 15(d) of the Exchange Act since the filing of its last Annual Report on Form 10-K, indicating that it (i) has failed to pay any dividend or sinking fund installment on preferred stock or (ii) has defaulted on any installment on indebtedness for borrowed money or on any rental on one or more long-term leases, which defaults, individually or in the aggregate, would have a Material Adverse Effect.

t. Certain Market Activities. Neither the Company, nor any Subsidiary, nor, to the knowledge of the Company, any of their respective directors, officers or controlling persons has taken, directly or indirectly, any action designed, or that has constituted or would cause or result in, under the Exchange Act or otherwise, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Placement Shares.

u. Broker/Dealer Relationships. Neither the Company nor any Subsidiary or any related entities (i) is required to register as a "broker" or "dealer" in accordance with the provisions of the Exchange Act or (ii) directly or indirectly through one or more intermediaries, controls or is a "person associated with a member" or "associated person of a member" (within the meaning set forth in the FINRA Manual).

v. No Reliance. The Company has not relied upon either of the Distribution Agents or legal counsel for the Distribution Agents for any legal, tax or accounting advice in connection with the offering and sale of the Placement Shares.

w. Taxes. The Company and the Subsidiaries have filed all federal, state, local and foreign tax returns which have been required to be filed and paid all taxes shown thereon through the date hereof, to the extent that such taxes have become due and are not being contested in good faith, except where the failure to do so would not have a Material Adverse Effect. Except as otherwise disclosed in or contemplated by the Registration Statement or the Prospectus, no tax deficiency has been determined adversely to the Company or any Subsidiary which has had, or would have, individually or in the aggregate, a Material Adverse Effect. The Company has no knowledge of any federal, state or other governmental tax deficiency, penalty or assessment which has been or might be asserted or threatened against it which could have a Material Adverse Effect.

x. Title to Real and Personal Property. The Company and the Subsidiaries have good and valid title to all items of real property and good and valid title to all personal property (excluding intellectual property, which is addressed below) described in the Registration Statement or Prospectus as being owned by them that are material to the businesses of the Company or such Subsidiary, in each case free and clear of all liens, encumbrances and claims, except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries or (ii) would not, individually or in the aggregate, have a Material Adverse Effect. Any real property described in the Registration Statement or Prospectus as being leased by the Company and the Subsidiaries is held by them under valid, existing and enforceable leases, except those that (A) do not materially interfere with the use made or proposed to be made of such property by the Company or the Subsidiaries or (B) would not, individually or in the aggregate, have a Material Adverse Effect.

y. Intellectual Property. The Company and the Subsidiaries own or possess adequate enforceable rights to use all patents, patent applications, trademarks (both registered and unregistered), service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) (collectively, the "Intellectual Property"), necessary for the conduct of their respective businesses as conducted as of the date hereof, except to the extent that the failure to own or possess adequate rights to use such Intellectual Property would not, individually or in the aggregate, have a Material Adverse Effect; the Company and the Subsidiaries have not received any written notice of any claim of infringement or conflict with asserted Intellectual Property rights of others, which infringement or conflict would reasonably be expected to result in a Material Adverse Effect; there are no pending, or to the Company's knowledge, threatened judicial proceedings or interference proceedings against the Company or its Subsidiaries challenging the Company's or any of its Subsidiary's rights in or to or the validity of the scope of any of the Company's or any Subsidiary's patents, patent applications or proprietary information; no other entity or individual has any right or claim in any patents, patent applications or any patent to be issued therefrom that are owned or purported to be owned by the Company or any of its Subsidiaries by virtue of any contract, license or other agreement entered into between such entity or individual and the Company or any Subsidiary or by any non-contractual obligation, other than by written licenses granted by the Company or any Subsidiary, except as would not, individually or in the aggregate, have a Material Adverse Effect; the Company and the Subsidiaries have not received any written notice of any claim challenging the rights of the Company or its Subsidiaries in or to any Intellectual Property owned, licensed or optioned by the Company or any Subsidiary which claim, if the subject of an unfavorable decision would result in a Material Adverse Effect.

z. Environmental Laws. The Company and the Subsidiaries (i) are in compliance with any and all applicable federal, state, local and foreign laws, rules, regulations, decisions and orders relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "Environmental Laws"); (ii) have received and are in compliance with all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses as described in the Registration Statement and the Prospectus; and (iii) have not received notice of any actual or potential liability for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, except, in the case of any of clauses (i), (ii) or (iii) above, for any such failure to comply or failure to receive required permits, licenses, other approvals or liability as would not, individually or in the aggregate, have a Material Adverse Effect.

aa. Disclosure Controls. The Company maintains a system of internal accounting controls designed to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company is not aware of any material weaknesses in its internal control over financial reporting (other than as set forth in the Registration Statement or the Prospectus). Since the date of the latest audited financial statements of the Company included in the Prospectus, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting (other than as set forth in the Registration Statement or the Prospectus). The Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 and 15d-15) that comply with the requirements of the Exchange Act. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures as of a date within 90 days prior to the filing date of the Form 10-K for the fiscal year most recently ended (such date, the "Evaluation Date"). The Company presented in its Form 10-K for the fiscal year most recently ended the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the most recent Evaluation Date, and the "disclosure controls and procedures" are effective.

bb. Sarbanes-Oxley Act. There is and has been no failure on the part of the Company or, to the knowledge of the Company, any of the Company's directors or officers, in their capacities as such, to comply in all material respects with any applicable provisions of the Sarbanes-Oxley Act and the rules and regulations promulgated thereunder. Each of the principal executive officer and the principal financial officer of the Company (or each former principal executive officer of the Company and each former principal financial officer of the Company as applicable) has made all certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act with respect to all reports, schedules, forms, statements and other documents required to be filed by it or furnished by it to the Commission during the past 12 months. For purposes of the preceding sentence, "principal executive officer" and "principal financial officer" shall have the meanings given to such terms in the Exchange Act Rules 13a-15 and 15d-15.

cc. Finder's Fees. Neither the Company nor any Subsidiary has incurred any liability for any finder's fees, brokerage commissions or similar payments in connection with the transactions herein contemplated, except as may otherwise exist with respect to the Distribution Agents pursuant to this Agreement.

dd. Labor Disputes. No labor disturbance by or dispute with employees of the Company or any Subsidiary exists or, to the knowledge of the Company, is threatened which would result in a Material Adverse Effect.

ee. Investment Company Act. The Company is not nor after giving effect to the offering and sale of the Placement Shares, will be required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, (the "Investment Company Act").

ff. Operations. The operations of the Company and the Subsidiaries are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions to which the Company or the Subsidiaries are subject, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency having jurisdiction over the Company (collectively, the "Money Laundering Laws"), except where the failure to be in such compliance would not result in a Material Adverse Effect; and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

gg. Off-Balance Sheet Arrangements. There are no transactions, arrangements and other relationships between and/or among the Company, and/or, to the knowledge of the Company, any of its affiliates and any unconsolidated entity, including, but not limited to, any structured finance, special purpose or limited purpose entity (each, an "Off Balance Sheet Transaction") that would affect materially the Company's liquidity or the availability of or requirements for its capital resources, including those Off Balance Sheet Transactions described in the Commission's Statement about Management's Discussion and Analysis of Financial Conditions and Results of Operations (Release Nos. 33-8056; 34-45321; FR-61), required to be described in the Registration Statement or the Prospectus which have not been described as required.

hh. Underwriter Agreements. The Company is not a party to any agreement with an agent or underwriter for any other "at-the-market" or continuous equity transaction.

ii. ERISA. To the knowledge of the Company, (i) each material employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is maintained, administered or contributed to by the Company or any of its affiliates for employees or former employees of the Company and the Subsidiaries has been maintained in material compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Internal Revenue Code of 1986, as amended (the "Code"); (ii) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred which would result in a material liability to the Company with respect to any such plan excluding transactions effected pursuant to a statutory or administrative exemption; and (iii) for each such plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA, no "accumulated funding deficiency" as defined in Section 412 of the Code has been incurred, whether or not waived, and the fair market value of the assets of each such plan (excluding for these purposes accrued but unpaid contributions) equals or exceeds the present value of all benefits accrued under such plan determined using reasonable actuarial assumptions, other than, in the case of (i), (ii) and (iii) above, as would not have a Material Adverse Effect.

jj. Forward-Looking Statements. No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) (a "Forward-Looking Statement") contained in the Registration Statement and the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

kk. Margin Rules. Neither the issuance, sale and delivery of the Placement Shares nor the application of the proceeds thereof by the Company as described in the Registration Statement and the Prospectus will violate Regulation T, U or X of the Board of Governors of the Federal Reserve System.

ll. Insurance. The Company and the Subsidiaries carry, or are covered by, insurance in such amounts and covering such risks as the Company and the Subsidiaries reasonably believe are adequate for the conduct of their business.

mm. No Improper Practices. (i) Neither the Company nor, to the Company's knowledge, the Subsidiaries, nor to the Company's knowledge, any of their respective executive officers has, in the past five years, made any unlawful contributions to any candidate for any political office (or failed fully to disclose any contribution in violation of law) or made any contribution or other payment to any official of, or candidate for, any federal, state, municipal, or foreign office or other person charged with similar public or quasi-public duty in violation of any law or of the character required to be disclosed in the Prospectus; (ii) no relationship, direct or indirect, exists between or among the Company or, to the Company's knowledge, the Subsidiaries or any affiliate of any of them, on the one hand, and the directors, officers and stockholders of the Company or, to the Company's knowledge, the Subsidiaries, on the other hand, that is required by the Securities Act to be described in the Registration Statement and the Prospectus that is not so described; (iii) no relationship, direct or indirect, exists between or among the Company or the Subsidiaries or any affiliate of them, on the one hand, and the directors, officers, stockholders or directors of the Company or, to the Company's knowledge, the Subsidiaries, on the other hand, that is required by the rules of FINRA to be described in the Registration Statement and the Prospectus that is not so described; (iv) there are no material outstanding loans or advances or material guarantees of indebtedness by the Company or, to the Company's knowledge, the Subsidiaries to or for the benefit of any of their respective officers or directors or any of the members of the families of any of them; and (v) the Company has not offered, or caused any placement agent to offer, Common Stock to any person with the intent to influence unlawfully (A) a customer or supplier of the Company or the Subsidiaries to alter the customer's or supplier's level or type of business with the Company or the Subsidiaries or (B) a trade journalist or publication to write or publish favorable information about the Company or the Subsidiaries or any of their respective products or services, and, (vi) neither the Company nor the Subsidiaries nor, to the Company's knowledge, any employee or agent of the Company or the Subsidiaries has made any payment of funds of the Company or the Subsidiaries or received or retained any funds in violation of any anti-corruption law, rule, or regulation (including, without limitation, the Foreign Corrupt Practices Act of 1977), which payment, receipt or retention of funds is of a character required to be disclosed in the Registration Statement or the Prospectus.

nn. Status Under the Securities Act. The Company was not and is not an ineligible issuer as defined in Rule 405 under the Securities Act at the times specified in Rules 164 and 433 under the Securities Act in connection with the offering of the Placement Shares.

oo. No Misstatement or Omission in an Issuer Free Writing Prospectus. Each Issuer Free Writing Prospectus, as of its issue date and as of each Applicable Time (as defined in Section 25 below), did not, does not and will not, through the completion of the Placement or Placements for which such Issuer Free Writing Prospectus is issued, when taken together with the Registration Statement or the Prospectus, contain any misstatement of a material fact or omit to state a material fact necessary to prevent the statements made therein from being misleading.. The foregoing sentence does not apply to statements in or omissions from any Issuer Free Writing Prospectus based upon and in conformity with written information furnished to the Company by the Distribution Agents specifically for use therein.

pp. No Conflicts. Neither the execution of this Agreement, nor the issuance, offering or sale of the Placement Shares, nor the consummation of any of the transactions contemplated herein and therein, nor the compliance by the Company with the terms and provisions hereof and thereof will conflict with, or will result in a breach of, any of the terms and provisions of, or has constituted or will constitute a default under, or has resulted in or will result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any contract or other agreement to which the Company may be bound or to which any of the property or assets of the Company is subject, except (i) such conflicts, breaches or defaults as may have been waived and (ii) such conflicts, breaches and defaults that would not have a Material Adverse Effect; nor will such action result (x) in any violation of the provisions of the organizational or governing documents of the Company, or (y) in any material violation of the provisions of any statute or any order, rule or regulation applicable to the Company or of any court or of any federal, state or other regulatory authority or other government body having jurisdiction over the Company, except where such violation would not have a Material Adverse Effect.

qq. OFAC.

(i) Neither the Company nor any Subsidiary (collectively, the "Entity") nor, to the Company's knowledge, any director, officer, employee, agent, affiliate or representative of the Entity, is a government, individual, or entity (in this paragraph (pp), "Person") that is, or is owned or controlled by a Person that is:

(a) currently the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), the United Nations Security Council ("UNSC"), the European Union ("EU"), or Her Majesty's Treasury ("HMT") (collectively, "Sanctions"), nor

(b) located, organized or resident in a country or territory that is the target of Sanctions.

(ii) The Entity will not, directly or indirectly, knowingly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(a) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the target of Sanctions; or

(b) in any other manner that will result in a violation of Sanctions by the Entity or the Distribution Agents.

(iii) The Entity represents and covenants that, except as detailed in the Prospectus, for the past 5 years, it has not knowingly engaged in and is not now knowingly engaged in any dealing or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the target of Sanctions.

rr. Stock Transfer Taxes. On each Settlement Date, all material stock transfer or other taxes (other than income taxes) which are required to be paid in connection with the sale and transfer of the Placement Shares to be sold hereunder will be, or will have been, fully paid or provided for by the Company and all laws imposing such taxes will be or will have been fully complied with by the Company in all material respects.

Any certificate signed by an officer of the Company and delivered to a Distribution Agent or to counsel for a Distribution Agent pursuant to or in connection with this Agreement shall be deemed to be a representation and warranty by the Company, as applicable, to the Distribution Agents as to the matters set forth therein.

7. Covenants of the Company. The Company covenants and agrees with each of the Distribution Agents that:

a. Registration Statement Amendments. After the date of this Agreement and during any period in which a prospectus relating to any Placement Shares is required to be delivered by the Distribution Agents under the Securities Act (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act) (the "Prospectus Delivery Period") (i) the Company will notify the Distribution Agents promptly of the time when any subsequent amendment to the Registration Statement, other than documents incorporated by reference or amendments not related to any Placement, has been filed with the Commission and/or has become effective or any subsequent supplement to the Prospectus has been filed and of any request by the Commission for any amendment or supplement to the Registration Statement or Prospectus related to the Placement or for additional information related to the Placement, (ii) the Company will prepare and file with the Commission, promptly upon either of the Distribution Agents' request, any amendments or supplements to the Registration Statement or Prospectus that, in the reasonable opinion of counsel of the Distribution Agents, is necessary in connection with the distribution of the Placement Shares by a Distribution Agent (provided, however, that the failure of the Distribution Agents to make such request shall not relieve the Company of any obligation or liability hereunder, or affect the Distribution Agents' right to rely on the representations and warranties made by the Company in this Agreement; (iii) the Company will not file any amendment or supplement to the Registration Statement or Prospectus relating to the Placement Shares or a security convertible into the Placement Shares (other than an Incorporated Document) unless a copy thereof has been submitted to the Distribution Agents within a reasonable period of time before the filing and either of the Distribution Agents has not reasonably objected thereto (provided, however, that (A) the failure of the Distribution Agents to make such objection shall not relieve the Company of any obligation or liability hereunder, or affect the Distribution Agents' right to rely on the representations and warranties made by the Company in this Agreement and (B) the Company has no obligation to provide the Distribution Agents any advance copy of such filing or to provide the Distribution Agents an opportunity to object to such filing if the filing does not name the Distribution Agents or does not relate to the transaction herein provided; and provided, further, that the only remedy the Distribution Agents shall have with respect to the failure by the Company to obtain such consent shall be to cease making sales under this Agreement) and the Company will furnish to the Distribution Agents at the time of filing thereof a copy of any document that upon filing is deemed to be incorporated by reference into the Registration Statement or Prospectus, except for those documents available via EDGAR; and (iv) the Company will cause each amendment or supplement to the Prospectus to be filed with the Commission as required pursuant to the applicable paragraph of Rule 424(b) of the Securities Act or, in the case of any document to be incorporated therein by reference, to be filed with the Commission as required pursuant to the Exchange Act, within the time period prescribed (the determination to file or not file any amendment or supplement with the Commission under this Section 7(a), based on the Company's reasonable opinion or reasonable objections, shall be made exclusively by the Company).

b. Notice of Commission Stop Orders. The Company will advise the Distribution Agents, promptly after it receives notice or obtains knowledge thereof, of the issuance or threatened issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, of the suspension of the qualification of the Placement Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceeding for any such purpose; and it will use its commercially reasonable efforts to prevent the issuance of any stop order or to obtain its withdrawal if such a stop order should be issued. The Company will advise the Distribution Agents promptly after it receives any request by the Commission for any amendments to the Registration Statement or any amendment or supplements to the Prospectus or any Issuer Free Writing Prospectus or for additional information related to the offering of the Placement Shares or for additional information related to the Registration Statement, the Prospectus or any Issuer Free Writing Prospectus.

c. Delivery of Prospectus; Subsequent Changes. During the Prospectus Delivery Period, the Company will comply with all requirements imposed upon it by the Securities Act, as from time to time in force, and to file on or before their respective due dates all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to the Exchange Act. If the Company has omitted any information from the Registration Statement pursuant to Rule 430A under the Securities Act, it will use its commercially reasonable efforts to comply with the provisions of and make all requisite filings with the Commission pursuant to said Rule 430A and to notify the Distribution Agents promptly of all such filings. If during the Prospectus Delivery Period any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such Prospectus Delivery Period it is necessary to amend or supplement the Registration Statement or Prospectus to comply with the Securities Act, the Company will promptly notify the Designated Distribution Agent to suspend the offering of Placement Shares during such period and the Company will promptly amend or supplement the Registration Statement or Prospectus (at the expense of the Company) so as to correct such statement or omission or effect such compliance; provided, however, that the Company may delay the filing of any amendment or supplement, if in the judgment of the Company, it is in the best interest of the Company and provided, further, that the only remedy the Distribution Agents shall have with respect to the failure to make such filing shall be to cease making sales under this Agreement until such amendment or supplement is filed).

d. Listing of Placement Shares. During the Prospectus Delivery Period, the Company will use its commercially reasonable efforts to cause the Placement Shares to be listed on the Exchange and to qualify the Placement Shares for sale under the securities laws of such jurisdictions in the United States as each of the Distribution Agents reasonably designates and to continue such qualifications in effect so long as required for the distribution of the Placement Shares; *provided, however*, that the Company shall not be required in connection therewith to qualify as a foreign corporation or dealer in securities, file a general consent to service of process, or subject itself to taxation in any jurisdiction if it is not otherwise so subject.

e. Delivery of Registration Statement and Prospectus. The Company will furnish to the Distribution Agents and their counsel (at the reasonable expense of the Company) copies of the Registration Statement, the Prospectus (including all documents incorporated by reference therein) and all amendments and supplements to the Registration Statement or Prospectus that are filed with the Commission during the Prospectus Delivery Period (including all documents filed with the Commission during such period that are deemed to be incorporated by reference therein), in each case as soon as reasonably practicable and in such quantities as either of the Distribution Agents may from time to time reasonably request and, at the Distribution Agents' request, will also furnish copies of the Prospectus to each exchange or market on which sales of the Placement Shares may be made; *provided, however*, that the Company shall not be required to furnish any document (other than the Prospectus) to the Distribution Agents to the extent such document is available on EDGAR.

f. Earnings Statement. The Company will make generally available to its security holders as soon as practicable, but in any event not later than 15 months after the end of the Company's current fiscal quarter, an earnings statement covering a 12-month period that satisfies the provisions of Section 11(a) and Rule 158 of the Securities Act.

g. Use of Proceeds. The Company will use the Net Proceeds as described in the Prospectus in the section entitled "Use of Proceeds."

h. Notice of Other Sales. Without the prior written consent of the Distribution Agents, the Company will not, directly or indirectly, offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of any Common Stock (other than the Placement Shares offered pursuant to this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire, Common Stock during the period beginning on the date on which any Placement Notice is delivered to the Distribution Agents hereunder and ending on the third (3rd) Trading Day immediately following the final Settlement Date with respect to Placement Shares sold pursuant to such Placement Notice (or, if the Placement Notice has been terminated or suspended prior to the sale of all Placement Shares covered by a Placement Notice, the date of such suspension or termination); and will not directly or indirectly in any other "at-the-market" or continuous equity transaction offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of any Common Stock (other than the Placement Shares offered pursuant to this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire, Common Stock prior to the termination of this Agreement; *provided, however*, that such restrictions will not apply in connection with the Company's issuance or sale of (i) Common Stock, options to purchase Common Stock or Common Stock issuable upon the exercise of options, pursuant to any employee or director stock option or benefits plan, stock ownership plan or dividend reinvestment plan (but not Common Stock subject to a waiver to exceed plan limits in its dividend reinvestment plan) of the Company whether now in effect or hereafter implemented; (ii) Common Stock issuable upon conversion of securities or the exercise of warrants, options or other rights in effect or outstanding, and disclosed in filings by the Company available on EDGAR or otherwise in writing to the Distribution Agents, (iii) Common Stock, or securities convertible into or exercisable for Common Stock, offered and sold in a privately negotiated transaction to vendors, customers, strategic partners or potential strategic partners or other investors conducted in a manner so as not to be integrated with the offering of Common Stock hereby and (iv) Common Stock in connection with any acquisition, strategic investment or other similar transaction (including any joint venture, strategic alliance or partnership).

i. Change of Circumstances. The Company will, at any time during the pendency of a Placement Notice advise the Distribution Agents promptly after it shall have received notice or obtained knowledge thereof, of any information or fact that would alter or affect in any material respect any opinion, certificate, letter or other document required to be provided to the Distribution Agents pursuant to this Agreement.

j. Due Diligence Cooperation. During the term of this Agreement, the Company will cooperate with any reasonable due diligence review conducted by the Distribution Agents or their representatives in connection with the transactions contemplated hereby, including, without limitation, providing information and making available documents and senior corporate officers, during regular business hours and at the Company's principal offices, as either of the Distribution Agents may reasonably request.

k. Required Filings Relating to Placement of Placement Shares. The Company agrees that on such dates as the Securities Act shall require, the Company will (i) file a prospectus supplement with the Commission under the applicable paragraph of Rule 424(b) under the Securities Act (each and every date a filing under Rule 424(b) is made, a "Filing Date"), which prospectus supplement will set forth, within the relevant period, the amount of Placement Shares sold through the Distribution Agents, the Net Proceeds to the Company and the compensation payable by the Company to the Distribution Agents with respect to such Placement Shares, and (ii) deliver such number of copies of each such prospectus supplement to each exchange or market on which such sales were effected as may be required by the rules or regulations of such exchange or market.

I. Representation Dates; Certificate. Each time during the term of this Agreement that the Company:

(i) amends or supplements (other than a prospectus supplement relating solely to an offering of securities other than the Placement Shares) the Registration Statement or the Prospectus relating to the Placement Shares by means of a post-effective amendment, sticker, or supplement but not by means of incorporation of documents by reference into the Registration Statement or the Prospectus relating to the Placement Shares;

(ii) files an annual report on Form 10-K under the Exchange Act (including any Form 10-K/A containing amended audited financial information or a material amendment to the previously filed Form 10-K);

(iii) files its quarterly reports on Form 10-Q under the Exchange Act; or

(iv) files a current report on Form 8-K containing amended financial information (other than information "furnished" pursuant to Items 2.02 or 7.01 of Form 8-K or to provide disclosure pursuant to Item 8.01 of Form 8-K relating to the reclassification of certain properties as discontinued operations in accordance with Statement of Financial Accounting Standards No. 144) under the Exchange Act;

(Each date of filing of one or more of the documents referred to in clauses (i) through (iv) shall be a "Representation Date.")

the Company shall furnish the Distribution Agents (but in the case of clause (iv) above only if either of the Distribution Agents reasonably determines that the information contained in such Form 8-K is material) with a certificate, in the form attached hereto as Exhibit 7(1). The requirement to provide a certificate under this Section 7(1) shall be waived for any Representation Date occurring at a time at which no Placement Notice is pending, which waiver shall continue until the earlier to occur of the date the Company delivers a Placement Notice hereunder (which for such calendar quarter shall be considered a Representation Date) and the next occurring Representation Date on which the Company files its annual report on Form 10-K. Notwithstanding the foregoing, (i) upon the delivery of the first Placement Notice hereunder and (ii) if the Company subsequently decides to sell Placement Shares following a Representation Date when the Company relied on such waiver and did not provide the Distribution Agents with a certificate under this Section 7(1), then before either of the Distribution Agents sells any Placement Shares, the Company shall provide the Distribution Agents with a certificate, in the form attached hereto as Exhibit 7(1), dated the date of the Placement Notice.

m. Legal Opinion. On or prior to the date of the first Placement Notice given hereunder the Company shall cause to be furnished to the Distribution Agents written opinions of McDonald Carano Wilson LLP, Nevada counsel to the Company, and written opinions and a negative assurance letter of Shearman & Sterling LLP ("Company Counsel"), or other counsel reasonably satisfactory to the Distribution Agents, each in form and substance reasonably satisfactory to the Distribution Agents. Thereafter, within five (5) Trading Days of each Representation Date with respect to which the Company is obligated to deliver a certificate in the form attached hereto as Exhibit 7(I) for which no waiver is applicable, and not more than once per calendar quarter, the Company shall cause to be furnished to the Distribution Agents a negative assurance letter of Company Counsel in form and substance reasonably satisfactory to the Distribution Agents.

n. Comfort Letter. On or prior to the date of the first Placement Notice given hereunder and within five (5) Trading Days after each subsequent Representation Date, other than pursuant to Section 7(l)(iii), the Company shall cause its independent accountants to furnish the Distribution Agents letters (the "Comfort Letters"), dated the date the Comfort Letter is delivered, which shall meet the requirements set forth in this Section 7(n). The Comfort Letter from the Company's independent accountants shall be in a form and substance reasonably satisfactory to the Distribution Agents, (i) confirming that they are an independent public accounting firm within the meaning of the Securities Act and the PCAOB, (ii) stating, as of such date, the conclusions and findings of such firm with respect to the financial information and other matters ordinarily covered by accountants' "comfort letters" to underwriters in connection with registered public offerings (the first such letter, the "Initial Comfort Letter") and (iii) updating the Initial Comfort Letter with any information that would have been included in the Initial Comfort Letter had it been given on such date and modified as necessary to relate to the Registration Statement and the Prospectus, as amended and supplemented to the date of such letter.

o. Market Activities. The Company will not, directly or indirectly, (i) take any action designed to cause or result in, or that constitutes or would constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of Common Stock or (ii) sell, bid for, or purchase Common Stock in violation of Regulation M, or pay anyone any compensation for soliciting purchases of the Placement Shares other than the Distribution Agents.

p. Investment Company Act. The Company will conduct its affairs in such a manner so as to reasonably ensure that it will not be or become, at any time prior to the termination of this Agreement, an "investment company," as such term is defined in the Investment Company Act.

q. No Offer to Sell. Other than an Issuer Free Writing Prospectus approved in advance by the Company and the Distribution Agents in their capacity as agents hereunder pursuant to Section 23, neither of the Distribution Agents nor the Company (including its agents and representatives, other than the Distribution Agents in their capacity as such) will make, use, prepare, authorize, approve or refer to any written communication (as defined in Rule 405), required to be filed with the Commission, that constitutes an offer to sell or solicitation of an offer to buy Placement Shares hereunder.

r. Sarbanes-Oxley Act. The Company will maintain and keep accurate books and records reflecting its assets and maintain internal accounting controls in a manner designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and including those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the Company's consolidated financial statements in accordance with GAAP, (iii) that receipts and expenditures of the Company are being made only in accordance with management's and the Company's directors' authorization, and (iv) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements. The Company will maintain disclosure controls and procedures that comply with the requirements of the Exchange Act.

8. Representations and Covenants of the Distribution Agents. Each of the Distribution Agents represents and warrants that it is duly registered as a broker-dealer under FINRA, the Exchange Act and the applicable statutes and regulations of each state in which the Placement Shares will be offered and sold, except such states in which such Distribution Agent is exempt from registration or such registration is not otherwise required. Each of the Distribution Agents shall continue, for the term of this Agreement, to be duly registered as a broker-dealer under FINRA, the Exchange Act and the applicable statutes and regulations of each state in which the Placement Shares will be offered and sold, except such states in which it is exempt from registration or such registration is not otherwise required, during the term of this Agreement. Each of the Distribution Agents shall comply with all applicable law and regulations, including but not limited to Regulation M, in connection with the transactions contemplated by this Agreement, including the issuance and sale through the Distribution Agents of the Placement Shares.

9. Payment of Expenses. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, filing, including any fees required by the Commission, and printing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment and supplement thereto and each Free Writing Prospectus, in such number as the Distribution Agents shall deem reasonably necessary, (ii) the printing and delivery to the Distribution Agents of this Agreement and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Placement Shares, (iii) the preparation, issuance and delivery of the certificates, if any, for the Placement Shares to the Distribution Agents, including any stock or other transfer taxes and any capital duties, stamp duties or other duties or taxes payable upon the sale, issuance or delivery of the Placement Shares to the Distribution Agents, (iv) the fees and disbursements of the counsel, accountants and other advisors to the Company, (v) the reasonable and documented out-of-pocket fees and disbursements of counsel to the Distribution Agents up to \$25,000; (vi) the fees and expenses of the transfer agent and registrar for the Common Stock, (vii) the filing fees incident to any review by FINRA of the terms of the sale of the Placement Shares, and (viii) the fees and expenses incurred in connection with the listing of the Placement Shares on the Exchange.

10. Conditions to Distribution Agents' Obligations. The obligations of the Distribution Agents hereunder with respect to a Placement will be subject to the continuing accuracy and completeness of the representations and warranties made by the Company herein (other than those representations and warranties made as of a specified date or time), to the due performance in all material respects by the Company of its obligations hereunder, to the completion by the Distribution Agents of a due diligence review satisfactory to it in its reasonable judgment, and to the continuing reasonable satisfaction (or waiver by each of the Distribution Agents in their sole discretion) of the following additional conditions:

a. Registration Statement Effective. The Registration Statement shall have become effective and shall be available for the sale of all Placement Shares contemplated to be issued by any Placement Notice.

b. No Material Notices. None of the following events shall have occurred and be continuing: (i) receipt by the Company of any request for additional information from the Commission or any other federal or state governmental authority during the period of effectiveness of the Registration Statement, the response to which would require any post-effective amendments or supplements to the Registration Statement or the Prospectus; (ii) the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of the Registration Statement or receipt by the Company of notification of the initiation of any proceedings for that purpose; (iii) receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Placement Shares for sale in any jurisdiction or receipt by the Company of notification of the initiation of, or a threat to initiate, any proceeding for such purpose; or (iv) the occurrence of any event that makes any material statement made in the Registration Statement or the Prospectus or any material Incorporated Document untrue in any material respect or that requires the making of any changes in the Registration Statement, the Prospectus or any material Incorporated Document so that, in the case of the Registration Statement, it will not contain any materially untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and, that in the case of the Prospectus or any material Incorporated Document, it will not contain any materially untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

c. No Misstatement or Material Omission. Neither of the Distribution Agents shall have advised the Company that the Registration Statement or Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact that in the Distribution Agents' reasonable opinion is material, or omits to state a fact that in the Distribution Agents' reasonable opinion is material and is required to be stated therein or is necessary to make the statements therein not misleading.

d. Material Changes. Except as contemplated in the Prospectus, or disclosed in the Company's reports filed with the Commission, there shall not have been any Material Adverse Effect, or any development that would cause a Material Adverse Effect as to make it impracticable or inadvisable to proceed with the offering of the Placement Shares on the terms and in the manner contemplated in the Prospectus.

e. Legal Opinion. The Distribution Agents shall have received the opinion and negative assurance letter of Company Counsel required to be delivered pursuant to Section 7(m), on or before the date on which such delivery of such opinion and negative assurance letter are required pursuant to Section 7(m).

f. Comfort Letter. The Distribution Agents shall have received the Comfort Letter required to be delivered pursuant to Section 7(n) on or before the date on which such delivery of such letter is required pursuant to Section 7(n).

g. Representation Certificate. The Distribution Agents shall have received the certificate required to be delivered pursuant to Section 7(1) on or before the date on which delivery of such certificate is required pursuant to Section 7(1).

h. No Suspension. Trading in the Common Stock shall not have been suspended on the Exchange and the Common Stock shall not have been delisted from the Exchange.

i. Other Materials. On each date on which the Company is required to deliver a certificate pursuant to Section 7(1), the Company shall have furnished to the Distribution Agents such appropriate further information, certificates and documents as either of the Distribution Agents may reasonably request and which are usually and customarily furnished by an issuer of securities in connection with a securities offering of the type contemplated hereby. All such opinions, certificates, letters and other documents will be in compliance with the provisions hereof.

j. Securities Act Filings Made. All filings with the Commission required by Rule 424 under the Securities Act to have been filed prior to the issuance of any Placement Notice hereunder shall have been made within the applicable time period prescribed for such filing by Rule 424.

k. Approval for Listing. The Placement Shares shall either have been approved for listing on the Exchange, subject only to notice of issuance, or the Company shall have filed an application for listing of the Placement Shares on the Exchange at, or prior to, the issuance of any Placement Notice.

l. No Termination Event. There shall not have occurred any event that would permit the Distribution Agents to terminate this Agreement pursuant to Section 13(a).

11. Indemnification and Contribution.

(a) Company Indemnification. The Company agrees to indemnify and hold harmless the Distribution Agents, their partners, members, directors, officers and employees and each person, if any, who controls the Distribution Agents within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, joint or several, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any untrue statement or alleged untrue statement of a material fact included in any related Issuer Free Writing Prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, joint or several, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to [Section 11\(d\)](#) below) any such settlement is effected with the written consent of the Company, which consent shall not unreasonably be delayed or withheld; and

(iii) against any and all expense whatsoever, as incurred (including the reasonable and documented out-of-pocket fees and disbursements of counsel), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above,

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made solely in reliance upon and in conformity with written information furnished to the Company by either of the Distribution Agents expressly for use in the Registration Statement (or any amendment thereto), or in any related Issuer Free Writing Prospectus or the Prospectus (or any amendment or supplement thereto).

(b) Indemnification by the Distribution Agents. Each Distribution Agent agrees to indemnify and hold harmless the Company and its directors and each officer of the Company who signed the Registration Statement, and each person, if any, who (i) controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or (ii) is controlled by or is under common control with the Company against any and all loss, liability, claim, damage and expense whatsoever described in the indemnity contained in [Section 11\(a\)](#), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendments thereto) or in any related Issuer Free Writing Prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with information furnished to the Company in writing by such Distribution Agent expressly for use therein.

(c) Procedure. Any party that proposes to assert the right to be indemnified under this [Section 11](#) will, promptly after receipt of notice of commencement of any action against such party in respect of which a claim is to be made against an indemnifying party or parties under this [Section 11](#), notify each such indemnifying party of the commencement of such action, enclosing a copy of all papers served, but the omission so to notify such indemnifying party will not relieve the indemnifying party from (i) any liability that it might have to any indemnified party otherwise than under this [Section 11](#) and (ii) any liability that it may have to any indemnified party under the foregoing provisions of this [Section 11](#) unless, and only to the extent that, such omission results in the forfeiture of substantive rights or defenses by the indemnifying party. If any such action is brought against any indemnified party and it notifies the indemnifying party of its commencement, the indemnifying party will be entitled to participate in and, to the extent that it elects by delivering written notice to the indemnified party promptly after receiving notice of the commencement of the action from the indemnified party, jointly with any other indemnifying party similarly notified, to assume the defense of the action, with counsel reasonably satisfactory to the indemnified party, and after notice from the indemnifying party to the indemnified party of its election to assume the defense, the indemnifying party will not be liable to the indemnified party for any legal or other expenses except as provided below and except for the reasonable costs of investigation subsequently incurred by the indemnified party in connection with the defense. The indemnified party will have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (3) a conflict or potential conflict of interest exists (based on advice of counsel to the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (4) the indemnifying party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable and documented out-of-pocket fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable and documented out-of-pocket fees, disbursements and other charges of more than one separate firm admitted to practice in such jurisdiction at any one time for all such indemnified party or parties. All such reasonable and documented out-of-pocket fees, disbursements and other charges will be reimbursed by the indemnifying party promptly after the indemnifying party receives a written invoice relating to fees, disbursements and other charges in reasonable detail. An indemnifying party will not, in any event, be liable for any settlement of any action or claim effected without its written consent. No indemnifying party shall, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated by this [Section 11](#) (whether or not any indemnified party is a party thereto), unless such settlement, compromise or consent (1) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (2) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in the foregoing paragraphs of this Section 11 is applicable in accordance with its terms but for any reason is held to be unavailable from the Company or a Distribution Agent, the Company and such Distribution Agent will contribute to the total losses, claims, liabilities, expenses and damages (including any investigative, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, but after deducting any contribution received by the Company from persons other than the Distribution Agents, such as persons who control the Company within the meaning of the Securities Act or the Exchange Act, officers of the Company who signed the Registration Statement and directors of the Company, who also may be liable for contribution) to which the Company and the Distribution Agents may be subject in such proportion as shall be appropriate to reflect the relative benefits received by the Company on the one hand and the Distribution Agents on the other hand. The relative benefits received by the Company on the one hand and the Distribution Agents on the other hand shall be deemed to be in the same proportion as the total Net Proceeds from the sale of the Placement Shares (before deducting expenses) received by the Company bear to the total compensation received by the Distribution Agents (before deducting expenses) from the sale of Placement Shares on behalf of the Company. If, but only if, the allocation provided by the foregoing sentence is not permitted by applicable law, the allocation of contribution shall be made in such proportion as is appropriate to reflect not only the relative benefits referred to in the foregoing sentence but also the relative fault of the Company, on the one hand, and such Distribution Agent, on the other hand, with respect to the statements or omission that resulted in such loss, claim, liability, expense or damage, or action in respect thereof, as well as any other relevant equitable considerations with respect to such offering. Such relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or such Distribution Agent, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and each Distribution Agent agree that it would not be just and equitable if contributions pursuant to this Section 11(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, liability, expense, or damage, or action in respect thereof, referred to above in this Section 11(d) shall be deemed to include, for the purpose of this Section 11(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim to the extent consistent with Section 11(c) hereof. Notwithstanding the foregoing provisions of this Section 11(d), a Distribution Agent shall not be required to contribute any amount in excess of the commissions received by it under this Agreement and no person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 11(d), any person who controls a party to this Agreement within the meaning of the Securities Act or the Exchange Act, and any officers, directors, partners, employees or agents of a Distribution Agent, will have the same rights to contribution as that party, and each officer who signed the Registration Statement and director of the Company will have the same rights to contribution as the Company, subject in each case to the provisions hereof. Any party entitled to contribution, promptly after receipt of notice of commencement of any action against such party in respect of which a claim for contribution may be made under this Section 11(d), will notify any such party or parties from whom contribution may be sought, but the omission to so notify will not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have under this Section 11(d) except to the extent that the failure to so notify such other party materially prejudiced the substantive rights or defenses of the party from whom contribution is sought. Except for a settlement entered into pursuant to the last sentence of Section 11(c) hereof, no party will be liable for contribution with respect to any action or claim settled without its written consent if such consent is required pursuant to Section 11(c) hereof.

12. Representations and Agreements to Survive Delivery. The indemnity and contribution agreements contained in Section 11 of this Agreement and all representations and warranties of the Company herein or in certificates delivered pursuant hereto shall survive, as of their respective dates, regardless of (i) any investigation made by or on behalf of the Distribution Agents, any controlling persons, or the Company (or any of their respective officers, directors or controlling persons), (ii) delivery and acceptance of the Placement Shares and payment therefor or (iii) any termination of this Agreement.

13. Termination.

a. A Distribution Agent may terminate this Agreement, by notice to the Company, as hereinafter specified at any time (1) if there has been, since the time of execution of this Agreement or since the date as of which information is given in the Prospectus, any Material Adverse Effect, or any development that would have a Material Adverse Effect that, in the sole judgment of such Distribution Agent, is material and adverse and makes it impractical or inadvisable to market the Placement Shares or to enforce contracts for the sale of the Placement Shares, (2) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of such Distribution Agent, impracticable or inadvisable to market the Placement Shares or to enforce contracts for the sale of the Placement Shares, (3) if trading in the Common Stock has been suspended or limited by the Commission or the Exchange, or if trading generally on the Exchange has been suspended or limited, or minimum prices for trading have been fixed on the Exchange, (4) if any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market shall have occurred and be continuing, (5) if a major disruption of securities settlements or clearance services in the United States shall have occurred and be continuing, or (6) if a banking moratorium has been declared by either U.S. Federal or New York authorities. Any such termination shall be without liability of any party to any other party except that the provisions of Section 9 (Payment of Expenses), Section 11 (Indemnification and Contribution), Section 12 (Representations and Agreements to Survive Delivery), Section 18 (Governing Law and Time; Waiver of Jury Trial) and Section 19 (Consent to Jurisdiction) hereof shall remain in full force and effect notwithstanding such termination. If a Distribution Agent elects to terminate this Agreement as provided in this Section 13(a), such Distribution Agent shall provide the required notice as specified in Section 14 (Notices).

b. The Company shall have the right, by giving ten (10) days notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 9 (Payment of Expenses), Section 11 (Indemnification and Contribution), Section 12 (Representations and Agreements to Survive Delivery), Section 18 (Governing Law and Time; Waiver of Jury Trial) and Section 19 (Consent to Jurisdiction) hereof shall remain in full force and effect notwithstanding such termination.

c. Each of the Distribution Agents shall have the right, by giving ten (10) days notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 9 (Payment of Expenses), Section 11 (Indemnification and Contribution), Section 12 (Representations and Agreements to Survive Delivery), Section 18 (Governing Law and Time; Waiver of Jury Trial) and Section 19 (Consent to Jurisdiction) hereof shall remain in full force and effect notwithstanding such termination.

d. Unless earlier terminated pursuant to this Section 13, this Agreement shall automatically terminate upon the issuance and sale of all of the Placement Shares through the Distribution Agents on the terms and subject to the conditions set forth herein except that the provisions of Section 9 (Payment of Expenses), Section 11 (Indemnification and Contribution), Section 12 (Representations and Agreements to Survive Delivery), Section 18 (Governing Law and Time; Waiver of Jury Trial) and Section 19 (Consent to Jurisdiction) hereof shall remain in full force and effect notwithstanding such termination.

e. This Agreement shall remain in full force and effect unless terminated pursuant to Sections 13(a), (b), (c), or (d) above or otherwise by mutual agreement of the parties; *provided, however*, that any such termination by mutual agreement shall in all cases be deemed to provide that Section 9 (Payment of Expenses), Section 11 (Indemnification and Contribution), Section 12 (Representations and Agreements to Survive Delivery), Section 18 (Governing Law and Time; Waiver of Jury Trial) and Section 19 (Consent to Jurisdiction) shall remain in full force and effect. Upon termination of this Agreement, the Company shall not have any liability to a Distribution Agent for any discount, commission or other compensation with respect to any Placement Shares not otherwise sold by a Distribution Agent under this Agreement.

f. Any termination of this Agreement shall be effective on the date specified in such notice of termination; *provided, however*, that such termination shall not be effective until the close of business on the date of receipt of such notice by a Distribution Agent or the Company, as the case may be. If such termination shall occur prior to the Settlement Date for any sale of Placement Shares, such Placement Shares shall settle in accordance with the provisions of this Agreement.

14. Notices. All notices or other communications required or permitted to be given by any party to any other party pursuant to the terms of this Agreement shall be in writing, unless otherwise specified, and if sent to the Distribution Agents, shall be delivered to:

FBR Capital Markets & Co.
300 North 17th Street
Suite 1400
North Arlington, Virginia 22209
Attention: Legal Department
Telephone: (703) 312-9500
Email: atmdesk@fbr.com

and

MLV & Co. LLC
299 Park Avenue, 7th Floor
Attention: Legal Department

Telephone: (212) 542-5880
Email: mlvlegal@mlvco.com

with a copy to:

LeClairRyan, A Professional Corporation
885 Third Avenue
New York, NY 10022
Attention: James T. Seery
Telephone: (973) 491-3315
Email: james.seery@leclairryan.com

and if to the Company, shall be delivered to:

Aemetis, Inc.
20400 Stevens Creek Blvd.
Suite 700
Cupertino, CA 95014
Attention: Todd Waltz, CFO
Telephone: (408) 213-0940
Email: todd.waltz@aemetis.com

with a copy to:

Shearman & Sterling LLP
1460 El Camino Real, Floor 2
Menlo Park, CA 94025
Attention: Christopher Forrester
Telephone: (650) 838-3772
Email: Chris.Forrester@Shearman.com

Each party to this Agreement may change such address for notices by sending to the parties to this Agreement written notice of a new address for such purpose. Each such notice or other communication shall be deemed given (i) when delivered personally, by email, or by verifiable facsimile transmission on or before 4:30 p.m., New York City time, on a Business Day or, if such day is not a Business Day, on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to a nationally-recognized overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid). For purposes of this Agreement, "Business Day" shall mean any day on which the Exchange and commercial banks in the City of New York are open for business.

An electronic communication ("Electronic Notice") shall be deemed written notice for purposes of this Section 14 if sent to the electronic mail address specified by the receiving party under separate cover. Electronic Notice shall be deemed received at the time the party sending Electronic Notice receives confirmation of receipt by the receiving party. Any party receiving Electronic Notice may request and shall be entitled to receive the notice on paper, in a nonelectronic form ("Nonelectronic Notice") which shall be sent to the requesting party within ten (10) days of receipt of the written request for Nonelectronic Notice.

15. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Company and each Distribution Agent and their respective successors and the affiliates, controlling persons, officers and directors referred to in Section 11 hereof. References to any of the parties contained in this Agreement shall be deemed to include the successors and permitted assigns of such party. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party.

16. Adjustments for Stock Splits. The parties acknowledge and agree that all share-related numbers contained in this Agreement shall be adjusted to take into account any share consolidation, stock split, stock dividend, corporate domestication or similar event effected with respect to the Placement Shares.

17. Entire Agreement; Amendment; Severability. This Agreement (including all schedules and exhibits attached hereto and Placement Notices issued pursuant hereto) constitutes the entire agreement and supersedes all other prior and contemporaneous agreements and undertakings, both written and oral, among the parties hereto with regard to the subject matter hereof. Neither this Agreement nor any term hereof may be amended except pursuant to a written instrument executed by the Company and each of the Distribution Agents. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable as written by a court of competent jurisdiction, then such provision shall be given full force and effect to the fullest possible extent that it is valid, legal and enforceable, and the remainder of the terms and provisions herein shall be construed as if such invalid, illegal or unenforceable term or provision was not contained herein, but only to the extent that giving effect to such provision and the remainder of the terms and provisions hereof shall be in accordance with the intent of the parties as reflected in this Agreement.

18. GOVERNING LAW AND TIME; WAIVER OF JURY TRIAL. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS. SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME. THE COMPANY AND THE DISTRIBUTION AGENTS EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

19. CONSENT TO JURISDICTION. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN, FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH ANY TRANSACTION CONTEMPLATED HEREBY, AND HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, THAT SUCH SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR THAT THE VENUE OF SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. EACH PARTY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO PROCESS BEING SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING BY MAILING A COPY THEREOF (CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED) TO SUCH PARTY AT THE ADDRESS IN EFFECT FOR NOTICES TO IT UNDER THIS AGREEMENT AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE GOOD AND SUFFICIENT SERVICE OF PROCESS AND NOTICE THEREOF. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW.

20. Use of Information. The Distribution Agents may not use any information gained in connection with this Agreement and the transactions contemplated by this Agreement, including due diligence, to advise any party with respect to transactions not expressly approved by the Company.

21. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed Agreement by one party to the other may be made by facsimile transmission or email of a .pdf attachment.

22. Effect of Headings. The section and Exhibit headings herein are for convenience only and shall not affect the construction hereof.

23. Permitted Free Writing Prospectuses.

The Company represents, warrants and agrees that, unless it obtains the prior consent of each of the Distribution Agents, and each of the Distribution Agents represents, warrants and agrees that, unless it obtains the prior consent of the Company, it has not made and will not make any offer relating to the Placement Shares that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission. Any such free writing prospectus consented to by the Distribution Agents or by the Company, as the case may be, is hereinafter referred to as a "Permitted Free Writing Prospectus." The Company represents and warrants that it has treated and agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping. For the purposes of clarity, the parties hereto agree that all free writing prospectuses, if any, listed in Exhibit 23 hereto are Permitted Free Writing Prospectuses.

24. Absence of Fiduciary Relationship. The Company acknowledges and agrees that:

a. Each Distribution Agent is acting solely as agent in connection with the public offering of the Placement Shares and in connection with each transaction contemplated by this Agreement and the process leading to such transactions, and no fiduciary or advisory relationship between the Company or any of its respective affiliates, stockholders (or other equity holders), creditors or employees or any other party, on the one hand, and either Distribution Agent, on the other hand, has been or will be created in respect of any of the transactions contemplated by this Agreement, irrespective of whether or not such Distribution Agent has advised or is advising the Company on other matters, and neither Distribution Agent has any obligation to the Company with respect to the transactions contemplated by this Agreement except the obligations expressly set forth in this Agreement;

b. it is capable of evaluating and understanding, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement;

c. Neither Distribution Agent has provided any legal, accounting, regulatory or tax advice with respect to the transactions contemplated by this Agreement and it has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate;

d. it is aware that each Distribution Agent and its respective affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and such Distribution Agent has no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship or otherwise; and

e. it waives, to the fullest extent permitted by law, any claims it may have against a Distribution Agent for breach of fiduciary duty or alleged breach of fiduciary duty in connection with the sale of Placement Shares under this Agreement and agrees that such Distribution Agent shall not have any liability (whether direct or indirect, in contract, tort or otherwise) to it in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on its behalf or in right of it or the Company, employees or creditors of Company, other than in respect of such Distribution Agent's obligations under this Agreement and to keep information provided by the Company to such Distribution Agent and its counsel confidential to the extent not otherwise publicly available.

25. Definitions.

As used in this Agreement, the following terms have the respective meanings set forth below:

"Applicable Time" means (i) each Representation Date and (ii) the time of each sale of any Placement Shares pursuant to this Agreement.

"Issuer Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433, relating to the Placement Shares that (1) is required to be filed with the Commission by the Company, (2) is a "road show" that is a "written communication" within the meaning of Rule 433(d)(8)(i) whether or not required to be filed with the Commission, or (3) is exempt from filing pursuant to Rule 433(d)(5)(i) because it contains a description of the Placement Shares or of the offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g) under the Securities Act.

"Rule 172," "Rule 405," "Rule 415," "Rule 424," "Rule 424(b)," "Rule 430B," and "Rule 433" refer to such rules under the Securities Act.

All references in this Agreement to financial statements and schedules and other information that is "contained," "included" or "stated" in the Registration Statement or the Prospectus (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information that is incorporated by reference in the Registration Statement or the Prospectus, as the case may be.

All references in this Agreement to the Registration Statement, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to EDGAR; all references in this Agreement to any Issuer Free Writing Prospectus (other than any Issuer Free Writing Prospectuses that, pursuant to Rule 433, are not required to be filed with the Commission) shall be deemed to include the copy thereof filed with the Commission pursuant to EDGAR; and all references in this Agreement to "supplements" to the Prospectus shall include, without limitation, any supplements, "wrappers" or similar materials prepared in connection with any offering, sale or private placement of any Placement Shares by the Distribution Agents outside of the United States.

[Remainder of the page intentionally left blank]

If the foregoing correctly sets forth the understanding between the Company and each Distribution Agent, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between the Company and each of the Distribution Agents.

Very truly yours,

AEMETIS, INC.

By: /s/ Eric A. McAfee

Name: Eric A. McAfee

Title: Chief Executive Officer

ACCEPTED as of the date first-above written:

FBR CAPITAL MARKETS & CO.

By: /s/ Patrice McNicoll

Name: Patrice McNicoll

Title: Co-Head of Capital Markets

MLV & CO. LLC

By: /s/ Patrice McNicoll

Name: Patrice McNicoll

Title: Chief Executive Officer

FORM OF PLACEMENT NOTICE

From: Aemetis, Inc.

To: [•]

Attention: [•]

Subject: At Market Issuance--Placement Notice

Gentlemen:

Pursuant to the terms and subject to the conditions contained in the At Market Issuance Sales Agreement between Aemetis, Inc., a Nevada corporation (the "Company"), and FBR Capital Markets & Co. ("FBR") and MLV & Co. LLC ("MLV", each of FBR and MLV individually a "Distribution Agent" and collectively "Distribution Agents"), dated March 23, 2016, the Company hereby requests that [*identify Designated Distribution Agent*] sell up to [] shares of the Company's Common Stock, \$0.01 par value per share, at a minimum market price of \$per share, during the time period beginning [month, day, time] and ending [month, day, time].

SCHEDULE 2

Compensation

The Company shall pay to the Designated Distribution Agent in cash, upon each sale of Placement Shares pursuant to this Agreement, an amount equal to 3% of the gross proceeds from each sale of Placement Shares.

Notice Parties

The Company

Eric McAfee: eric.mcafee@aemetis

and

Todd Waltz: todd.waltz@aemetis.com

FBR/MLV

Seth Appel sappel@fbr.com

Matthew Feinberg mfeinberg@fbr.com

Ryan Loforte rloforte@fbr.com

Patrice McNicoll pmcnicoll@fbr.com

Keith Pompliano kpompliano@fbr.com

with a copy to atmdesk@fbr.com

Subsidiaries

Biofuels Marketing, Inc.
Aemetis Biochemicals, Inc.
Aemetis International, Inc.
International Biofuels Ltd (Mauritius)
Universal Biofuels Private Limited (India)
Aemetis Technologies, Inc.
Aemetis Biofuels, Inc.
Energy Enzymes, Inc.
AE Advanced Fuels, Inc.
Aemetis Advanced Fuels Keyes, Inc.
Aemetis Facility Keyes, Inc.
Aemetis Advanced Fuels, Inc.
Aemetis Americas, Inc.
AE Biofuels, Inc.

EXHIBIT 7(1)
Form of Representation Date Certificate
_____, 20__

This Representation Date Certificate (this "Certificate") is executed and delivered in connection with Section 7(1) of the At Market Issuance Sales Agreement (the "Agreement"), dated March 23, 2016, and entered into between Aemetis, Inc. (the "Company") and FBR Capital Markets & Co. and MLV & Co. LLC. All capitalized terms used but not defined herein shall have the meanings given to such terms in the Agreement.

The Company hereby certifies as follows:

1. The representations and warranties of the Company in Section 6 of the Agreement (A) to the extent such representations and warranties are subject to qualifications and exceptions contained therein relating to materiality or Material Adverse Effect, are true and correct on and as of the date hereof with the same force and effect as if expressly made on and as of the date hereof, except for those representations and warranties that speak solely as of a specific date and which were true and correct as of such date, and (B) to the extent such representations and warranties are not subject to any qualifications or exceptions, are true and correct in all material respects as of the date hereof as if made on and as of the date hereof with the same force and effect as if expressly made on and as of the date hereof, except for those representations and warranties that speak solely as of a specific date and which were true and correct as of such date.

2. The Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied pursuant to the Sales Agreement at or prior to the date hereof.

The undersigned has executed this Officer's Certificate as of the date first written above.

AEMETIS, INC.

By: _____

Name: _____

Title: _____

EXHIBIT 23

Permitted Issuer Free Writing Prospectuses

None.

**LIMITED WAIVER AND AMENDMENT NO. 12 TO
AMENDED AND RESTATED NOTE PURCHASE AGREEMENT**

This Limited Waiver and Amendment No. 12 to Amended and Restated Note Purchase Agreement (this “ **Amendment**”), is dated as of March 21, 2016, is made by and among (i) **AEMETIS ADVANCED FUELS KEYES, INC. (f/k/a AE Advanced Fuels Keyes, Inc.)**, a Delaware corporation (“ **AEAFK**”), **AEMETIS FACILITY KEYES, INC.**, a Delaware corporation and successor-in-interest to Keyes Facility Acquisition Corp., a Delaware corporation (“ **Keyes Facility**”, together with AEAFK, the “**Borrowers**”), **AEMETIS, INC.** (formerly known as AE Biofuels, Inc.), a Nevada corporation (“ **Parent**”), and (ii) **THIRD EYE CAPITAL CORPORATION**, an Ontario corporation, as agent for the Noteholders (“ **Administrative Agent**”), **THIRD EYE CAPITAL CREDIT OPPORTUNITIES FUND – INSIGHT FUND** (“**TEC Insight Fund Purchaser**”), **SPROTT PC TRUST** (“**Sprott PC Trust Purchaser**”) and **SPROTT PRIVATE CREDIT TRUST** (“**Sprott Private Credit Trust Purchaser**”), and together with TEC Insight Fund Purchaser and Sprott PC Trust Purchaser, “ **Noteholders**”).

RECITALS

A. The Borrowers, Administrative Agent and Noteholders entered into the Amended and Restated Note Purchase Agreement dated as of July 6, 2012, as amended by a Limited Waiver and Amendment No.1 to Amended and Restated Note Purchase Agreement dated as of October 18, 2012, as amended by a Limited Waiver and Amendment No. 2 to Amended and Restated Note Purchase Agreement dated as of February 27, 2013, as amended by a Limited Waiver and Amendment No. 3 to Amended and Restated Note Purchase Agreement dated as of April 15, 2013, as amended by an Amendment No. 4 to Amended and Restated Note Purchase Agreement dated as of April 19, 2013, as amended by a Limited Waiver and Amendment No. 5 to Amended and Restated Note Purchase Agreement dated as of July 26, 2013, as amended by a Limited Waiver and Amendment No. 6 to Amended and Restated Note Purchase Agreement dated as of September 30, 2013, as amended by a Limited Waiver and Amendment No. 7 to Amended and Restated Note Purchase Agreement dated as of May 14, 2014, as amended by an Amendment No. 8 to Amended and Restated Note Purchase Agreement dated as of November 7, 2014, as amended by an Amendment No. 9 to Amended and Restated Note Purchase Agreement dated as of March 12, 2015, as amended by an Amendment No. 10 to Amended and Restated Note Purchase Agreement dated as of April 30, 2015 and as amended by an Amendment No. 11 to Amended and Restated Note Purchase Agreement dated as of August 6, 2015 (as the same may be amended, restated, supplemented, revised or replaced from time to time, the “**Agreement**”). Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

B. The Borrowers have requested, and the Administrative Agent and Noteholders have agreed, to amend the Agreement on the terms and conditions contained herein.

AGREEMENT

SECTION 1. **Reaffirmation of Indebtedness.** The Borrowers hereby confirm that as of March 1, 2016 and before giving effect to this Amendment, the outstanding principal balance of the Notes is \$62,085,280.98.

SECTION 2. **Limited Waiver.** Subject to the terms, covenants and conditions of this Amendment, Administrative Agent hereby waives the Event of Default arising from the failure of the Borrowers to comply with Section 6.2(a) of the Agreement for the Fiscal Quarter ending December 31, 2015 (failure to maintain trailing Free Cash Flow). Except as expressly provided herein, nothing contained herein shall be construed as a waiver by Administrative Agent or Noteholders of any covenant or provision of the Agreement, the other Note Purchase Documents, or of any other contract or instrument among the Borrowers, any Company Party, Noteholders and Administrative Agent, and the failure of Administrative Agent or Noteholders at any time or times hereafter to require strict performance by the Borrowers or any Company Party of any provision thereof shall not waive, affect or diminish any right of Administrative Agent or Noteholders to thereafter demand strict compliance therewith. Administrative Agent and Noteholders hereby reserve all rights granted under the Agreement, the Note Purchase Documents and any other contract or instrument among the Borrowers, any Company Party, Noteholders and Administrative Agent.

SECTION 3. **Amendments.** The following sections of the Agreement shall be and hereby are amended as follows:

(A) **Recitals Part of Agreement.** The foregoing recitals are hereby incorporated into and made a part of the Agreement, including all defined terms referenced therein.

(B) **Section 1.1 (Definitions).**

Section 1.1 of the Agreement is hereby amended by substituting and adding the following definitions in lieu of or in addition to the versions of such terms and related definitions contained in the Agreement, as applicable, in the appropriate alphabetical order:

"Acquisition Notes" means, collectively, the amended and restated notes in the original principal amount of \$17,670,749.23 issued by the Borrowers made payable to the Noteholders, together with all other notes accepted from time to time in substitution, renewal or replacement for all or any part thereof.

"Acquisition Notes Stated Maturity Date" means April 1, 2017; provided that the Acquisition Notes Stated Maturity Date shall be extended to April 1, 2018 upon written notice to the Administrative Agent of the Borrowers' election to extend not earlier than 60 days, and not later than 30 days, prior to April 1, 2017, so long as at the time of the extension (a) no Default or Event of Default has occurred and is continuing under any Financing Document and (b) the Borrowers pay to the Administrative Agent an extension fee in cash in an amount equal to 5% of the Note Indebtedness in respect to the Acquisition Notes which fee shall be deemed fully earned and nonrefundable, provided that such fee may be added to the outstanding principal balance of the Acquisition Notes on the effective date of such extension at the election of the Borrowers.

"Existing Notes" means, collectively, the amended and restated notes in the original principal amount of \$6,611,377.67 issued by the Borrowers made payable to the Noteholders, together with all other notes accepted from time to time in substitution, renewal or replacement for all or any part thereof.

"Existing Notes Stated Maturity Date" means April 1, 2017; provided that the Existing Notes Stated Maturity Date shall be extended to April 1, 2018 upon written notice to the Administrative Agent of the Borrowers' election to extend not earlier than 60 days, and not later than 30 days, prior to April 1, 2017, so long as at the time of the extension (a) no Default or Event of Default has occurred and is continuing under any Financing Document and (b) the Borrowers pay to the Administrative Agent an extension fee in cash in an amount equal to 5% of the Note Indebtedness in respect to the Existing Notes which fee shall be deemed fully earned and nonrefundable, provided that such fee may be added to the outstanding principal balance of the Existing Notes on the effective date of such extension at the election of the Borrowers.

"Financing" means, collectively, (i) the issuance and sale by the Borrowers of \$6,611,377.67 aggregate original principal amount of Existing Notes pursuant to this Agreement, (ii) the issuance and sale by the Borrowers of \$17,670,749.23 aggregate original principal amount of Acquisition Notes pursuant to this Agreement, (iii) the issuance and sale by the Borrowers of up to \$31,228,297.71 aggregate original principal amount of Revolving Notes (plus any PIK Amount added to the outstanding principal amount of the Revolving Notes pursuant to Section 2.11(1)), pursuant to this Agreement and (iv) the issuance and sale by the Borrowers of \$11,184,856.37 aggregate original principal amount of Revenue Participation Notes pursuant to this Agreement and (iv) the entry into by the parties thereto of the other transactions contemplated by the Financing Documents.

"Non-Revolving Portion" means the Twelfth Amendment Advance, the Revolving Notes Extension Fee Advance, the Tenth Amendment Advance, the Eighth Amendment Advance and the Monitoring Fee Advance (together with any PIK Amounts added to the Revolving Notes pursuant to Section 2.11(1)) in the aggregate principal amount, inclusive of PIK Amounts as of March 9, 2016, of \$13,228,297.71.

"Principal Waterfall" means the order in which payments are applied to the principal outstanding under the Notes, as follows: (i) first, to the components of the Non-Revolving Portion of the Revolving Notes as follows: (A) the portion of the Revolving Notes issued in respect of the Promissory Note dated February 9, 2016 by the Borrowers to Third Eye Capital Credit Capital Opportunities Fund – Insight Fund in the original principal amount of \$330,000, (B) the portion of the Revolving Notes issued in respect of the Twelfth Amendment Advance, (C) the portion of the Revolving Notes issued in respect of the Revolving Notes Extension Fee Advance, (D) the portion of the Revolving Notes issued in respect of the Tenth Amendment Advance, (E) the portion of the Revolving Notes issued in respect of the Eighth Amendment Advance, (F) if applicable, the portion of the Revolving Notes issued in respect of any portion of the Monitoring Fee added to the outstanding principal amount of the Revolving Notes and (G) any PIK Amounts added to the principal amount of the Revolving Notes, (ii) second, to the Existing Notes, (iii) third, to the Acquisition Notes, (iv) fourth, to the Revenue Participation Notes and (v) fifth, to the Revolving Portion of Revolving Notes.

"Revenue Participation Notes" means, collectively, the amended and restated notes in the original principal amount of \$11,184,856.37 issued by the Borrowers made payable to the Noteholders, together with all other notes accepted from time to time in substitution, renewal or replacement for all or any part thereof.

"Revenue Participation Notes Stated Maturity Date" means April 1, 2017; provided that the Revenue Participation Notes Stated Maturity Date shall be extended to April 1, 2018 upon written notice to the Administrative Agent of the Borrowers' election to extend not earlier than 60 days, and not later than 30 days, prior to April 1, 2017, so long as at the time of the extension (a) no Default or Event of Default has occurred and is continuing under any Financing Document and (b) the Borrowers pay to the Administrative Agent an extension fee in cash in an amount equal to 5% of the Note Indebtedness in respect to the Revenue Participation Notes which fee shall be deemed fully earned and nonrefundable, provided that such fee may be added to the outstanding principal balance of the Revenue Participation Notes on the effective date of such extension at the election of the Borrowers. **"Revolving Notes"** means, collectively, the amended and restated notes in the original principal amount of \$31,228,297.71 (plus any PIK Amount added to the outstanding principal amount of the Revolving Notes pursuant to Section 2.11(1)) issued by the Borrowers made payable to the Noteholders, together with all other notes accepted from time to time in substitution, renewal or replacement for all or any part thereof.

"Revolving Notes Stated Maturity Date" means April 1, 2017; provided that the Revolving Notes Stated Maturity Date shall be extended to April 1, 2018 upon written notice to the Administrative Agent of the Borrowers' election to extend not earlier than 60 days, and not later than 30 days, prior to April 1, 2017, so long as at the time of the extension (a) no Default or Event of Default has occurred and is continuing under any Financing Document and (b) the Borrowers pay to the Administrative Agent an extension fee in cash in an amount equal to 5% of the Note Indebtedness in respect to the Revolving Notes which fee shall be deemed fully earned and nonrefundable, provided that such fee may be added to the outstanding principal balance of the Revolving Notes on the effective date of such extension at the election of the Borrowers.

"Subsequent Closing" means, at the option of the Borrowers, one or more Closings for the purchase and sale of Revolving Notes following the First Closing, in each case as contemplated herein, provided that no more than \$31,228,297.71 principal amount of Revolving Notes (plus any PIK Amount added to the outstanding principal amount of the Revolving Notes pursuant to Section 2.11(1)), shall be issued and outstanding at any time.

"Twelfth Amendment Advance" has the meaning set forth in Section 2.4.

(C) **Section 2.3 (Creation and Issuance of the Notes)**. Section 2.3 of the Agreement is deleted in its entirety and replaced with the following:

"2.3 **Creation and Issuance of the Notes**. The Borrowers hereby create and authorize the Notes for issuance in the aggregate original principal amount of up to \$66,695,280.98 (plus any PIK Amount added to the outstanding principal amount of the Revolving Notes pursuant to Section 2.11(1)). The Notes shall be dated as of their applicable Issue Date (including all replacement certificates issued in accordance with this Agreement) and will become due and payable, together with all accrued and unpaid interest thereon, on the Maturity Date. Other than the Revolving Portion of the Revolving Notes, which may be re-issued once redeemed, neither the Non-Revolving Portion of the Revolving Notes nor any other Notes, may be re-issued once redeemed."

(D) **Section 2.4 (Subsequent Closings and Revolving Notes)**. Section 2.4 of the Agreement is deleted in its entirety and replaced with the following:

"2.4 **Subsequent Closings and Revolving Notes**. Subject to the terms and conditions set forth in Section 2.2, on and after the date of this Agreement and upon written notice by the Borrowers to the Administrative Agent of not less than ten Business Days in substantially the form attached hereto as Exhibit B (each, a "**Revolving Loan Request**"), the Borrowers, jointly and severally, agree to issue Revolving Notes in an aggregate amount not to exceed at any time outstanding the amount identified in the Allocation Notice; provided, however, that (i) after giving effect to any outstanding Revolving Notes, the aggregate principal amount of all outstanding Revolving Notes shall not exceed \$31,228,297.71 (plus any PIK Amount added to the outstanding principal amount of the Revolving Notes pursuant to Section 2.11(1)), (ii) \$1,830,000 of the Revolving Notes may only be used by the Borrowers to refinance the Indebtedness evidenced by that certain Promissory Note dated February 9, 2016 by the Borrowers to Third Eye Capital Credit Capital Opportunities Fund – Insight Fund in the original principal amount of \$330,000 and pay the Twelfth Amendment and Waiver Fee (the "**Twelfth Amendment Advance**"), (iii) up to (A) \$64,398.98 of the Revolving Notes may only be used by the Borrowers to pay the fee in connection with the extension of the Revolving Notes Stated Maturity Date to April 1, 2016 in accordance with the terms set forth in the definition of Revolving Notes Stated Maturity Date in effect on May 29, 2015 and (B) \$1,418,587.46 of the Revolving Notes may only be used by the Borrowers to pay the fee in connection with the extension of the Revolving Notes Stated Maturity Date to April 1, 2017 in accordance with the terms set forth in the definition of Revolving Notes Stated Maturity Date in effect on February 29, 2016 (collectively, the "**Revolving Notes Extension Fee Advances**"), (iv) up to \$525,688.90 of the Revolving Notes may be applied towards the payment of a portion of the purchase price in connection with the redemption of 500,000 shares of common stock of the Parent held by the Noteholders (the "**Tenth Amendment Advance**"), (v) up to \$1,400,000 of the Revolving Notes may only be used by the Borrowers for the purposes agreed to in writing by the Administrative Agent (the "**Eighth Amendment Advance**"), (vi) up to \$650,000 of the Revolving Notes may only be used by the Borrowers to pay the Monitoring Fee pursuant to Section 2.11(5) (the "**Monitoring Fee Advance**") and (vii) once the portion of the Revolving Notes representing the Twelfth Amendment Advance, the Revolving Notes Extension Fee Advances, the Tenth Amendment Advance, the Eighth Amendment Advance and the Monitoring Fee Advance, together with any accrued but unpaid PIK Amounts thereon, have been redeemed, such amounts shall not be re-issued. The aggregate principal amount of any new Revolving Notes issued at any Subsequent Closing must be at least \$500,000 and in increments of \$100,000. At each Subsequent Closing, the Borrowers shall deliver an officer's certificate to the Administrative Agent and such other evidence reasonably acceptable to the Administrative Agent that the conditions precedent set forth in Section 2.2 have been met. The proposed use of proceeds in each Revolving Loan Request shall be acceptable to the Administrative Agent in its sole discretion."

(E) **Section 6.2(a) (Free Cash Flow Financial Covenant)**. Section 6.2(a) of the Agreement is amended by amending and restating the proviso at the end of such subsection with the following:

“; provided, that the Parent shall not be required to comply with this Section 6.2(a) for the Fiscal Quarters ending March 31, 2016, June 30, 2016 and September 30, 2016.”

(F) **Section 6.2(c) (Ratios of Note Indebtedness to Keyes Plant Values)**. Section 6.2(c) of the Agreement is amended by amending and restating such section with the following:

“Ratios of Note Indebtedness to Keyes Plant Values. The Parent will not permit at any time the ratio of Note Indebtedness to the Keyes Plant Market Value to exceed seventy percent (70%), tested semi-annually as of the last day of the first Fiscal Quarter and as of the last day of the third Fiscal Quarter of each Fiscal Year; and”

(G) **Section 6.3(nn) (Receipt of Form I-924 Approval)**. Section 6.3 of the Agreement is amended by inserting the following new clause (nn):

Form I-924 Approval. By June 1, 2016, the Borrowers shall receive Form I-924 (Application for Regional Center Under the Immigrant Investor Pilot Program) approval from the United States Citizenship and Immigration Services that pre-approves additional EB-5 Program financing of at least \$35,000,000 for the Parent through a regional center that does not have an escrow condition under filing of Form I-526 (Immigrant Petition by Alien Entrepreneur).”

(H) **Section 10.1 (Authorization and Action)**. Section 10.1 of the Agreement is amended and restated as follows:

“Each Noteholder irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Note Purchase Documents as are delegated to it by the terms of this Agreement and the other Note Purchase Documents, together with all powers reasonably incidental thereto. As to any matters not expressly provided for by this Agreement and the other Note Purchase Documents, the Administrative Agent shall act or refrain from acting (and shall be fully protected in so doing) upon the joint instructions of the Required Holders which instructions shall be binding upon all Noteholders. The Administrative Agent, may, but shall be under no obligation to, make one or more protective advances or pay costs, expenses, liabilities or any other reasonable sums (each an “**Agent Advance**”, collectively the “**Agent Advances**”) in order to preserve or protect any portion of the Collateral and/or to maximize the likelihood of repayment by the Borrowers as determined in Administrative Agent’s sole discretion. Such Agent Advances shall form part of the Note Indebtedness under this Agreement, and shall be subject to such fees and interest as the Administrative Agent shall determine in its sole discretion and repayable upon demand. Notwithstanding any provision herein to the contrary, all proceeds and any other amounts collected or received in respect of any Note Indebtedness, shall first be applied towards payment of any and all Agent Advances owing to the Administrative Agent. The Administrative Agent shall not be required to take any action which (i) would expose it to personal liability, (ii) is contrary to this Agreement or any applicable law, rule, regulation, judgment or order, (iii) would require it to become registered to do business in any jurisdiction, or (iv) would subject it to taxation. The provisions of this Article are solely for the benefit of the Administrative Agent and the Noteholders, and no Borrower nor any other Obligor shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Note Purchase Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.”

(l) **Section 6.4 (Negative Covenants)**. Section 6.4(f) of the Agreement is amended and restated as follows:

Transactions with Related Parties. Directly or indirectly, enter into or allow any other Company Party to enter into, any agreement with, make any financial accommodation for, or otherwise enter into any transaction with, a Related Party except (i) in the ordinary course of, and pursuant to the reasonable requirements of, business and at prices and on terms not less favourable to the Parent or the other Company Party, as the case may be, than could be obtained in a comparable arm's length transaction with another Person, (ii) a Company Party may pay reasonable compensation to officers, employees and consultants for actual services rendered to a Company Party in the ordinary course of business and (iii) a Company Party may pay directors' fees to and reimburse actual out-of-pocket expenses incurred in connection with attending board of director meetings not to exceed in the aggregate for the Parent and the other Company Parties, with respect to all such items, (x) **\$200,000** in the Fiscal Year ending December 2015, and (y) **\$300,000** in the Fiscal Year ending December 2016 and thereafter. Notwithstanding the foregoing, (i) no Obligor may enter into a transaction with another Obligor without the prior written consent of the Administrative Agent, and (ii) subject to receipt by the Administrative Agent of satisfactory evidence in its sole discretion, the Parent is permitted to make a one-time payment of no greater than **\$245,000** in the Fiscal Year ending December 2015, to repay certain loans owing to McAfee Capital, LLC.

SECTION 4. **Acknowledgment by Borrowers**. Notwithstanding anything to the contrary in this Amendment or the Agreement, the parties acknowledge and agree that proceeds from the Program is a Redemption Event and shall be applied in accordance with the Principal Waterfall pursuant to Section 4.2(1).

SECTION 5. **Conditions to Effectiveness**. This Amendment shall be effective only upon and subject to satisfaction of the following conditions precedent:

(A) Administrative Agent shall have received this Amendment duly executed by the parties hereto.

(B) Administrative Agent shall have been paid (i) a waiver fee in the amount of \$500,000 (the "**Waiver Fee**"), and (ii) an amendment fee in the amount of \$1,000,000 (the "**Amendment Fee**"), the Waiver Fee and the Amendment Fee (collectively, the "**Twelfth Amendment and Waiver Fee**") shall be added to the outstanding principal balance of the Revolving Notes on the effective date of this Amendment and deemed fully earned and non-refundable.

(C) Administrative Agent shall have received an Eleventh Amended and Restated Revolving Note for Sprott PC Trust Purchaser duly executed by the Borrowers in the original principal amount of \$4,453,219.95 (which amount includes PIK Amount that has been added to the outstanding principal amount of the Revolving Notes pursuant to Section 2.11(1)).

(D) Administrative Agent shall have received a Revolving Note for Sprott Private Credit Trust Purchaser duly executed by the Borrowers in the original principal amount of \$20,286,890.84 (which amount includes PIK Amount that has been added to the outstanding principal amount of the Revolving Notes pursuant to Section 2.11(1)).

(E) Administrative Agent shall have received a Twelfth Amended and Restated Revolving Note for TEC Insight Fund Purchaser duly executed by the Borrowers in the original principal amount of \$6,488,186.92 (which amount includes PIK Amount that has been added to the outstanding principal amount of the Revolving Notes pursuant to Section 2.11(1)).

(F) Administrative Agent shall have received a Fourth Amended and Restated Existing Note for Sprott PC Trust Purchaser duly executed by the Borrowers in the original principal amount of \$933,945.82.

(G) Administrative Agent shall have received an Existing Note for Sprott Private Credit Trust Purchaser duly executed by the Borrowers in the original principal amount of \$4,254,642.06.

(H) Administrative Agent shall have received a Fourth Amended and Restated Existing Note for TEC Insight Fund Purchaser duly executed by the Borrowers in the original principal amount of \$1,422,789.79.

(I) Administrative Agent shall have received a Third Amended and Restated Acquisition Note for Sprott PC Trust Purchaser duly executed by the Borrowers in the original principal amount of \$2,640,931.82.

(J) Administrative Agent shall have received an Acquisition Note for Sprott Private Credit Trust Purchaser duly executed by the Borrowers in the original principal amount of \$12,030,911.60.

(K) Administrative Agent shall have received a Third Amended and Restated Acquisition Note for TEC Insight Fund Purchaser duly executed by the Borrowers in the original principal amount of \$2,998,905.81.

(L) Administrative Agent shall have received a Third Amended and Restated Revenue Participation Note for Sprott PC Trust Purchaser duly executed by the Borrowers in the original principal amount of \$1,541,137.44.

(M) Administrative Agent shall have received a Revenue Participation Note for Sprott Private Credit Trust Purchaser duly executed by the Borrowers in the original principal amount of \$7,020,737.24.

(N) Administrative Agent shall have received a Third Amended and Restated Revenue Participation Note for TEC Insight Fund Purchaser duly executed by the Borrowers in the original principal amount of \$2,622,981.69.

(O) Administrative Agent shall have received a Reaffirmation of Unconditional Personal Guaranty, duly executed by the Chairman.

(P) Administrative Agent shall have received a Reaffirmation of Guaranty, duly executed by the Company Parties (other than the Borrowers).

(Q) Administrative Agent shall have received a Reaffirmation of Guaranty, duly executed by McAfee Capital, LLC.

(R) Administrative Agent shall have received a certificate of a Senior Officer of the Parent and each Borrower certifying (1) that no change has occurred to the Organizational Documents of such Person since certified copies thereof were previously delivered to the Administrative Agent and (2) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors of each such Person authorizing the execution, delivery and performance of the Note Purchase Documents to which such Person is a party delivered in connection with this Amendment and that such resolutions have not been modified, rescinded or amended and are in full force.

(S) Administrative Agent shall have received a binding letter of intent from Aemetis Advanced Fuels Goodland, Inc. to acquire the plant, property and equipment located in Goodland, Kansas and previously owned by New Goodland Energy Center for \$15,000,000.00 in assumed debt.

(T) Administrative Agent shall have received confirmation that Borrowers have Program escrow deposits of not less than \$12,000,000.00.

(U) Administrative Agent shall have performed and complied with all of the covenants and conditions required by this Amendment and the Note Purchase Documents to be performed and complied with upon the effective date of this Amendment.

(V) Administrative Agent shall have received all other approvals, opinions, documents, agreements, instruments, certificates, schedules and materials as Administrative Agent may reasonably request.

(X) Administrative Agent shall have received confirmation of tax liabilities of McAfee Capital, LLC satisfactory to the Administrative Agent.

Each Borrower acknowledges and agrees that the failure to perform, or to cause the performance of, the foregoing covenants and agreements will constitute an Event of Default under the Agreement and Administrative Agent and Noteholders shall have the right to demand the immediate repayment in full in cash of all outstanding Indebtedness owing to Administrative Agent and Noteholders under the Agreement, the Notes and the other Note Purchase Documents. In consideration of the foregoing and the transactions contemplated by this Amendment, each Borrower hereby (a) ratifies and confirms all of the obligations and liabilities of such Borrower owing pursuant to the Agreement and the other Note Purchase Documents, and (b) agrees to pay all costs, fees and expenses of Administrative Agent and Noteholders in connection with this Amendment.

SECTION 6. **Agreement in Full Force and Effect as Amended.** Except as specifically amended or waived hereby, the Agreement and other Note Purchase Documents shall remain in full force and effect and are hereby ratified and confirmed as so amended. Except as expressly set forth herein, this Amendment shall not be deemed to be a waiver, amendment or modification of, or consent to or departure from, any provisions of the Agreement or any other Note Purchase Document or any right, power or remedy of Administrative Agent or Noteholders thereunder, nor constitute a waiver of any provision of the Agreement or any other Note Purchase Document, or any other document, instrument or agreement executed or delivered in connection therewith or of any Default or Event of Default under any of the foregoing, in each case whether arising before or after the execution date of this Amendment or as a result of performance hereunder or thereunder. This Amendment shall not preclude the future exercise of any right, remedy, power, or privilege available to Administrative Agent or Noteholders whether under the Agreement, the other Note Purchase Documents, at law or otherwise. All references to the Agreement shall be deemed to mean the Agreement as modified hereby. This Amendment shall not constitute a novation or satisfaction and accord of the Agreement or any other Note Purchase Documents, but shall constitute an amendment thereof. The parties hereto agree to be bound by the terms and conditions of the Agreement and Note Purchase Documents as amended by this Amendment, as though such terms and conditions were set forth herein. Each reference in the Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of similar import shall mean and be a reference to the Agreement as amended by this Amendment, and each reference herein or in any other Note Purchase Documents to "the Agreement" shall mean and be a reference to the Agreement as amended and modified by this Amendment.

SECTION 7. **Representations by Parent and Borrowers.** Each of the Parent and the Borrowers hereby represents and warrants to Administrative Agent and Noteholders as of the execution date of this Amendment as follows: (A) it is duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation; (B) the execution, delivery and performance by it of this Amendment and all other Note Purchase Documents executed and delivered in connection herewith are within its powers, have been duly authorized, and do not contravene (i) its articles of incorporation, bylaws or other organizational documents, or (ii) any applicable law; (C) no consent, license, permit, approval or authorization of, or registration, filing or declaration with any Governmental Entity or other Person, is required in connection with the execution, delivery, performance, validity or enforceability of this Amendment or any other Note Purchase Documents executed and delivered in connection herewith by or against it; (D) this Amendment and all other Note Purchase Documents executed and delivered in connection herewith have been duly executed and delivered by it; (E) this Amendment and all other Note Purchase Documents executed and delivered in connection herewith constitute its legal, valid and binding obligation enforceable against it in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity; (F) it is not in default under the Agreement or any other Note Purchase Documents and no Event of Default exists, has occurred and is continuing or would result by the execution, delivery or performance of this Amendment; and (G) the representations and warranties contained in the Agreement and the other Note Purchase Documents are true and correct in all material respects as of the execution date of this Amendment as if then made, except for such representations and warranties limited by their terms to a specific date.

SECTION 8. Miscellaneous.

(A) This Amendment may be executed in any number of counterparts (including by facsimile or email), and by the different parties hereto on the same or separate counterparts, each of which shall be deemed to be an original instrument but all of which together shall constitute one and the same agreement. Each party agrees that it will be bound by its own facsimile or scanned signature and that it accepts the facsimile or scanned signature of each other party. The descriptive headings of the various sections of this Amendment are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof or thereof. Whenever the context and construction so require, all words herein in the singular number herein shall be deemed to have been used in the plural, and vice versa, and the masculine gender shall include the feminine and neuter and the neuter shall include the masculine and feminine. The use of the word "including" in this Amendment shall be by way of example rather than by limitation. The use of the words "and" or "or" shall not be inclusive or exclusive.

(B) This Amendment may not be changed, amended, restated, waived, supplemented, discharged, canceled, terminated or otherwise modified without the written consent of the Borrowers and Administrative Agent. This Amendment shall be considered part of the Agreement and shall be a Note Purchase Document for all purposes under the Agreement and other Note Purchase Documents.

(C) This Amendment, the Agreement and the Note Purchase Documents constitute the final, entire agreement and understanding between the parties with respect to the subject matter hereof and thereof and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements between the parties, and shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto and thereto. There are no unwritten oral agreements between the parties with respect to the subject matter hereof and thereof.

(D) THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE CHOICE OF LAW PROVISIONS SET FORTH IN THE AGREEMENT AND SHALL BE SUBJECT TO THE WAIVER OF JURY TRIAL AND NOTICE PROVISIONS OF THE AGREEMENT.

(E) Neither the Parent nor any Borrower may assign, delegate or transfer this Amendment or any of their rights or obligations hereunder. No rights are intended to be created under this Amendment for the benefit of any third party donee, creditor or incidental beneficiary of the Borrowers or any Company Party. Nothing contained in this Amendment shall be construed as a delegation to Administrative Agent or Noteholders of the Borrowers or any Company Party's duty of performance, including any duties under any account or contract in which Administrative Agent or Noteholders have a security interest or lien. This Amendment shall be binding upon the Borrowers, the Parent and their respective successors and assigns.

(F) All representations and warranties made in this Amendment shall survive the execution and delivery of this Amendment and no investigation by Administrative Agent or Noteholders shall affect such representations or warranties or the right of Administrative Agent or Noteholders to rely upon them.

(G) THE BORROWERS AND THE PARENT ACKNOWLEDGE THAT SUCH PERSON'S PAYMENT OBLIGATIONS ARE ABSOLUTE AND UNCONDITIONAL WITHOUT ANY RIGHT OF RECISSION, SETOFF, COUNTERCLAIM, DEFENSE, OFFSET, CROSS-COMPLAINT, CLAIM OR DEMAND OF ANY KIND OR NATURE WHATSOEVER THAT CAN BE ASSERTED TO REDUCE OR ELIMINATE ALL OR ANY PART OF ITS LIABILITY TO REPAY THE "OBLIGATIONS" OR TO SEEK AFFIRMATIVE RELIEF OR DAMAGES OF ANY KIND OR NATURE FROM ADMINISTRATIVE AGENT OR ANY NOTEHOLDER. THE BORROWERS AND THE PARENT HEREBY VOLUNTARILY AND KNOWINGLY RELEASE AND FOREVER DISCHARGE ADMINISTRATIVE AGENT AND EACH NOTEHOLDER AND THEIR RESPECTIVE PREDECESSORS, ADMINISTRATIVE AGENTS, EMPLOYEES, SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE "RELEASED PARTIES"), FROM ALL POSSIBLE CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS, EXPENSES, AND LIABILITIES WHATSOEVER, KNOWN OR UNKNOWN, ANTICIPATED OR UNANTICIPATED, SUSPECTED OR UNSUSPECTED, FIXED, CONTINGENT, OR CONDITIONAL, AT LAW OR IN EQUITY, ORIGINATING IN WHOLE OR IN PART ON OR BEFORE THE DATE THIS AMENDMENT IS EXECUTED, WHICH SUCH PERSON MAY NOW OR HEREAFTER HAVE AGAINST THE RELEASED PARTIES, IF ANY, AND IRRESPECTIVE OF WHETHER ANY SUCH CLAIMS ARISE OUT OF CONTRACT, TORT, VIOLATION OF LAW OR REGULATIONS, OR OTHERWISE, AND ARISING FROM ANY "LOANS", INCLUDING ANY CONTRACTING FOR, CHARGING, TAKING, RESERVING, COLLECTING OR RECEIVING INTEREST IN EXCESS OF THE HIGHEST LAWFUL RATE APPLICABLE, THE EXERCISE OF ANY RIGHTS AND REMEDIES UNDER THE AGREEMENT OR OTHER NOTE PURCHASE DOCUMENTS, AND NEGOTIATION FOR AND EXECUTION OF THIS AMENDMENT.

{Signatures appear on following pages.}

IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective as of the date first noted above.

BORROWERS:

AEMETIS ADVANCED FUELS KEYES, INC.

By: /s/ Eric A. McAfee

Name: Eric A. McAfee

Title: Chief Executive Officer

AEMETIS FACILITY KEYES, INC.

By: /s/ Eric A. McAfee

Name: Eric A. McAfee

Title: Chief Executive Officer

PARENT:

AEMETIS, INC.

By: /s/ Eric A. McAfee

Name: Eric A. McAfee

Title: Chief Executive Officer

Company Name

By: /s/

Name

Title

ADMINISTRATIVE AGENT:

THIRD EYE CAPITAL CORPORATION

By: /s/ Arif N. Bhalwani

Name: Arif N. Bhalwani

Title: Managing Director

NOTEHOLDERS:

**SPROTT ASSET MANAGEMENT GP INC., in its capacity
as general partner of SPROTT ASSET MANAGEMENT
L.P., in its capacity as Manager of SPROTT PC TRUST**

By: /s/ Kirstin McTaggart

Name: Kirstin McTaggart

Title: CCO

**SPROTT ASSET MANAGEMENT GP INC., in its capacity
as general partner of SPROTT ASSET MANAGEMENT
L.P., in its capacity as Manager of SPROTT PRIVATE
CREDIT TRUST**

By: /s/ Kirstin McTaggart

Name: Kirstin McTaggart

Title: CCO

**THIRD EYE CAPITAL CREDIT OPPORTUNITIES S.ar.l, it
its capacity as Managing General Partner of THIRD EYE
CAPITAL CREDIT OPPORTUNITIES FUND – INSIGHT
FUND**

By: /s/ Robert L. DeNormandie

Name: Robert L. DeNormandie

Title: Manager

By: /s/ Richard Goddard

Name: Richard Goddard

Title: Manager

STRICTLY PRIVATE AND CONFIDENTIAL

March 22, 2016

Aemetis Advanced Fuels Goodland, Inc.
20400 Stevens Creek Boulevard
Suite 700
Cupertino, CA
95014

Attention: Mr. Eric McAfee
President & CEO

Dear Sirs:

Re: Letter of intent for the purchase of certain property, plant and equipment situated on approximately 94.8 acres in Goodland, Kansas (the "**Goodland Plant**") from Third Eye Capital Corporation, in its capacity as attorney-in-fact for New Goodland Energy Center, LLC (the "**Vendor**") by Aemetis Advanced Fuels Goodland, Inc. or such other subsidiary of Aemetis Inc. formed for the purchase of the Goodland Plant (collectively, the "**Purchaser**" or "**AAF**")

This letter (the "**Letter of Intent**") confirms our understanding of the terms of the purchase and sale of the Goodland Plant, as more particularly described in paragraph 1 below (the "**Purchased Assets**"). It is our understanding that the contemplated purchase transaction (the "**Transaction**") will be substantially on the basis set out herein; it is understood and agreed that the terms of the Transaction will be definitively set out in an agreement of purchase and sale as described in paragraph 4 below and that this Letter of Intent shall be a binding agreement upon you or us, except to the extent otherwise specifically provided herein.

The terms of our understanding are as follows:

1. Description of Purchased Assets

(a) The Purchased Assets consist of the Purchaser's right, title and interest in, to and under the following:

- (i) all real property of the Vendor as set out in Schedule "A" hereto, including, without limitation, loading, storage, transportation and other facilities located in Sherman County, Kansas; and
- (ii) all other assets, property and undertakings of the Vendor in connection with the Goodland Plant, including, without limitation, any and all supplies, parts, leases, licenses, software, contracts, instruments and agreements.

- (b) The Purchaser will receive all rights, benefits, claims, covenants, obligations, powers, and duties of the Vendor in respect of the Purchased Assets.

2. Purchase Price and Assumption of Debt

The purchase price for the Purchased Assets will be \$15,000,000 (the "**Purchase Price**"), which will be satisfied through the assumption by the Purchaser of \$15,000,000 of debt (the "**Assumed Debt**"), previously owing by New Goodland Energy Center to Third Eye Capital Corporation and certain other lenders. The Assumed Debt shall be recourse only to the Purchaser, and not to any other affiliate, including Aemetis Inc., which owns 100% of the Purchaser. Interest and repayment terms for the Assumed Debt shall include:

- (i) No interest for the first year; thereafter at the rate of 12% per annum, payable monthly in arrears;
- (ii) Repayment at any time, with final maturity in three years ("**AAFG Maturity**"); and
- (iii) Mandatory repayment from proceeds of insurance, EB-5 program filed for the benefit of AAFG, any asset sales, any sale of equity in AAFG, and 100% of free cash flow from AAFG.

3. Acknowledgement of Financing

The Purchaser acknowledges and agrees that in addition to the Assumed Debt, Purchaser will receive financing through the issuance of up to \$29,000,000 senior secured notes (the "**Financing**") in favour of Third Eye Capital Corporation, as agent for certain noteholders (the "**Agent**"), of which (i) up to \$4,000,000 will be made available under a working capital facility, at the Agent's sole discretion, except that advances shall be permitted for the purposes of paying taxes, utilities, insurance and costs of employees and contractors at the Goodland Plant, acceptable to the Agent, and (ii) up to \$25,000,000 will be made available under a capital expenditures facility, at the Agent's sole discretion. Each advance under the Financing shall be subject to a 3% fee payable to the Agent, on behalf of the noteholders, and shall bear interest at the rate of 12% per annum, payable monthly in arrears. Any debt advanced to AAFG under the Financing that is subsequently advanced to Aemetis Inc. or its affiliates, must be guaranteed and secured by such recipients. AAFG will also grant the Agent an option to own 99% of the Goodland Plant (the "**TEC Option**") at any time upon exercise at a nominal exercise price. The TEC Option shall expire on the earlier to occur of: (a) 5 years from the Closing Date, or (b) shall automatically expire, if:

- (i) Aemetis Inc. guarantees all of the debt of AAFG under the Financing;
- (ii) AAFG repays at least 50% of its outstanding debt to the Agent and the noteholders under the Financing; or
- (iii) an EB-5 program application is filed for the benefit of AAFG with anticipated proceeds of at least \$17,000,000. For greater certainty, the EB-5 program application specified herein shall be separate and distinct from any EB-5 program application filed by Aemetis, Inc. for the benefit of itself or any of its affiliates (other than AAFG).

The Financing will contain usual and customary affirmative and negative covenants for a Financing of this size, type and nature, including, without limitation, receipt by the Agent of an updated appraisal of the Goodland Plant from Natwick Associates Appraisal Services showing "as constructed" fair market value greater than 1.3 times the debt outstanding from AAFG by May 1, 2016. Notwithstanding any other provision herein, failure to maintain the customary affirmative and negative covenants will not cause the automatic expiration of the TEC Option. The Financing will be subject to approval by the credit committee of the Agent, and subject to negotiation, execution and delivery of definitive financing documentation.

4. Agreement of Purchase and Sale

Following the acceptance of the Letter of Intent, the Agent will promptly commence negotiations with the Purchaser with respect to a formal agreement of purchase and sale and the Financing (the "**Definitive Agreement**"). The Definitive Agreement shall contain such representations and warranties and covenants of each of the parties as are customary for an acquisition of this nature. The Purchaser agrees that the Transaction will be (i) on an "as is, where is" basis, (ii) without recourse to the Vendor, and (iii) the Purchased Assets will be free of liens other than customary permitted liens and encumbrances.

5. Closing

Subject to satisfaction of the conditions contained herein and in the Definitive Agreement and all other agreements contemplated herein, the date of closing will occur on April 15, 2016 or on such earlier date as may be mutually agreed upon by the parties (the "**Closing Date**").

6. No-Shop Clause

The Vendor shall agree not to, through the later of: (a) the date on which either party delivers notice in writing to the other terminating negotiations regarding the Transaction, or (b) the Closing Date:

- (a) solicit any offers to buy, transfer or assign the Purchased Assets;
- (b) hold discussions with any party looking toward such an offer or solicitation; or
- (c) enter into any agreement with any party with respect to the sale of shares or material assets of Borrower, or with respect to any merger, consolidation, or similar transaction.

7. Good Faith

The Vendor and the Purchaser shall proceed in good faith to negotiate, agree upon and enter into the Definitive Agreements embodying the terms and conditions contained in this letter and to consummate the closing of the Transaction pursuant thereto as promptly as practicable.

8. Confidentiality

The existence and contents of this letter and any and all matters relating thereto shall be kept confidential by the parties hereto and shall not be disclosed, directly or indirectly, to any other person whatsoever, except that you may disclose this letter and the contents hereof (a) if compelled by applicable law or court order, and (b) to the respective officers, directors, employees and professional advisors (who are bound by duty of confidentiality) of the parties hereto as reasonably required on a confidential and need-to-know basis, in order to implement the transactions and activities contemplated herein.

9. Expenses

The Purchaser shall pay all reasonable expenses incurred by the Agent and the noteholders, including reasonable fees, charges and disbursements of counsel in connection with the preparation, negotiation, execution, delivery and administration of this Letter of Intent and in connection with the consummation of the Transaction.

10. Currency

Unless otherwise specified herein, all dollar amounts expressed herein are expressed in United States dollars.

11. Governing Law

This letter shall be governed and construed in accordance with the laws of the Province of Ontario.

12. No Assignment

This letter may not be assigned by any party hereto without the prior written consent of the other and is not intended to confer any benefits upon, or create any rights in favour of, any person other than the parties hereto.

13. Counterparts

This letter may be executed in any number of counterparts (including by way of facsimile), each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

If this letter represents your understanding of our negotiations and is acceptable to you, would you please so indicate by signing the enclosed copy of this letter and returning it to our attention. Immediately thereupon, we will instruct our legal counsel to prepare the Definitive Agreement and all ancillary documents for your review.

The terms and conditions set forth in this letter will serve as the basis for further consideration and arrangement of the Transaction only if we receive from you a signed copy of this letter before 5:00 PM E.T. on March 10, 2016. The expenses, jurisdiction, confidentiality provisions contained herein shall remain in full force and effect regardless of whether definitive documentation shall be executed and notwithstanding the termination of the negotiations hereunder.

{Rest of page intentionally left blank}

Very truly yours,

THIRD EYE CAPITAL CORPORATION, as Vendor

Per: /s/ Arif N. Bhalwani

Name: Arif N. Bhalwani

Title: Managing Director

Acknowledged and agreed to this 22nd day of March, 2016.

**AEMETIS ADVANCED FUELS GOODLAND, INC.,
as Purchaser**

Per: /s/ Eric A. McAfee

Name: Eric A. McAfee

Title: Authorized Signatory

Schedule "A"

Description of Purchased Assets

Parcel No. 1

The East Sixty (E 60) acres of the Northwest Quarter (NW/4) of Section Twenty (20), Township Eight (8) South, Range Forty (40) West of the Sixth Principal Meridian, Sherman County, Kansas, LESS the following described tract:

Commencing at the Northwest Corner of said Section 20; thence N 89° 21' 43" E a distance of 1,650.67 feet; thence S 00° 05' 07" E a distance of 1,085.00 feet to the point of beginning; thence a distance of 470 feet East at a right angle to the aforementioned line; thence a distance of 470 feet South at a right angle to the aforementioned line; thence a distance of 470 feet West at a right angle to the aforementioned line; thence a distance of 470 feet North at a right angle to the aforementioned line to the point of beginning.

Parcel No. 2

All of Lots One (1), Two (2), Three (3), Four (4), Five (5), Eight (8), Nine (9), Ten (10), Eleven (11), Twelve (12), Thirteen (13), Sixteen (16), Twenty-four (24), Twenty-five (25), Twenty-six (26) of the Goodland Energy Center, a subdivision in the Northwest Quarter (NW/4) of Section Twenty (20), Township Eight (8) South, Range Forty (40) West of the Sixth Principal Meridian, Sherman County, Kansas.

Parcel No.3

The easement estate created by Water Line Easement dated June 13, 2006 between Lyle D. Chatfield and Brenda Chatfield, husband and wife, AND Goodland Energy Center, L.L.C., a Kansas limited liability company; filed June 14, 2006 at 11:20 AM; recorded in Book 143, Page 729; a perpetual easement to run with the land; covering the following described real estate:

A tract of land in the SW ¼, Section 18, Township 8 South, Range 40 West of the 6th Principal Meridian, Sherman County, Kansas, more particularly described as follows:

Beginning at the SW corner of said section; thence North a distance of 35' along the West line of said Section; thence East 35' parallel to the North right-of-way line of County Road 65. that being the Point of Beginning.

Thence East along the North right-of-way line of County Road 65 to a point 35' North of the SE corner of the SW ¼ of said section; thence North a distance of 25' along the East line of the SW ¼ of said section; thence West and parallel to the North right-of-way line of County Road 65 to a point on the East right-of-way line of County Road 13, 60' North and 35' East of the SW corner of said section; thence South along the East right-of-way line of County Road 13 a distance of 25' to the Point of Beginning

Parcel No.4

The easement estate created by Water Line Easement dated April 27, 2006 between Wilma Ann Reuter Revocable Trust AND Goodland Energy Center, L.L.C., a Kansas limited liability company; filed May 3, 2006 at 11:22AM; recorded in Book 142, Page 825; a perpetual easement to run with the land; covering the following described real estate:

A tract of land in Section Thirteen (13), Township Eight (8) South, Range Forty-one (41), West of the 6th P.M., Sherman County Kansas, more particularly described as follows:

Beginning at the SE corner of said section; thence North along the East line of said section a distance of 35' to a point on the County Right-of-Way line, the point of beginning; thence North a distance of 25' parallel to the East line of said section; thence West approximately 2,640' parallel to the South line of said section; thence South a distance, of 25' parallel to the West line of said section and to a point on the County Right-of-Way line; thence East approximately 2,640' parallel to the North line of said section to the point of beginning.

Parcel No. 5

The easement estate created by Water Line Easement dated June 14, 2006 between Alva Vandiver and Karen Vandiver, husband and wife, and Mike Vandiver AND Goodland Energy Center, L.L.C., a Kansas limited liability company; filed June 14, 2006 at 11:22 AM; recorded in Book 143, Page 730; a perpetual easement to run with the land; covering the following described real estate:

A tract of land in the SE ¼, Section Eighteen (18), Township Eight (8) South, Range Forty (40), West of the 6th P.M., Sherman County, Kansas, more particularly described as follows:

Beginning at the SE corner of said section; thence North a distance of 35' along the East line of said Section; thence west a distance of 35' parallel to the North right-of-way line of County Road 65 to the Point of Beginning.

Thence West along the North right-of-way line of County Road 65 to a point 35' North of the SW corner of the SE ¼ of said section; thence North a distance of 25' along the West line of the SE ¼ of said section; thence East to a point 1,785' West and 60' North of the SE corner of said section; thence North a distance of 55' parallel to the East line of said section; thence East a distance of 950' parallel to the North right-of-way line of County Road 65; thence South a distance of 55' parallel to the East line of said section; thence East on a line parallel to the North right-of-way line of County Road 65 to the West right-of-way line of County Road 14; thence South a distance of 25' along the West right-of-way line of County Road 14 to the Point of Beginning.

Parcel No. 6

The easement estate created by Easement dated November 21, 2005 between Ray T Isernhagen Family Revocable Trust dated November 10, 1988 AND Goodland Energy Center, L.L.C., a Kansas limited liability company; filed November 23, 2005 at 1:58 PM; recorded in Book 140, Page 212; a perpetual right to construct, operate and maintain underground pipelines; site of well location; covering the following described real estate:

A Tract of land in the Southwest Quarter (SW/4) of Section Thirteen (13), Township Eight (8) South, Range Forty-one (41) West of the Sixth Principal Meridian, Sherman County, Kansas, more particularly described as follows:

Beginning at the SW corner of said section; thence East along the South line of said section a distance of 1480' to the point of beginning;

Thence North 1,236' parallel to the West line of said section; thence West 225' parallel to the South line of said section; thence North 470' parallel to the West line of said section; thence East 470' parallel to the South line of said section; thence South 470' parallel to the West line of said section thence West 225' parallel to the South line of said section; thence South 1,236' parallel to the West line of said section; thence West 20' along the South line of said section to the point of beginning.

Parcel No. 7

The easement estate created by Water Line Easement dated August 14, 2006 between Ray T. Isernhagen Family Revocable Trust dated November 10, 1988 AND Goodland Energy Center, L.L.C., a Kansas limited liability company; filed August 15, 2006 at 1:02 PM; recorded in Book 144, Page 650; a perpetual easement to run with the land; covering the following described real estate:

A Tract of land in the Southwest Quarter (SW/4) of Section Thirteen (13), Township Eight (8) South, Range Forty-one (41) West of the Sixth Principal Meridian, Sherman County, Kansas, more particularly described as follows:

Beginning at the SW corner of said section; thence North a distance of 35' along the West line of said section; thence East a distance of 1,480' parallel to the North right-of-way line of County Road 65 to the point of beginning;

Thence East along the North right-of-way line of County Road 65 a distance of 1,160' parallel to the North right-of-way line of County Road 65; thence North a distance of 25' parallel to the East line of the SE/4 of said section; thence West a distance of 1,160' parallel to the North right-of-way line of County Road 65;

Thence South a distance of 25' parallel to the West line of said section to the point of beginning (hereinafter referred to as the "Real Property").

List of Subsidiaries

Biofuels Marketing, Inc.
 Aemetis Biochemicals, Inc.
Aemetis International, Inc.
International Biofuels Ltd (Mauritius)
Universal Biofuels Private Limited (India)
Aemetis Technologies, Inc.
Aemetis Biofuels, Inc.
Energy Enzymes, Inc.
AE Advanced Fuels, Inc.
Aemetis Advanced Fuels Keyes, Inc.
Aemetis Facility Keyes, Inc.
Aemetis Advanced Fuels, Inc.
Aemetis Americas, Inc.
AE Biofuels, Inc.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements on Form S-8 (No. 333-194423, No. 333-194429, No. 333-202327, and No. 333-209620) and Registration Statement on Form S-3 (No. 333-197259) of Aemetis, Inc of our report dated March 28, 2016, relating to our audit of the consolidated financial statements, which appears in this Annual Report on Form 10-K of Aemetis, Inc. for the year ended December 31, 2015.

/s/ RSM US LLP
Des Moines, Iowa
March 28, 2016

CERTIFICATIONS

I, Eric A. McAfee, certify that:

1. I have reviewed this Annual Report on Form 10-K of Aemetis, Inc.;
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 officer(s) 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 officer(s) 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: March 28, 2016

By: /s/ Eric A. McAfee
Eric A. McAfee
Chief Executive Officer

CERTIFICATIONS

I, Todd Waltz, certify that:

1. I have reviewed this Annual Report on Form 10-K of Aemetis, Inc.;
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 officer(s) 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 officer(s) 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: March 28, 2016

/s/ Todd Waltz

Todd Waltz

Chief 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 Annual Report of Aemetis, Inc. (the "Company") on Form 10-K for the year ending December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric A. McAfee, Chief Executive Officer of the Company, 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 and Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Eric A. McAfee
Eric A. McAfee
Chief Executive Officer

Date: March 28, 2016

**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 Annual Report of Aemetis, Inc. (the "Company") on Form 10-K for the year ending December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Todd Waltz, Chief Financial Officer of the Company, 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 and Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Todd Waltz
Todd Waltz
Chief Financial Officer

Date: March 28, 2016