



SIOUXLAND ETHANOL LLC UPDATE

Winter 2017

Siouxland Ethanol • Jackson, NE • siouxlandethanol.com

Expansion, Energy Efficiency and Opportunity

An Overview from Nick Bowdish President & CEO



Siouxland Ethanol is pleased to share with you that the production expansion is online, on budget, and on schedule.

Approximately one year ago,

Siouxland Ethanol was producing 160,000 gallons per day or about 57 million gallons per year. The Board of Directors set a goal of producing 75 million gallons per year, or about 212,500 gallons per day. I'm very pleased to tell you the team at Siouxland Ethanol has accomplished this goal!

With the completion of the fermenters, sieve bottles and beer degas system; your plant is producing about 214,000 gallons per day at the time of this writing. We believe that through debottlenecking and lining out our fermentation recipe over the next few weeks, production will continue higher.

The entire staff and management team at Siouxland Ethanol is very excited about the production expansion. It is incredibly rewarding to have the opportunity to blaze new trails, set new records, and provide new career challenges to our team.

The production expansion is poised to provide you a good financial return.

Ethanol crush margins were extremely strong during the most recent quarter led mostly by the strength in ethanol price and a fairly flat corn market. Throughout the period, the amount of ethanol that was exported outside the United States led to a shrinking stockpile of ethanol on-hand during a time of year when typically ethanol stockpiles grow steadily higher as the driving season wanes.

This year proved to be an exception and the best place to see the difference is to review the financial snapshot section of this newsletter to see the comparison of this year versus one year ago. Since January 1, ethanol margins have declined considerably and are now back to levels slightly below the 10 year average.

Construction continues on our site with the build-out of the new cooling tower. We anticipate this project will have a spring completion.

I'm pleased to announce that the Board of Directors has approved a \$4 million energy efficiency project. The essence of the project is that we will recover heat that is lost out of the thermal oxidizer stack today and repurpose that energy within the plant. The project comes with a performance guarantee and we believe that it will generate more than \$1 million in annual savings on natural gas. There is additional financial value available that stems from lowering the carbon intensity of our ethanol and monetizing that via the Low Carbon Fuel Standard.

Last, but not least, expect some materials to arrive in late February related to an opportunity to sell your units back to Siouxland Ethanol.



More than 10 years has passed since everyone chose to invest in this great company. The Board of Directors and I felt that it was prudent to put together a liquidity opportunity for our unit holders so that anyone who has different objectives today than they did 10 years ago can turn your units back into cash. We certainly welcome everyone to stay a unit holder in Siouxland Ethanol and share in whatever the next 10 years bring.

The materials you will receive explain the process and I'll be talking about this and much more at the Siouxland Ethanol Annual Meeting on March 7. I hope to see you there!

Former U.S. Senator Daschle Headlines Annual Meeting



The Siouxland Ethanol Annual Meeting March 7 will feature former U.S. Senator Tom Daschle as keynote speaker.

Investors will also enjoy dinner, receive progress reports from ethanol plant leaders and hear a 2016 fiscal year financial review.

Daschle was instrumental in getting the Clean Air Act Amendments passed in

1990 and has worked tirelessly to promote clean air and better health with higher blends of ethanol.

In nearly 40 years of working in politics and with politicians, Daschle has participated in the development and debate of almost every major public policy issue in the country. Today he leads his own firm, the Daschle Group, to advise clients on economic, policy and political issues.

A native of Aberdeen SD, Daschle served in the House of Representatives from 1978 to 1986 and was an elected U.S. Senator from 1986 to 2004. He is one of

the longest serving Senate Democratic leaders in history and one of only two to serve twice as both majority and minority leader.

After leaving the Senate in 2005, Daschle worked as a lobbyist for two firms before establishing his consulting group in 2014. He has also emerged as a leading thinker on climate change, food security and renewable energy policy.

Investors should make reservations by at 866-687-8020 or email amy.williams@siouxlandethanol.com.



Learning about Ethanol is a Sweet Deal for Class

The 5th grade class of Cardinal Elementary School adopted through a South Sioux City Chamber of Commerce program — enjoyed a guest presentation in their classroom on ethanol and its careers and then visited the plant on a field trip in November.

After their visit Mrs. Gerkin's class hit Jackson Express where the oldest student, the first in the class who can get his driver's license, pumped an ethanol blend fuel into Pam Miller's car. Miller used the money saved with the higher level of ethanol to treat the class to cookies inside Jackson Express.

ANNUAL MEETING
March 7, 2017

Marina Inn • South Sioux City
Call 866-687-8020 to RSVP



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Ethanol Outlook in 2017

Pam Miller, Board Chair and Director of Industry and Investor Relations



Happy New Year to all of you. It may be one of the most interesting years in our lives as we watch a new administration in Washington, D.C. The ethanol industry has been evaluating this change and, for the most part, sees some positives that may come our way. President Trump's campaign promises of doing business differently and

removing bureaucratic barriers is music to our ears. The appointment of Scott Pruitt as the new EPA administrator sent mixed messages but on the overall, we are optimistic that he will review and remove some of the onerous regulations that have blocked the fair market availability of ethanol.

We know that we must have consumer demand for ethanol, especially higher blends of ethanol. To that end, we are partnering with other ethanol plants to promote E30 as the best ethanol blend for all vehicles. For those of you who drive a Flex Fuel Vehicle (FFV), you will find that E30 will give you better mileage and equal performance. FFV's using E85 have typically had a less than desirable performance with noticeable gas mileage reduction. This is due to the 15% gasoline mixture that contains an octane of only 80 which reduces the btu's and mileage.

With an octane of 93 or 94 found in E30, it really should be called premium. For those of you who drive vehicles that require premium, do yourself a favor and save big bucks at the gas pump with E30. Drivers of all other vehicles will also be pleased with the savings at the pump, the mileage and the performance. I use E30 in my 2015 Lincoln and have had no issues with it. It burns cooler and cleaner. The emissions from the tailpipe are much cleaner than when using E10 or gas without ethanol. That gives us less particulate matter and cancer-causing toxins that cause health concerns.

When we started Siouxland Ethanol in 2004, our goal

was focused on the economic impact of such a plant in Northeast Nebraska. As I was writing the business plan for Siouxland Ethanol in our formative stage, I discovered the benefits of ethanol as a way to provide oxygen to gasoline, replacing MTBE which was being phased out in the late 1990s and early 2000s. We know that MTBE was an effective oxygenate, but was extremely harmful to our health.

Before that, oil companies used lead as an oxygenate in the gas. Now, studies have shown that aromatics (benzene, toluene and xylene) are extremely harmful to our health when burned in our vehicles that we drive. Oil companies manufacture these compounds and use them in refining oil to obtain a source of oxygenate for gasoline for our vehicles.

The EPA is aware that these nasty chemicals are harmful but have turned a blind eye to the research. We as an industry and as concerned citizens must demand that steps are taken to reduce or remove these chemicals and replace them with clean burning ethanol.

Do your part and use the highest level of ethanol in your gas tank that's available at the pump. We are working to provide more access to higher levels of ethanol and held an informational session with convenience store owners and managers to help them see how they can make higher level blends a part of their operation. (see page 6) We are also working with auto technicians and car dealers to make them aware of correct information about how ethanol really works and the effects on vehicle engines.

A pilot study in Watertown, SD has shown that various makes and models of 50 different vehicles (all non-flex fuel) ran with no problems on E30 this past summer. Not one check engine light. Not one vehicle that voided the warranty.

Here's to a new year - and a new era for ethanol. Cheers!



Welcoming International Visitors

A group of German visitors associated with the German-American Chamber of Commerce toured Siouxland Ethanol in December.

"Our visitors had a great grasp of the process of ethanol and the complexity of the industry on a global level," says Pam Miller. "We had a great discussion."

The visit was organized by the Farm Bureau Association.

Capturing the Benefits of High Octane Low Cost Fuels

By Former U.S. Senator Tom Daschle



What do Henry Ford, Secretary Ernie Moniz and the U.S. Department of Energy, Shell Oil and the Union of Concerned Scientists all have in common? Answer: Each has advocated increasing gasoline octane ratings by using mid-level ethanol blends (e.g., E25 – E40).

Mountains of peer-reviewed science confirm that motorists would enjoy more power, better performance, and save money at the pump. Automakers would save billions of dollars in complying with strict new fuel efficiency and carbon reduction rules, and the air would be cleaner, and people healthier. Transitioning to high octane, low cost (HOLC) transportation fuels would be one of the best ways for the United States to meet its energy security, economic and environmental priorities.

So why isn't that happening? It seems like it should be a no-brainer.

A century ago, Henry Ford promoted 30% blends of ethanol in gasoline (E30) based upon ethanol's superior octane boosting properties. Even then, automotive engineers knew that they needed higher octane gasoline to boost engine compression and improve performance. However, Ford warned that ethanol's octane competitors—tetraethyl lead and benzene-based aromatic compounds—would seriously harm the environment and human health. Unfortunately, John D. Rockefeller and Standard Oil prevailed, and even though it was more effective, and much safer, renewable ethanol was cut out of the competition.

Nearly 100 years later, the debate has come full circle. Ford's warnings about leaded gasoline were confirmed when the tragic societal costs of lead poisoning were finally too great to ignore. I was actively involved in the 1990 Clean Air Act Senate floor debates, when Congress banned leaded gasoline. Since then, I've had a ringside seat as the U.S. corn ethanol industry has evolved into a global, multi-billion dollar industry.

Siouxland Ethanol is an enormous success story, and its members and employees should be proud of what they



In this 1933 image Nebraska Governor Charles Bryan is filling his car with ethanol at a gas station. (Historical note: A former farmer who raised livestock, the governor also had served as U.S. Senator Charles McNary, who unsuccessfully ran for president three times around the turn of the century.)

have achieved. Like the 200 other ethanol plants in the U.S., Siouxland Ethanol is a technologically advanced bio-refinery that efficiently and profitably converts #2 yellow corn into fuel, feed and food.

The U.S. corn ethanol industry employs tens of thousands of people, has transformed and revitalized rural economies, and saves the nation more than one million barrels per day of imported oil—recycling billions of dollars in the U.S. economy that would otherwise get into the hands of those who want to destroy our way of life. These dollars create thousands of quality jobs and more than 15 billion gallons of clean-burning ethanol each year make our environment safer and our citizens healthier.

Since it first opened its doors nearly 10 years ago, Siouxland Ethanol has pumped hundreds of millions of dollars annually into the local, state and national economies. Very few people could have imagined that 35 years ago.

And corn ethanol is not only the most cost effective, environmentally safe, and chemically superior octane enhancer on the planet—we now know that it is one of the lowest carbon



at a downtown Lincoln station. Ethanol has been around a long time. (The man in the white suit served as political secretary for his younger brother, William F. Buckley Jr., of the century.)

fuels in the world. Recently, I hosted a dinner for leading environmental experts, university researchers and governmental officials to talk about the best available science of high yield corn's ability to restore soil organic matter, and sequester carbon. In early January, my good friend, USDA Secretary Tom Vilsack released a detailed report that projects within the next five years, corn ethanol will reduce

And as technologies and management practices advance, USDA projects that corn ethanol can achieve 76% carbon reduction compared to 2005 gasoline! Some experts say that corn ethanol will one day be regarded as a "zero carbon fuel." Without doubt, the USDA's findings suggest that E30 high octane blends can compete in the carbon arena with electric vehicles, provided the Environmental Protection Agency (EPA) is honest about the carbon footprint of the U.S. electricity sector.

I believe that ethanol's best days are soon to come.

It's worthwhile to quickly review how we got here:

- 1990 Clean Air Act Amendments
- The so-called Daschle-Dole "clean octane" amendment passed to require EPA to "reformulate" gasoline by using clean-burning, high octane additives like ethanol, rather than carcinogens like aromatic hydrocarbons.
- In 2005 Congress passed the first Renewable Fuels Standard. Coupled with ethanol's superior ability to enhance gasoline octane ratings, it helped spark the explosive expansion of the U.S. ethanol industry to where it is today.

Our detractors said it couldn't be done 35 years ago. Automakers did not honor E10 blends in their owners' manuals. Car manufacturers warned that ethanol would damage engines. The oil industry fought us tooth and nail. The attack lines have not changed much, merely the intensity. "Food vs. Fuel." "Negative energy balance." "Bad for your vehicle." We've heard it all, and we've proven them wrong.

carbon emissions by almost 50% compared to 2005 gasoline.

Will HOLCA Surmount The So-Called "Blend Wall"?

How do we advance from nationwide E10, to nationwide E30?

That is one reason why we have formed the High Octane, Low Cost Alliance—HOLCA. HOLCA's mission is to ensure that EPA enforces the law, and opens the door to high-octane, EXX/E30 blends.

I'm not here to argue about whether the right number is E25 or E30 or E40. Industry experts will figure that out. However, when I sat down with Secretary of Energy Ernie Moniz, a former MIT professor, to talk about this subject, he told me that E30 was the "sweet spot." He repeated that statement in a Des Moines Register interview some weeks later.

The outcome will impact the national

economy and environment for decades. Think about it:

- The U.S. has 250 million light-duty vehicles (cars and trucks) on the road.
- Americans buy approximately 15+ million new light-duty vehicles every year.
- Americans will consume more than 140 BILLION gallons of gasoline this year.
- That translates into trillions of miles driven every year, and millions if not billions of tons of CO2 and other harmful emissions.

Recently, EPA bureaucrats — unelected, unaccountable technocrats — have for too long now ignored the pleas of the auto industry, experts in the Department of Energy's na-

tional lab and the National Research Council.

We don't need to pass new legislation. What we need now is for the new President to instruct his EPA Administrator to enforce the law, and comply with the agency's legal obligation to ensure that America's gasoline is fit for the next generation of optimized light-duty vehicles.

The right answer is high octane, low cost, low carbon gasoline, made with ethanol's unmatched octane molecules. Superior, safe, clean burning octane produced by America's farmers, scientists, engineers and workers.

Siouxland Ethanol deserves great credit for the leadership role it is playing. The "win-win-win" will benefit consumers, the economy and the environment.



Siouxland Ethanol Works with Convenience Stores

Area convenience store owners and managers learned about the competitive advantages of offering higher ethanol blends at their fuel pumps in a special January meeting hosted by Siouxland Ethanol at Jackson Express.

Cassie Mullen, a representative of the Renewable Fuels Association, talked to the group about the future of ethanol blends at fuel pumps, pricing and funding programs to help stores in Iowa,

Nebraska and South Dakota. A former convenience store owner in Kansas and Missouri, she relayed her experience working directly with suppliers of dispensers and pumps.

Taylor Nelson of Jackson Express shared how he buys RIN-less ethanol directly from Siouxland Ethanol and passes the savings on to his customers, giving him a price advantage on his store's fuel sign and at the pump.



Help for New Convenience Stores

Iowa and Nebraska are among the states in the U.S. that could use more convenience/fuel sites according to an RFA study.

While the number of stores has decreased to some 154,000 in the U.S. today, there are opportunities for thousands of new stores.

Considering getting into the convenience store business? Siouxland Ethanol will connect you with fuel infrastructure experts to enable you to sell higher levels of ethanol at the lowest available price.



Study Shows Ethanol Emissions Dropping

A recent USDA Climate Change Program Office analysis on the lifecycle corn-based ethanol Greenhouse Gas Emissions (GHG) has found dramatic reductions.

Analysis of real-world data found that typical corn-based ethanol achieves a 43% GHG reduction when compared to 2005-era gasoline, and by 2022, corn-based ethanol is projected to increase to a 50% GHG reduction. The level of reductions

could reach 76% in 2022 if there is more widespread adoption of optimal crop production and biorefinery efficiency.

The study, a final step in a multi-year examination of corn ethanol's footprint, was conducted by ICF, and vetted through several universities and government agencies. Ethanol's smaller footprint is attributed to tremendous efficiency gains in the ethanol industry and the corn sector, including improvements in energy

use and new value-added markets and technologies.

The report also reflected a substantial shift in assumptions regarding international land use. A Nov 2014 study, conducted by researchers at Iowa State University/ CARD and funded by the Renewable Fuels Foundation, revealed that the worldwide agricultural response to higher crop prices is a more efficient use of available land resources, rather than expanding the amount of land brought into production.

FINANCIAL REPORT

FINANCE HIGHLIGHTS

- Improved ethanol prices drive strong quarter
- Quarterly production rates 22% higher than same quarter 2015
- Quarterly production costs down nearly \$.06/gallon, as compared to the same quarter 2015
- Quarter ending 12/31/2016, no units traded.



UNAUDITED

SUMMARY OF OPERATIONS

	3 Months ended 12/31/2016	12 Months ended 12/31/2016
Total Revenues	\$ 34,824,370	\$ 125,390,276
Gross Profit	\$ 7,913,719	\$ 19,904,971
Net Income	\$ 6,894,289	\$ 17,620,812
Net Income/Unit	\$ 1,820	\$ 4,651

UNAUDITED

BALANCE SHEETS

	As of 12/31/2016	As of 9/30/2016
Current Assets	\$ 38,531,220	\$ 36,063,325
Total Assets	\$ 88,525,817	\$ 83,539,194
Current Liabilities	\$ 11,228,229	\$ 13,188,329
Long-Term Liabilities	\$ 735,026	\$ 682,592
Members' Equity	\$ 76,562,562	\$ 69,668,273
Distributions/Unit	\$ 0	\$ 3,000
Book Value/Unit	\$ 20,207	\$ 18,387

KEY METRICS

	Quarter Ended 12/31/2016	Quarter Ended 12/31/2015
Ethanol Yield (Gal/bu)	2.93	2.93
Natural Gas Usage BTU/gal	24,129	25,912
Electrical Usage KW/gal	.55	.63
Corn Oil Yield (Lbs/bu)	1.01	.86
Ethanol Production (Gal/day)	202,638	165,763

Please be sure to keep Siouxland Ethanol updated on your contact information. This helps ensure you receive your distribution check, tax & other pertinent information timely. Thank you!

RETURNS TO UNIT-HOLDERS

Fiscal Year	2006-2009	2010	2011	2012	2013	2014	2015	2016	TOTAL		
RETURN ON INVESTMENT											
Distributions	\$0	\$996,507	\$3,789,000	\$1,894,500	\$5,683,500	\$22,734,000	\$7,388,550	\$11,367,000	\$53,853,057	142.13% of Par	
per unit	\$0	\$263	\$1,000	\$500	\$1,500	\$6,000	\$1,950	\$3,000	\$14,213		
TAX CREDITS											
Small Producer											
Tax Credits (federal)	\$4,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$0	\$0	\$0	\$0	\$9,000,000	30.75% of Par	
Nebraska L:B775											
Tax Credits (allocated)	\$0	\$0	\$0	\$0	\$378,900	\$947,249	\$1,326,150	\$0	\$2,652,299		
Total Allocated Tax Credits	\$4,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$378,900	\$947,249	\$1,326,150	\$0	\$11,652,299		
per unit	\$1,188	\$396	\$396	\$396	\$100	\$250	\$350	\$0	\$3,075	30.75% of Par	
Total Return on \$10,000 par value (1 unit)									\$17,288	172.88% of Par	

FINANCIAL STATISTICS

Member's Equity / Unit (book)	\$10,737	\$12,429	\$15,252	\$15,206	\$16,265	\$21,476	\$20,266	\$18,387
Annual Net Income per unit	\$4,651,013 \$1,228	\$6,411,136 \$1,692	\$11,693,071 \$3,086	\$3,612,932 \$954	\$5,907,727 \$1,559	\$33,007,728 \$8,711	\$10,569,517 \$2,790	\$11,636,882 \$3,071



Meet Board Member Ronnie Wetherall

Ron Wetherall has worked with farmers for over 50 years in his business, Wetherell Manufacturing in Cleghorn, Iowa. He still goes into the office every day and occasionally drives a tractor on his farm. He also served on the Cherokee County Board of Supervisors for 16 years.

What is your background?

I grew up on a farm in Peterson, Iowa just southwest of Spencer. We grew corn and soybeans and raised cattle. My father loved farming but I had mostly mechanical interests. In 1966 I was offered the chance to buy a small machine shop. My wife and I thought "let's give it a shot, what have we got to lose" and bought it on contract. We worked steadily for a few years relying heavily on farmers to do repairs for them. It gets pretty quiet in winter in a small shop, so to keep busy we started making a few field sprayers in the winter and sold them in spring. A good friend recommended we exhibit our sprayers at farm shows and pretty soon we created a little bit of demand out there. Over time we added row crop cultivators, hydraulic cylinders, planter transports, tillage equipment and more. *Today, the family business has 40,000 square ft of manufacturing and warehouse space.*

How was the Marcus plant launched?

Several friends and I got a steering committee together and researched ethanol plants. We did a feasibility study and

went to work raising money for a plant in Marcus. It was difficult getting people to spring for eight grand or more in those days. We hired Fagen, Inc. using ICM technology to build our plant. Ron Fagen was the most honest contractor I have ever dealt with. We hit the market at a good time and the plant took off like a house afire. With another small expansion we plan to be at 155 mgy this year. We had some good experiences and hard knocks over the years but our investors are extremely happy. The good Lord is watching over us.

How has the Marcus plant boosted the community?

It's made a heck of a difference to Marcus, Cherokee county and the area. A lot has happened in the last 15 years. We have a business park south of town on Hwy 3 that includes a new motel, dentist office, a bank, funeral home, a body shop, truck stop and some construction outfits. Most of the growth has been generated by the plant being located half way between Marcus and Cleghorn.

What is the similarity to Jackson?

We're trying to do the same thing at Jackson. At Siouxland Ethanol, like Little Sioux Corn Processors, we chose the Fagen built ICM technology because of their track record and honesty. The Siouxland plant was guaranteed to produce 50 mgy and started out producing slightly over that. Having good contractors and good technology is a must in the ethanol business. It ran perfectly for years at 50 million gallon plus rate and now with some moderate expansions and debottlenecking the plant should be producing 80 million gallons per year shortly.

Our Mission

To be an efficient producer of ethanol and its co-products with a low carbon footprint, and to promote the "clean octane" value of ethanol which will ensure long-term profitability for the industry and the investors in Siouxland Ethanol.

OUR BOARD OF DIRECTORS

Pam Miller • Dakota Dunes, SD **Chair**
Shennen Saltzman • South Sioux City, NE
Vice-Chair
Bailey Aalfs • Dakota Dunes, SD
Steve Ausdemore • Wisner, NE
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