

# Energy Recovery Project a Big Success

**From Nick Bowdish**

*President & CEO*



The new Mechanical Energy Recovery (MER) system that recaptures energy from waste gases reduced Siouxland Ethanol's natural gas consumption

nearly 18 percent in June and is projected to reduce costs by nearly \$1 million a year.

I'm extremely proud of Pat Baker, Tim Stoppel, Bruce Malcolm and our operations team for successfully commissioning our new energy recovery system designed by MSW Consulting of Tampa. The system is performing very well.

The MER system, which completed its first month of operation at the end of June, reduced the plant's natural gas use from 23,200 Btu per gallon to 19,058. The natural gas reduction dropped by 17.8 percent, exceeding

the decrease guaranteed by the consultants.

We are extremely pleased with the results of the MER project. Our process and efficient operation allows our plant to be extremely environmentally friendly and 'green' and helps reduce our carbon footprint. It puts our plant in the top tier of plants that have a low CI score.

## Recovery Results are Impressive

It is rare to pioneer a new technology like the MER system and have it actually work within the first 30 days of start-up. Siouxland Ethanol took a risk and will be rewarded thanks to the hard-work and brilliant design of the combined team at Siouxland Ethanol and MSW Consulting.



*The new system completed an impressive first month in June.*



*MSW Consultants, in red tags, who worked with Siouxland Ethanol team members on the energy recovery project are from left: Rob McKeown, MSW founder, Wayne Mitchell, Derek Hauck, and James Knight with Pat Baker, Bruce Malcom and Abby Rastede.*

## Bolstering Ethanol in California

In addition, the system has reduced the plant's greenhouse gas emissions, which enables Siouxland to apply for a revised carbon intensity (CI) score from the California Air Resources Board. We expect the new number to drop at least four points from the company's current 72.63 CI score.

The new CI score, made possible by the MER project, will provide additional value for all of the ethanol we currently sell in the California market.

We will apply for the revised CI score when we gather three months of operational data.

Ethanol sold in California qualifies for both Renewable Identification Number and state Low Carbon Fuel Standard credits, making the state one of the more attractive markets for producers of lower carbon ethanol.

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# Celebrating our 10th Anniversary

**Pam Miller**

*Board Chair and Director of Industry and Investor Relations*



June 13 was a great day. Siouxland Ethanol celebrated 10 years of operation with 300 guests including Nebraska Governor Pete Ricketts, Nebraska Senator Joni Albrecht, Mayor of Jackson, Stephanie Hirsch, Bob Dinneen with the Renewable Fuels Association, Brian Jennings with American Coalition for Ethanol and

Todd Sneller with the Nebraska Ethanol Board.

The Nebraska Cattlemen's Association, northeast Nebraska chapter, grilled burgers for everyone and employees offered tours of the plant and trolley rides.

We were full of hope and ambition as we opened our ethanol plant 10 years ago. We met and survived challenges

and made a lot of smart decisions. One of the best was to hire Nick Bowdish as our President and CEO. Nick is responsible for our expansion, giving us more capacity to produce more ethanol and is working to make us more energy efficient and improve our carbon index score.

Our plant has provided a good return back to our investors, to the community of Jackson and the state of Nebraska. We now produce 80 million gallons of ethanol a year, 27 million pounds of corn oil and 180,000 tons of distillers grain, and employ 40 success-driven people.

Thanks for doing your part to tell the story of ethanol's value and how you use it in your vehicles to gain more independence from foreign oil, enjoy cleaner air and save money at the pump.

Old myths persist, but we can overcome them by working every day to tell our message.



*Governor Pete Ricketts served as the 10th anniversary keynote speaker.*



*Nebraska Senator Joni Albrecht addresses the crowd. See her story on page 4.*



*Several employees (in yellow shirts) toured their family members, including Tim Stoppel, at left and Aimee James, at right.*



*Employees who helped with tours are from left: Abby Rastede, Kevin Erickson, Candy Strivens (back), Tina Langseth, Skyler Morrison, Travis Small, Dewey Ulven and Ron Allen.*



*Folks enjoyed complimentary grilled burgers, courtesy of the Northeast Nebraska chapter of the Nebraska Cattlemen's Association.*

# FINANCIAL REPORT

## FINANCE HIGHLIGHTS

- 3rd fiscal quarter operating results reduced by approximately \$1.0MM due to recording a one-time lease related expense. This GAAP entry has no effect on cash flows and completely reverses over the remaining life of the related lease
- Ethanol yields continue upward trend; 2% increase over same quarter 2016
- Quarterly production rates nearly 20% higher than same quarter 2016
- Energy recovery project is online, in the 1st full month of operation June 2017, accomplished a 17.8% btu/gal reduction in NG consumption vs prior month and a 21% reduction vs June 2016

## UNIT TRADING THIS QUARTER

- 2 units at \$27,500/unit
- 1 unit at \$19,300

## UNAUDITED

SUMMARY OF OPERATIONS	3 Months ended 6/30/2017	6 Months ended 6/30/2017	9 Months ended 6/30/2017
Total Revenues	\$ 35,186,929	\$ 69,442,619	\$ 104,266,989
Gross Profit	\$ 4,488,027	\$ 8,384,476	\$ 16,298,195
Net Income	\$ 2,232,703	\$ 5,808,568	\$ 12,702,857
Net Income/Unit	\$ 614	\$ 1,597	\$ 3,492
Distributions/Unit	\$ -	\$ 1,800	\$ 1,800

## UNAUDITED

### BALANCE SHEETS

	As of 6/30/2017	As of 9/30/2016
Current Assets	\$ 24,790,471	\$ 35,063,325
Total Assets	\$ 77,742,407	\$ 83,539,194
Current Liabilities	\$ 5,030,181	\$ 13,188,329
Long-Term Liabilities	\$ 1,302,796	\$ 682,592
Members' Equity	\$ 71,409,430	\$ 69,668,273
Book Value/Unit	\$ 19,629	\$ 18,387

### KEY METRICS

	Quarter Ended 6/30/2017	Quarter Ended 6/30/2016
Ethanol Yield (Gal/bu)	2.99	2.93
Natural Gas (BTU/gal)	21,847	23,662
Electricity (KW/gal)	.55	.58
Corn Oil Production (Lbs/bu)	1.02	1.03
Ethanol Production (Gal/day)	234,370	195,842

Please keep Siouxland Ethanol updated on your contact information to ensure you receive your distribution check, tax and other pertinent information timely.

## Fuel your Boat and Jetski with E10

There is a myth about problems using ethanol in boats. But every major marine manufacturer – Kawasaki, Mercury Marine, OMC, Pleurcraft, Tigershark, Tracker, Honda, Yamaha and others – approves E10 in its marine engines.

Ethanol fuels help marine engines run cooler, run longer and make better horsepower gains, according to CK Motorsports. Perhaps that's why the National Boat Racing Association uses E10 for all its races. Oil companies hate it and continue to spread the propaganda that it's bad for your boat or jet ski engine.

Some claim that biofuels are bad for boats because ethanol "attracts" water. This myth is so common that a Department of Energy lab actually conducted a study to show that ethanol blends can hold more water without phase separation than hydrocarbon, and more ethanol improves their resistance to phase separation. This is an advantage that can help keep fuel systems dry.



If your dog is lucky enough to ride in your boat, he'll thank you for ethanol's cleaner exhaust devoid of toxic gasoline additives of benzene, toluene and xylene.



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## Meet State Representative Joni Albrecht, an Ethanol Champion



Joni Albrecht of Emerson is not only an investor in Siouxland Ethanol, she represents northeast Nebraska in the state Legislature.

Albrecht was elected last November to represent District 17, which covers Wayne, Dakota and Thurston counties. She had compiled years of service in city and county government in Sarpy County and enjoyed a successful 33-year career with an auto dealership. In 2010, she traded it in to marry Mike Albrecht, a cattle producer and fourth generation farmer near Emerson.

A natural leader, today Albrecht helps manage the farm -- which includes a cow/calf operation, a small feedlot, corn and soybeans -- and serves on the board of directors of the Nebraska Farm Bureau.

Her service to Nebraska taxpayers keeps her busy and on the road in summer. Recently she joined other state and industry officials in speaking at the Siouxland Ethanol 10th Anniversary celebration. "It was awesome," she says. "To have an expansion going after 10 years says a lot. Doing everything

with a kernel of corn, that is how we grow Nebraska."

### Any surprises in office?

I'm surprised at how often I have to explain some of the issues we face in rural communities versus metropolitan areas. Even issues that are the same, it seems like there are people in Lincoln who don't understand some of the unique challenges we face.

### You promoted Cadillacs and Chevies.

#### Were you a an ethanol blend user?

Yes, I was and yes, I am. I drive a flex fuel vehicle and I strongly encourage people to do that today.

### What challenges face the industry?

The ethanol industry is up against the big boys. There is going to be a lot of competition, and not all of it is going to be fair. There will be a lot of disinformation spread. The challenge for the industry is how to be a part of the mix and push back against those misconceptions.

### How can investors help?

Education, education, and education. Tell your story. Talk about how ethanol helps our state and our nation. Talk about how it helps our farmers and our communities.

### What can people do to help you?

Talk to me and your elected officials. Keep telling your story.

### Do you pitch ethanol to your family?

Absolutely. I schedule my trips around the district and the state to ensure I support local businesses.

## 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.*

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