



SIUXLAND ETHANOL LLC UPDATE

Lowering our Carbon Intensity

An Overview from Nick Bowdish
President & CEO



Siouxland Ethanol is proud to report that the California Air Resources Board has approved our new carbon intensity score of 69.28 grams of CO₂ per mega joule of energy. This reduction from our previous score of 72.63 equates to more than two million dollars of value per year given current carbon credit prices. The reduction in carbon intensity is a direct result of implementing the MSW technology to reduce our natural gas consumption.

The quarter ended December 31st was profitable for the company,

but earnings were down year-over-year driven by significantly reduced industry crush margins. Industry statistics show a larger supply of ethanol on-hand as we begin 2018 as compared to one year ago. The industry's capacity to produce more gallons is also higher than any time in history. Moving forward, increased crush margins will be largely dependent on executing sales with new international ethanol customers and building new incremental demand for mid-level ethanol blends in the United States – initiatives that both take time to develop.

The research and development tax credit will be providing value to our investors for the first time in 2017. The accounting team and our advisors are finalizing this work and expect to have K-1's out to all investors by

February 15th.

We expect our new package boiler to arrive in February and be commissioned during our spring maintenance outage. We also plan to implement phase II of the MSW technology on the same timetable - this will further reduce our natural gas consumption. The plant distributed control system (DCS), accounting software and maintenance inventory software are all getting overhauled and updated throughout this year. Each one of them is original from 2007 and is reaching the end of its useful life. In the meantime, the team at Siouxland Ethanol continues to focus on delivering the lowest cost gallon of octane the world can find from Jackson, NE.

Introducing our New Commodity Buyer

Siouxland Ethanol would like to spotlight Carl Hinz, who joined our commodity merchandising team in July. Carl is from Newcastle, NE. His career in agriculture started with Northeast Coop where he climbed the ranks and eventually worked as a Location Manager in their agronomy department. Most recently Carl was working as a Location Manager for Crop Production Services in

Meckling, SD.

Carl brings a wealth of knowledge to Siouxland Ethanol. He has a deep understanding of the crop inputs side of production agriculture. He has worked with farmers his whole career and has helped his customers prosper through many challenging times in production agriculture.

We are excited to have someone on our team who really un-



Call Carl to sell corn or purchase distillers grains from Siouxland Ethanol.

derstands the business of farming in Northeast Nebraska.

Opportunities and Challenges in 2018

Pam Miller

Board Chair and Director of Industry and Investor Relations



The new year presents new opportunities and challenges for the ethanol industry. I'd like to share with you how we at Siouxland Ethanol and the industry are addressing them on a regional, national and international basis.

On a local and statewide basis, we are working with retailers to offer higher blends of ethanol. We now have a distributor in Sioux City that will pick up ethanol directly

from Siouxland Ethanol and splash blend it in the tanker with gasoline on its way to deliver E15 to convenience stores where it can be stored in their existing tanks. You can do your part and use E15 (or higher) when you fill up. If your gas station doesn't have E15, let the owner know you want it and will use it. Give him my phone number and we'll help him make it happen. It makes good financial sense for their business and you will save money as you fill up with a cleaner fuel and higher octane.

We have a marketing campaign through Renewable Fuels Nebraska in the state of Nebraska called Husker Fuel. With the exciting news of Scott Frost returning home to lead the Huskers, we are looking forward to great football once again in Nebraska. Husker Fuel is E15. The website is www.HuskerFuel.com and you can follow Husker Fuel on Facebook. We highlight the c-stores in Nebraska that offer Husker Fuel (E15) through the website and on the radio

during the Husker Sports Nightly during football games. You can win tickets to games and Husker gear. We had over 3,000 entries last season and would love to see some of you be a winner and attend a game and tailgate party in Lincoln next fall.

On a national level, I'll be heading to Washington, DC to attend the RFA (Renewable Fuels Association) and ACE (American Coalition for Ethanol) meetings to discuss policy changes in EPA and legislative issues with members of Congress. We at Siouxland Ethanol are committed to pushing for a reinterpretation of section 211(f) in the Clean Air Act due to a change that happened last January, 2017. At that time, E10 become the nation's certification fuel which recognized ethanol as an approved component of gasoline. The reinterpretation that we and our lawyers at Boyden Gray and Associates are pushing for says that EPA now has no basis to regulate how much ethanol is used in gasoline. That makes higher blends of ethanol like E30 acceptable for use in all vehicles on the road. This is a game changer for our world today. We can have cleaner air now - thanks to interpreting the Clean Air Act as it was intended.

On an international level, exports are extremely important to our industry. The US Grains Council works hard for our industry, establishing new markets in various countries and fighting against tariffs in Brazil and China that hinder the exports of ethanol. Nick Bowdish serves on the A Team for Ethanol Exports with the US Grains Council. Although Siouxland Ethanol doesn't currently export any product at this time, it's important to maintain a strong export market for the industry which in turn helps with the price of ethanol for all plants in the US.

Siouxland Ethanol Forms PAC

Rick Bousquet of South Sioux City is a dairy farmer and a Siouxland Ethanol investor who has joined others in supporting the Siouxland Ethanol LLC PAC. He visited recently about his support for the PAC.

Share information about your dairy business.

I was born and raised on a farm, and was milking cows at age 10, right outside South Sioux City. I started back in 1979 and have been in the dairy business since with my brother, Robert. We milk about 150 dairy (holstein and holstein jersey cows) and raise 160 stock cows. We sell our milk to the Dairy Farmers of America.

Do you buy Siouxland Ethanol's distillers grain?

We do. We buy some in spring and fall to supplement the cattle feed.

Why did you contribute to the PAC?

I donated some money to the PAC because we need ethanol usage to grow. With the amount of corn on the market these days, we need more usage so it holds farmers' corn prices up. I served on the Dakota County Board of Commissioners with Pam and she put out the letter asking for donations. She's a great leader, so I responded.

What does the PAC represent to you?

My brother and I are shareholders in Siouxland Ethanol. We think supporting a PAC is a good opportunity to get out there and make a difference. We need to lobby U.S. Congressmen and Senators, so they are aware we need more ethanol usage.

Are you a PAC advocate?

I've invested in PACs before for different things. I see merit in it, that it does help with the bigger picture.



Rick Bousquet

Thoughts on Siouxland Ethanol?

I'm extremely proud of Siouxland Ethanol and how they have kept up the technology and made changes in the plant so it produces more ethanol.

The formal name of the PAC is Siouxland Ethanol LLC PAC. The Board of Directors formed the PAC in the fall of 2017 for the purpose of soliciting contributions from its unit holders and board members to be used in political campaigns at the state and federal level. Contributions can be made at any time by mailing a check to Siouxland Ethanol LLC PAC at the Jackson location.

FINANCIAL REPORT

FINANCE HIGHLIGHTS

- Gross profit down from same quarter 2016 due to reduced crush margins
 - Primarily from 19% decrease in ethanol netbacks
 - Offset by approximately 20% increase in gallons produced/sold
- Current liabilities up approximately \$6.5MM due to deferred corn settlements
- Members' equity down with the \$1,800/unit distribution (totaling \$6.5MM), paid in October 2017
- Ethanol yield continues upward trend; nearly 4.5% increase over same quarter 2016
- Energy recovery project continues energy savings with reduced natural gas consumption of nearly 13% over same quarter 2016
- No units traded this quarter

UNAUDITED		
SUMMARY OF OPERATIONS	Quarter Ended 12/31/2017	Quarter Ended 12/31/2016
Total Revenues	\$34,450,531	\$34,824,370
Gross Profit	\$3,434,072	\$7,363,356
Net Income	\$2,986,902	\$6,894,289
Net Income/Unit	\$821	\$1,820

UNAUDITED		
BALANCE SHEETS	As of 12/31/2017	As of 9/30/2017
Current Assets	\$36,398,399	\$32,621,323
Total Assets	\$87,602,359	\$84,634,339
Current Liabilities	\$11,971,634	\$5,411,925
Long-Term Liabilities	\$1,778,823	\$1,809,013
Members' Equity	\$73,851,902	\$77,413,401
Book Value/Unit	\$20,300	\$21,279

KEY METRICS	Quarter Ended 12/31/2017	Quarter Ended 12/31/2016
Ethanol Yield (Gal/bu)	3.06	2.93
Natural Gas (BTU/gal)	21,106	24,129
Electricity (KW/gal)	.54	.55
Corn Oil (Lbs/bu)	.98	1.01
Ethanol Production (Gal/day)	243,599	202,638

Tax Information – We estimate net taxable income around \$4,600/unit. We also anticipate claiming a Research and Development tax credit for FY2017, but do not have an estimate at this time. K-1 forms will be completed and mailed around the first part of February. Due to a change with our marketer in 2017, you will also receive a Minnesota K1 tax form.

Corn Producer Presentation and Dinner

Tuesday, January 9th Siouxland Ethanol was happy to host a customer appreciation dinner. The event was held at the Delta Hotel by Marriott in South Sioux City (formerly the Marina Inn). Approximately 150 customers and their families joined us for dinner.

President and CEO Nick Bowdish, spoke on some of the challenges and opportunities facing Siouxland Ethanol in the near future as well as challenges/opportunities facing the ethanol industry as a whole. In the past year the industry has seen significant growth in production capacity through plant expansion projects similar to the recent expansion at Siouxland Ethanol.

Brian Burke, our guest speaker, is a market analyst, broker and principle partner of John Stewart and Associates

(JSA) based out of St Louis, MO. He gave market updates for corn and soybeans and spoke of some of the changes in the global grain trade that have happened over the last 10 years.

Brian also unveiled the partnership that Siouxland Ethanol and JSA have formed in order to offer their Select Pricing Program to Siouxland's customers. Over the last 5 years JSA's Select Pricing Program has achieved prices averaging 13% higher than the delivery period average price for each of their 3 marketing windows. Customers of Siouxland Ethanol have until January 31st to enroll bushels for the 2018/2019 crop year in this program. Farmers can enroll bushels in 5,000 bu increments for Fall 2018, Winter 2019 or Summer 2019 delivery

periods.

Farmers set the delivery period and basis directly with Siouxland Ethanol. Bushels must be delivered in months designated by the specific marketing period they sign up for. Bushels in the Fall 2018 program must have basis set and be delivered in October, November, or December 2018; Winter 2019 bushels must have basis set and be delivered in January, February or March 2019; Summer 2019 bushels must have basis set and be delivered in either June or July 2019.

There is a 10 cent fee associated with enrolling bushels in the Select Pricing Program. For more information call Kasey or Carl at 402-632-6206.



SIUXLAND ETHANOL LLC

1501 Knox Boulevard
Jackson, NE 68743

**SAVE
THE DATE**

Annual Meeting of Investors in Siouxland Ethanol

Tuesday, March 27, 2018

Doors open at 5:30 pm

Dinner served at 6:00 pm

Presentations at 7:00 pm

Venue:

Delta Hotels by Marriott South Sioux City Riverfront
(formerly the Marina Inn)
385 E. 4th Street, South Sioux City, NE 68776

Please RSVP to Amy Williams at
amy.williams@siouxlandethanol.com
or by phone: 402-632-2676.

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.

We would be happy to distribute the newsletter and other vital information to you by email if you wish. Please send a note to amy.williams@siouxlandethanol.com with your email address.



Got Corn?

**To sell corn or buy
DG products, call Carl or Kasey**

402-632-6206

OUR BOARD OF DIRECTORS

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