Siouxland Ethanol LLC

UPDATE

Summer 2018

Pit Stop with 3 Months to go in Fiscal Year 2018

An Overview from Nick Bowdish

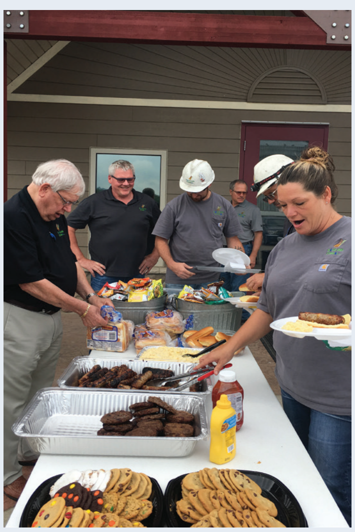
President & CEO

Siouxland Ethanol completed the quarter ended June 30th with $9.3M in net income, propelled by hedge gains with CBOT corn prices dropping nearly 50 cents per bushel during the quarter. While distiller's grains prices dropped with corn, ethanol prices held fairly flat during what is peak driving season of the year. Our crush margin has remained strong in July and we're experiencing near record levels in the spread between California and Chicago ethanol prices, which has a very lucrative impact to our bottom line.

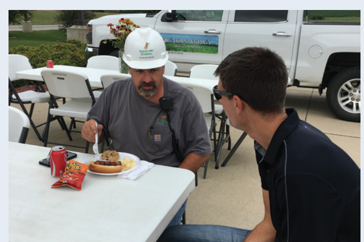
Our company is grateful for all the relationships that support our business model. One of the key metrics we measure ourselves by is the gallons of ethanol we extract out of every bushel of corn – our ethanol yield. As reported in the financial section, our ethanol yield continues to track near 3 gallons per bushel and this is made possible by the terrific quality of corn area producers deliver to our plant, most months making-up nearly 90% of our corn grind.

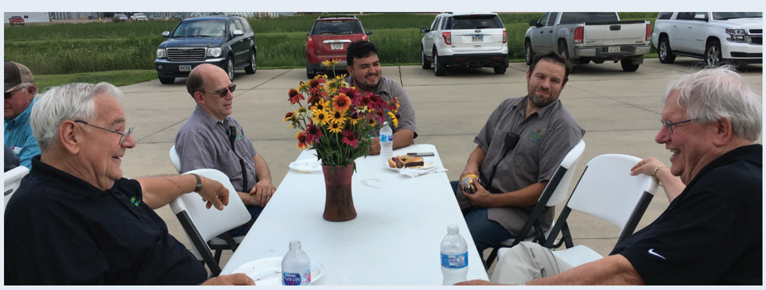
We're on track to spend about $5.7M on capital expenditures this fiscal year. The new boiler is being commissioned and we're drilling a third water well to serve as a back up to our original two wells. The investment in the well is an insurance policy for us and will provide redundancy should either primary well need to be taken down for maintenance. The rail track expansion plans are currently out for bid and the project economics will be reviewed later this summer.

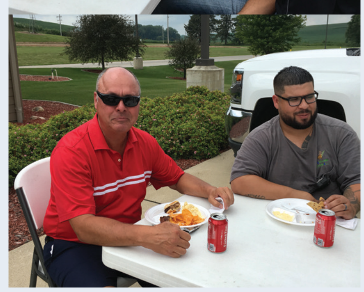
Thank you for your continued support of Siouxland Ethanol and our mission to be an efficient producer of ethanol and promote its clean octane value. If you happen to see our Siouxland Ethanol employees, be sure to extend a hand and tell them thanks. They are some of the best in the business and have your plant looking great!



The Board of Directors serving up a BBQ to the employees in July.







Fair Market Trade – Not Aid

Pam Miller
Board Chair and Director of Industry and Investor Relations

It's been an interesting couple of months watching what's happening in Washington, DC. Scott Pruitt is gone and presumably back in Oklahoma. The talk is that it wasn't his ethics (or lack thereof) that did him in. It was his unwillingness to carry out the wishes of the President and enforce the letter of the law – the Renewable Fuel Standard. We now have Andrew Wheeler as Acting Administrator. The trade organizations in DC know Wheeler well and feel that he will not be coming into the office with a personal mission. Mr. Wheeler has said he intends to pay attention to the RFS – and his boss.

President Trump was in Iowa at the end of July. He again spoke of how he is so close to issuing a waiver to allow higher blends of ethanol to be sold year round. The Reid Vapor Pressure (RVP) was a real concern many years ago and was established to control evaporative emissions from gasoline which cause smog and poor air quality. Today, that is not as concerning due to new technology in filling tanks but the law has not been changed. Today, we also know that adding more ethanol to an E10 gas reduces the RVP. Those are the facts and the science. But this issue has become political and is being used to control the amount of ethanol is sold.

The farmers received good news in July about a $12 billion aid package to help in the short term crisis that has been brought about from the tariffs and trade wars taking place.

What is frustrating to the ethanol industry is that the solution is to remove the barriers to free and open markets in the United States for ethanol. The Trump Administration through the EPA must do the following:

- Issue an RVP waiver for all blends of ethanol immediately, allowing E15 and higher to be sold year round.
- Deny any and all waivers for compliance with the RFS to 'small refiners' who are actually large, extremely profitable oil companies. This makes the RFS meaningless and destroys demand for ethanol in the US.
- Approve E30 as a certification fuel and establish a minimum octane of 98-100 RON so automakers can begin testing future engines on a high-octane blend.
- Update modeling and calculations so ethanol is no longer penalized with respect to fuel economy or emissions which includes the MOVES model and the R-factor.
- Adopt the Argonne National Laboratory's GREET model for the lifecycle analysis of corn-based ethanol. EPA's analysis of the carbon footprint of corn ethanol is severely flawed and has not been updated since 2010. In large part, EPA penalized US corn ethanol because of assumed potential land use changes which has since been refuted by the DOE's Argonne National Lab.
- Update the cost-benefit analysis of corn based ethanol to recognize current factual data that shows the clean air and health benefits of using ethanol as well as the reductions in greenhouse gas emissions from the production of ethanol.

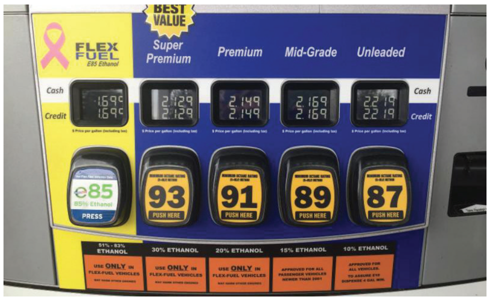
By removing these barriers to free market access, the demand for ethanol will increase which will mean more corn is needed to grind. Ethanol has a proven track record of improving the price of corn by providing a growing and reliable market.

Make a smart choice at the pump

Filling up your vehicle at the local convenience store is anything but convenient. We don't take the time to think about what we are putting in our gas tank. We spend more time ordering our coffee or latte than we do choosing our fuel.

Make the smart choice by choosing a fuel with an ethanol blend that works for your vehicle. Remember, you are looking for a higher octane but at a lower price. When ethanol is added to petroleum, the octane rating goes up and your vehicle's engine runs cleaner and cooler. And you are going to save money on every gallon you buy. Who doesn't want to save money?

If that's not enough, you'll know that, by choosing a higher blend of ethanol, you are ensuring that the emissions coming out of your tailpipe contain less harmful chemicals (benzene, xylene and toluene) that cause cancer and other health issues.



Note from Pam Miller: I use E30 which is labeled "Super Premium" at this pump because I know my car's exhausts are better for the environment and our health. I also like the octane (93) and the price savings. I don't lose any mileage and have had NO engine troubles with my 2015 Lincoln (non flex fuel). Definitely the "Best Value" for me!

FINANCIAL REPORT

SUMMARY OF OPERATION NOTES

- Revenues higher this quarter compared to same period 2017 due to increased plant outputs combined with higher prices received primarily on distillers grain
- Gross profits this quarter higher mainly due to 24% increase in crush margins over same quarter 2017
- Current fiscal YTD profits (9 months) higher as compared to same period 2017 also a result of higher production rates and margins

BALANCE SHEET NOTES

- Working capital strengthened to $33.1 million. Nearly a $5.9 million increase since the beginning of the fiscal year

KEY METRICS NOTES

- Plant continues to operate at high levels of efficiency, while increasing production 5% over same quarter 2017

UNIT TRADING NEWS

- 9 units traded this quarter for an average price of $25,333/unit

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!

UNAUDITED

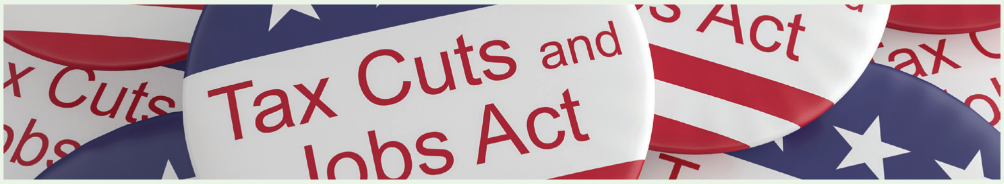
SUMMARY OF OPERATIONS	3 Months Ended 6/30/2018	3 Months Ended 6/30/2017	9 Months Ended 6/30/2018	9 Months Ended 6/30/2017
Total Revenues	$39,915,701	$35,186,929	$111,763,364	$104,266,989
Gross Profit	$10,084.913	$4,488,027	$18,908,148	$16,298,195
Net Income	$9,326,092	$2,232,703	$17,081,403	$12,702,857
Net Income/Unit	$2,564	$614	$4,695	$3,492
Distribution/Unit	-	-	$1,700	$1,800

UNAUDITED

BALANCE SHEETS	As of 6/30/2018	As of 9/30/2017
Current Assets	$36,517,739	$32,621,323
Total Assets	$86,931,504	$84,634,339
Current Liabilities	$3,451,261	$5,411,925
Long-Term Liabilities	$1,718,439	$1,809,013
Members' Equity	$81,761,804	$77,413,401
Book Value/Unit	$22,474	$21,279

KEY METRICS	Quarter Ended 6/30/2018	Quarter Ended 6/30/2017
Ethanol Yield (Gal/bu)	3.00	2.99
Natural Gas (BTU/gal)	21,451	21,847
Electricity (KW/gal)	.56	.55
Corn Oil (Lbs/bu)	1.01	1.02
Ethanol Production (Gal/day)	246,338	234,370
Annualized Production (MGY)	87,000,000	82,700,000

Tax Cuts and Jobs (TCJA)



The Tax Cuts and Jobs Act (TCJA) was signed into law by President Trump on December 22, 2017. The TCJA enacted a sizable tax rate cut for C corporations - from a maximum graduated rate of 35% down to a flat 21%. In part to maintain equity in tax rates between noncorporate and corporate entities, TCJA also enacted a new provision, Internal Revenue Code Section 199A, which is a significant tax benefit for many businesses that pass-through their income, such as partnerships and S corporations. Although the originally drafted language of Section 199A created confusion and disparity throughout the industry, on March 23, 2018, Congress passed legislation via an omnibus spending bill to retroactively "fix" the issue.

Section 199A generally allows for a twenty percent deduction from qualified business income for tax years beginning after December 31, 2017. The Sec. 199A deduction is generally taken at the individual, estate, trust, or sole proprietor level (rather than the entity level). Ordinary income such as Schedule F farm income and Schedule K-1 pass-through income, such as from sources like Siouxland Ethanol, LLC, may be considered qualified business income. The deduction's full calculation, however, involves numerous steps and considerations that may phase out some or all of the tax benefit. Information related to your Section 199A deduction calculation from qualified business income sourced from Siouxland Ethanol, LLC will be provided with your Schedule K-1. Please consult your tax advisor concerning your specific situation.

SIOUXLAND ETHANOL LLC
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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.

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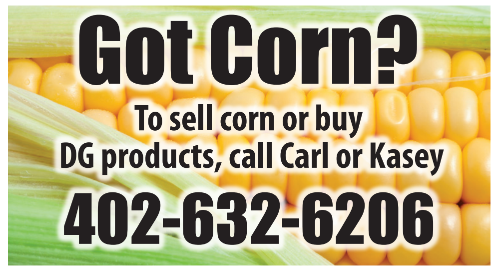
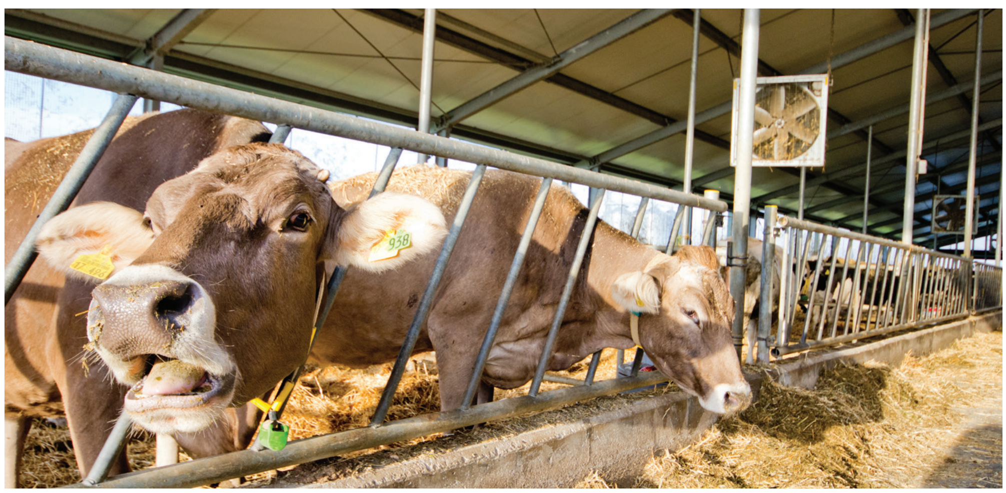


Debunking myths about Ethanol



I've heard that the ethanol industry is responsible for using up all the corn and driving up food prices. Is that true?

FALSE! This old myth about "Food vs. Fuel" was debunked a few years ago as we saw record corn crops and increasing ethanol production but retail food price inflation rates trending lower. Annual average food price inflation has averaged just 2.3 % since 2005 when the ethanol industry was just starting, compared to a historical average 3%.

Then what caused the "Food vs Fuel" fight ten years ago?

The National Grocers Association, with a little help from Big Oil, created a campaign to make ethanol look bad. In reality, food prices went up due to the increase in transportation costs, among other things.

How much corn does the ethanol industry use?

The ethanol industry uses between 35%-40% of the corn crop in the U.S. This is #2 field corn, not the sweet corn that we are all enjoying at this time of year.

What about the cattle and other animals that depend on corn as a food source?

Great question and we have a great answer. Distillers grains! One-third of every bushel of corn that is processed at our ethanol plant is made available to the farmer and rancher in the form of distillers grains which are dense in protein and nutrients, just what the animals need.