



SIOUXLAND ETHANOL LLC UPDATE

Drilling Down on our Future...

An Overview from Nick Bowdish
President & CEO



I'm excited to announce that Siouxland Ethanol is pushing forward with the installation of a combined heat and power (CHP) application for our entire facility. As you can see, construction is underway with the drill rigs be-

ginning to install the auger cast piles that will support the weight of the future equipment. We anticipate project completion by November 2020.

Combined heat and power is a decades-old technology whereby a natural gas powered turbine generates electricity and the waste heat from that process is captured and turned into process steam for the plant. The installation at our facility is expected to generate enough

electricity to support 100% of our plant's needs. The project will allow us to retire our 12-year-old thermal oxidizer and heat recovery steam generator that provides the plant steam today. As the equipment in all ethanol plants age, the thermal oxidizer is one of the major components of the plant that requires significant maintenance each year. The company will benefit from reducing this expense.

The project aligns with our mission to be an efficient producer of ethanol with a low carbon footprint. We fully expect CHP to lower our carbon intensity score under the California Low Carbon Fuel Standard. The demand for ethanol in California is approximately 1.6B gallons and there is significant competition among all renewable fuel producers to lower carbon intensity scores to secure a piece of this liquid fuels market. While that is exactly what the policy was intended to incentivize, Siouxland Ethanol continues to engage with policymakers to encourage the approval of E15 in California which would open the opportunity for a 2.4 B gallon market driven by low-carbon fuels. It



would be far better for the environment and consumers if these incremental 800 million gallons of fuel were sourced from corn starch ethanol having a carbon intensity of 60-70 grams per mega joule than gasoline that is 96 grams of CO₂ per mega joule.

Siouxland Ethanol has decided to form a new entity and prepare equity offering documents to support the possible future acquisition of another corn ethanol plant. Thank you to all of our unit holders for promptly responding to our August letter. The Board of Directors and I were very pleased to learn of your significant interest and we will be communicating more details about this opportunity as soon as government regulations allow.

Siouxland Ethanol Hosts CARB and Environmentalists

On August 28, Siouxland Ethanol was happy to host a tour and visit with officials from CARB and the environmental community as they were trying to better understand the low carbon footprint of the ethanol process. Richard Corey, Executive Director for California Air Resources Board (CARB) was in attendance as were the head of the Oregon Department of Environmental Quality, Bill Peters, Jeremy Martin with Union of Concerned Scientists, Brendyn Jordan with Great Plains Institute, Mark Nabong with Natural Resources Defense Council, Danielle

Aqrostegul with the Environmental Defense Fund and Christina Deconcini with the World Resources Institute. Nick Bowdish gave them a tour of the plant which was a first for many of them. He then explained the investments that Siouxland Ethanol has made to achieve a low carbon score. Ron Alverson with Dakota Ethanol presented information to the group about updates needed to the CA-GREET model that is used to determine carbon index scores. Ron explained how the corn plant with its root system actually sequesters organic carbon in the soil, creating a carbon

sink. He also explained the need to consider environmentally friendly agricultural practices of today that reduce the application of nitrogen and reduce the run off and emissions. RFA staff organized the tour which included a visit to Kevin Ross's farm in Iowa, again a first for many on the tour.



Nick Bowdish, President and CEO of Siouxland Ethanol with Kevin Ross, President of National Corn Growers Association and Richard Corey Executive Director of CARB.

When the Going Gets Tough, The Tough Get Going

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



The headlines in the news recently have been preoccupied with the ethanol industry and not much of it positive. The result of

the Small Refiner Waivers has resulted in letting the oil industry off the hook for blending more than 4 billion gallons of ethanol. This does not mean that you can't get an ethanol blend today but it does reduce the incentive for the oil companies and retailers to move to higher blends of ethanol in the future.

At Siouxland Ethanol, we take a long-term view of the industry. We work hard to keep the promise of an E30 blend alive, as we know that will ensure greater demand for our product. We are highly motivated to further reduce our carbon intensity so as to take advantage today in California and be

positioned for other emerging low carbon markets. We strive to reduce our costs and become more efficient all the time. We invest back into the plant so we have a long-term viable plant. We constantly look for opportunities for our unit holders to enhance return on their investment.

As we indicated in our letter to you, our unit holders, on August 6, we believe there are opportunities in the ethanol industry to acquire another corn ethanol plant. Thank you to those of you who indicated a strong interest in participating in such an opportunity. We received many responses back from our August 6 letter and are encouraged by the level of possible investment that letter generated. As we continue to move forward, there will be several meetings held in the Siouxland and surrounding area to share more information and offering documents. The opportunity to be an owner/investor in a new company backed by Siouxland Ethanol doesn't come along every day. We will open the investment opportu-

nity to our current unit holders as well as to others that wish to participate.

The future for corn starch ethanol is strong in our opinion. We see the value of reducing greenhouse gas emissions as a solution to the environmental concerns and climate change. We see that farming practices continue to be more environmentally friendly which helps in lowering our overall carbon score. We see that ethanol made from the corn kernel is a renewable product with yields continuing to rise. We see a strong future in the diversification of the distiller's grain that we produce to take advantage of strong protein demand worldwide. We see the health benefits of higher blends of ethanol driving cleaner air and less illnesses and deaths. We see the automobile makers working on high combustion engines that run on higher octane and know that ethanol is the premier octane at the lowest cost.

Some people look at the current times and can't see past the headlines. We see the future and it is bright. And we're ready to go!

Tri-State Governors' Conference in Dakota Dunes



The 16th annual Tri-State Governors' Conference was held on October 21. Governor Kim Reynolds of Iowa, Governor Pete Ricketts of

Nebraska and Governor Kristi Noem of South Dakota came together for this bi-ennial event sponsored by the Siouxland Chamber. Pam Miller made a presentation about ethanol issues in the news today which included the ethanol demand destruction caused by EPA granting 31 more small refiner waivers.

The main point of the presentation was to discuss the E30 demonstration project that was also discussed at this same conference 2 years ago. Gov. Ricketts reported

that the E30 demonstration project is underway in Nebraska and will be completed next summer. Gov. Reynolds and Gov. Noem both expressed support to conduct a similar study in their states. This collective data will be scientifically analyzed by universities in each state to assess the driveability, costs and affects on the engine of using E30 in these state vehicles. The data will then be shared with EPA and automakers to show that E30 is usable in today's non-flex fuel vehicles.

FINANCIAL REPORT

SUMMARY OF OPERATIONS NOTES

- Revenues higher for quarter ended 9/30/19 as compared to same period 2018 due to increased plant outputs combined with higher prices received on distillers grain
- Total revenues higher for fiscal year 2019 as compared to fiscal year 2018 also due primarily to increased plant outputs combined with higher prices received on distiller grains. However, reduced net backs on ethanol and higher corn costs drove reduced crush margins, resulting in decreased gross profits year over year

BALANCE SHEET NOTES

- Working capital strengthens to \$40.3MM. Approximately a \$1.5MM increase since the beginning of the fiscal year
- Book value/unit as of September 30, 2019, tops \$25,000 for the first time

KEY METRICS NOTES

- Production rates 5% higher over same quarter 2018, and nearly 8.0% higher year over year
- Continued focus on production efficiency with nearly a 10% decrease in production costs year over year

UNIT TRADING NEWS

- For the quarter ending 9/30/2019, 9 units traded averaging \$26,400/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 9/30/2019	3 Months Ended 9/30/2018	Year Ended 9/30/2019	Year Ended 9/30/2018
Total Revenues	\$42,944,587	\$39,059,481	\$162,327,050	\$150,942,816
Gross Profit	\$7,009,503	\$6,327,494	\$18,975,698	\$25,361,429
Net Income	\$6,435,641	\$6,165,743	\$17,006,691	\$23,325,382
Net Income/Unit	\$1,769	\$1,695	\$4,675	\$6,412
Distribution/Unit	\$1,250	\$3,000	\$2,000	\$4,700

UNAUDITED

BALANCE SHEET	As of 9/30/2019	As of 9/30/2018
Current Assets	\$46,136,578	\$45,102,160
Total Assets	\$98,763,487	\$95,960,464
Current Liabilities	\$5,814,059	\$6,266,432
Long-Term Liabilities	\$1,579,453	\$1,688,249
Members' Equity	\$91,369,975	\$88,005,783
Book Value/Unit	\$25,115	\$24,191

KEY METRICS

	3 Months Ended 9/30/2019	3 Months Ended 9/30/2018
Ethanol Yield (Gal/bu)	3.01	2.99
Natural Gas (BTU/gal)	20,195	20,108
Electricity (KW/gal)	.60	.60
Corn Oil (Lbs/bu)	.96	.91
Ethanol Production (Gal/day)	264,325	251,372
Ethanol Production (MGY)	93,000,000	87,000,000

FUEL THE CURE – HELPING TO FIGHT BREAST CANCER

An Ethanol promotion was held at Pony Express in South Sioux City on Oct. 25. Pony Express donated \$.03/gal of all ethanol sold in the month of October to the Fred & Pamela Buffet Cancer Center in Omaha. Siouxland Ethanol made a donation to the June E. Nylén Cancer Center in Sioux City. Christie Finnegan joined Tony and Josie with KSUX to go on air and explain how gasoline with no ethanol contains cancer causing chemicals such as benzene, the same chemical contained in cigarettes.



Please mark your calendars for Siouxland Ethanol's Annual Meeting. It will be held earlier in the year due to many exciting items of business to share with you.

Date: January 14, 2020

Time: Doors open at 5:00pm. Dinner served at 6:00pm. Program and Investor Meeting begins at 7:00 pm.

Location: Delta Hotels by Marriott in South Sioux City

Please notify Amy Williams of your plans to attend.
(amy.williams@siouxlandethanol.com)



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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.



Got Corn?
To sell corn or buy
DG products, call Kasey or Jana
402-632-6206

Fake News

EVs (electric vehicles) have been in the news lately with many claims of taking over the world. Is this threat real to the combustion engine vehicle – and to ethanol?

Electric Vehicles are better for the environment. FAKE NEWS!

Electric vehicles often times have a higher carbon score than vehicles running on ethanol blends. If the electricity that is powering the vehicle is coming from a coal plant, the CI score is 295. The average mix of electricity in the US shows a CI score of 140. The CI score of corn starch ethanol made from a plant using natural gas is much lower at 52.

Sales of EVs are going up dramatically. FAKE NEWS!

Over 2 million electric vehicles were sold in 2018. There are over a billion vehicles on the road worldwide today and EVs are still less than 0.5% of the



global vehicle fleet. A recent survey by McKinsey & Co. reported that 30% of the vehicle buyers in the US were considering a purchase of an EV but only 3% actually did so.

EVs are the wave of the future. FAKE NEWS!

While some people in some parts of the country will find that an EV may fit their lifestyle and work needs, many people (the majority) of people will continue to buy vehicles that have an

internal combustion engine and use ethanol blends. Imagine trying to get to work and the electricity is off and your vehicle is not charged. Imagine trying to pull a trailer or a boat with an electric vehicle. How far will you get in your EV on your way to visit family or on trips?

Isn't California going to all EVs (zero emission vehicles)? FAKE NEWS!

Richard Corey, head of the California Air Resources Board, said there will always be a need for internal combustion engines in cars that can run on ethanol.

Is there a future for ethanol blends and EVs? YES!

There is research underway to see how ethanol as a fuel or a fuel cell in a hybrid EV can meet the needs of some people. That might be a win-win for those who want some kind of EV.