



Glacial Lakes Energy, LLC

CREATING ECONOMIC VALUE FROM CORN

NEWSLETTER

July - August 2018

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Gerald "Jerry" Krueger is a retired educator, coach, commercial pilot, farmer and a resident of Aberdeen, SD

It's Easy To Support Ethanol 100%

By Gerald Krueger, Aberdeen

Why is there so much opposition to increasing the amount of ethanol blend in America's automobiles? We have enjoyed the 10-percent blend and its many benefits for years now. A 15-percent blend is perfectly safe and actually brings the pump price of our automobile fuel down.

It has been established that a 30-percent blend works well in America's automobiles, and once again a lot of opposition surfaces. There are many testimonials from consumers who have voluntarily used a 30-percent blend with startling results. Tests and testimonials have absolutely shown no decrease in engine performance and an actual increase of miles per gallon to add to the benefit.

Our nation's lawmakers are really reluctant to offer support to benefit ethanol. The opposition is such a shame; ethanol offers so many benefits to society and especially to American farmers.

There has got to be a lot of selfishness in this opposition. It is well known that the giant petroleum industry continues to oppose ethanol altogether. Hmmm, isn't that something?

Despite opposition, ethanol continues to be kind to the environment, has wonderful byproducts and offers increased corn prices.

The distillers grain byproduct of the ethanol process is a booming business. Not too many ranchers fail anymore to use distillers grain as a supplement to prepare their rations for feeding their livestock. Besides, distillers grain is a vital commodity to help balance the international trade problem as much of it is exported to foreign countries.

Another byproduct used by livestock producers is sweet water. Cattle just love it. The only disadvantage is it freezes during the winter and keeping it liquid provides some challenges.

Our ethanol plants are an example of what can be done to increase savings at the gas pump for every consumer. These well-placed ethanol plants are also always 20 to 25 cents higher in their offer of cash prices for our country's corn farmers.

We are so fortunate in this part of the country to have numerous ethanol plants so close by. To add to these convenient operations, the new soybean processing plant being built in our city will add so much more to the local economy. It will provide real benefits to our area's soybean farmers. That in itself will be a real boon to so many, to say nothing of the people who will be employed by this new plant.

With the existing ethanol plants and the new soybean plant, the entire situation is a win-win for us all.

American innovation is such a great asset. We are so fortunate to have such talented individuals with their wonderful ingenuity right here in our own USA to invent and to erect these monuments of American progress.

Nuff said.

Premium E30 Fuels Brown County Fleet

When Rachel Kippley, chair of the Brown County commissioners, recommended that the county fuel all their vehicles with Premium E30, she was speaking from experience—hers and others'.

"We've been using Premium E30 on our farm for a year, and we've had no issues," Kippley says. "I had conducted some research and talked to some of the farm groups about what Codington County and Watertown were doing to promote this fuel. Since Brown County is one of the largest corn-producing counties in the state, there's no better place to be doing the same thing."

Kippley fuels two personal vehicles with Premium E30, one flex-fuel and the other a non-flex vehicle. As for the county, all county vehicles, including 22 Brown County Sheriff's Department vehicles, have switched to Premium E30.

"At the county, we have five months under our belts with a mix of flex-fuel and non-flex vehicles, and there have been no issues with the fleet," Kippley says. "We're still gathering information on mileage and other performance factors.

"I have heard that if everyone in the U.S. used E30, we would no longer

have to import oil," she concludes. "Coming from a family with several members in the military, that's huge. Why not invest in ourselves rather than sending the money overseas? It just makes sense."



Brown County Commissioners voted unanimously in October 2017 to begin using Premium E30 in their fleet vehicles.

Pictured left to right are commissioners Doug Fjeldheim (vice chair), Tom Fischbach, and Rachel Kippley (chair).

Financial Results

Financial Report for the Quarter ended May 31, 2018

(dollars in millions)

| | | | |
|-------------------|---------|---------------------|---------|
| Total Assets | \$225.3 | Current Assets | \$105.5 |
| Total Liabilities | \$38.5 | Current Liabilities | \$31.2 |
| Net Worth | \$186.8 | Working Capital | \$74.3 |
| Net Income | \$6.9 | YTD Net Income | \$19.6 |

Unaudited

GLE Has Solid Third Quarter Financial Performance

Glacial Lakes Corn Processors ended the third quarter with net income of \$6.9 million and \$19.6 million for the fiscal year to date. The solid financial performance is due to improved production rates provided by completed capital projects and stronger crush margins. The additional fermentation and production efficiency projects were brought on-line at both locations during the quarter and these projects have resulted in increased production.

Ethanol crush margins were also stronger during the quarter. Ethanol pricing improved on better domestic demand and a seasonal downturn in U.S. production rates while total exports for the quarter are expected to exceed the previous quarter. Brazil and Canada were the largest export customers. Demand for distiller grains maintained a strong pace and was a significant contributor to the stronger crush margins. Mexico remains an important buyer, but domestic users both locally and nationally were significant factors as well.

Corn prices rallied during the quarter, and many producers took advantage, selling both their 2017 and 2018 crop corn. Brisk export demand and South American weather problems supported cash prices in South Dakota. The Watertown unit loading facility (new in February 2017) remained busy, allowing GLE to significantly reduce its leased car expenses.

E30 Challenge Coming To Aberdeen!

"When are you going to do this in Aberdeen?" That's the question Glacial Lakes Energy ("GLE") has received from shareholders, business people, and even our own employees about the E30 Challenge. Well, the time has come, and the E30 Challenge is coming to Aberdeen on July 13, 2018.



The E30 Challenge was conceived as a way to challenge the conventional wisdom that auto owners can only use blends of up to E15 (15% ethanol blend) in a non-flex-fuel vehicle. For many years,

Watertown area residents have proven that Premium E30 can be safely used in all vehicles and, with nearly 3.0 million gallons sold in just the past two years without an issue directly related to the fuel, we believe this point has been made with an exclamation point!

"Our plan when we sponsored the first E30 Challenge in Watertown in 2016 was always to bring this program and its message to other cities which have a connection to an ethanol plant." stated Marcy Kohl, Director of Communications and Corporate Affairs at GLE. "Thanks to our plant in Mina, Aberdeen was always on our list. Aberdeen also has the infrastructure in place to make this promotion a possibility, with Premium E30 readily available at several retail locations across the city."

As they did in Watertown, GLE is partnering with the Boys & Girls Club for the Aberdeen E30 Challenge. For every gallon of Premium

E30 sold beginning July 13, 2018 through the end of the promotion, \$0.30 will be donated to the Boys & Girls Club for up to a total of \$50,000. Brad Brunner, Glacial Lakes Energy Ethanol Marketing Manager said, "In addition, we're discounting the already attractive price of Premium E30 by another 30 cents a gallon as an incentive for others to try it."

A lot of behind-the-scenes work will take place prior to the event kickoff. Meetings have taken place with the major Aberdeen auto dealerships to answer questions and let them know how the Challenge will proceed. Andy Wicks, an expert mechanic who has a wealth of experience with using ethanol in high performance engines, was on hand to talk about his experiences with area auto technicians and fuel retailers.

Clearly, education is a key component of this promotion. If those who interact directly with the driving public are not knowledgeable about Premium E30, there is a greater likelihood that automotive issues unrelated to E30 use will be wrongly attributed to the fuel simply because that was the most recent change made to the vehicle. In short, education helps prevent these misconceptions.

During the E30 Challenge in Watertown, there was a 600% increase in Premium E30 usage going from a citywide monthly average of 20,000 gallons to a current monthly average of 125,000+ gallons. To prove our point, usage has remained at that level without the promotional discount. GLE will be monitoring Premium E30 sales in Aberdeen during and after the promotion, and while there is no specific target in mind, an increase in Premium E30 sales that extends beyond the promotion is expected.

Pruitt Resigns, Wheeler To Become Acting Administrator Of The EPA

By Erin Voegele | July 05, 2018

On July 5, President Trump announced the resignation of Scott Pruitt as the administrator of the U.S. EPA. Deputy Administrator Andrew Wheeler is set to assume the role of acting administrator of the EPA on July 9.

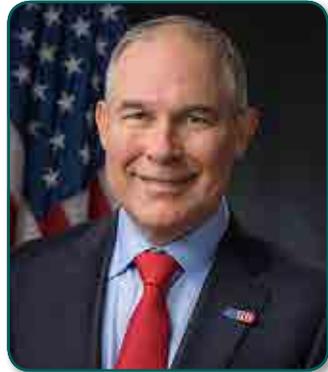
Trump tweeted the announcement Thursday afternoon, stating that he has accepted the resignation of Pruitt. Trump said Pruitt “has done an outstanding job” and indicated that Wheeler “will continue on with our great and lasting EPA agenda. We have made tremendous process and the future of the EPA is very bright.”

Pruitt’s resignation occurred amid a cloud of ethics scandals. He has been criticized by the biofuels industry for his mismanagement of the Renewable Fuel Standard, including the misuse of RFS small refiner hardship waivers.

“President Trump made the right decision,” said Sen. Chuck Grassley, R-Iowa. “Administrator Pruitt’s ethical scandals and his undermining of the President’s commitment to biofuels and Midwest farmers were distracting from the agency’s otherwise strong progress to free the nation of burdensome and harmful government regulations. Fewer things are more important for government officials than maintaining public trust. Administrator Pruitt, through his own actions, lost that trust. I hope Acting Administrator Wheeler views this as an opportunity to restore this Administration’s standing with farmers and the biofuels industry. I’m looking forward to working with Acting Administrator Wheeler to do just that.”

The U.S. Senate confirmed Wheeler’s nomination as deputy EPA administrator in April. He was nominated by Trump to fill the post in October 2017. Information released by the White House at that time indicates Wheeler was a principal and head of the energy and environment team at Faegre Baker Daniels Consulting and co-chaired the energy and natural resources industry team within the law firm. Prior to joining Faegre Baker Daniels he worked at the U.S. Senate Environment and Public Works Committee for 14 years. He began his career at the EPA as a special assistant in the toxics office. Wheeler has been criticized by members of the environmental community for his ties to the coal industry.

The Renewable Fuels Association has spoken out to applaud Pruitt’s resignation. “For the past year, Scott Pruitt had been waging war against the Renewable Fuel



*Scott Pruitt (R)
Former Administrator of the EPA*

Standard (RFS), the biofuels industry, and the millions of farmers and rural Americans who helped Donald Trump get elected,” said Bob Dinneen, president and CEO of the RFA. “It appears these missteps finally caught up with Mr. Pruitt, who apparently thought that RFS stood for ‘Refinery First Strategy.’ Mr. Pruitt’s failure to follow President Trump’s directive to remove the red tape that restricts E15 from being sold in the summertime likely played a part in his demise, and the straw that broke the camel’s back may have been Mr. Pruitt’s recent proposal for 2019 RFS requirements that failed miserably to repair damages done to our nation’s farmers and biofuel producers.

“So, that sound you hear is a collective sigh of relief coming from the Midwest,” Dinneen continued. “We look forward to working with Acting Administrator Andy Wheeler, whose long career focusing on policies that recognize economic growth and environmental protection are not mutually exclusive is not undermined by an unmistakable anti-ethanol, anti-farmer bias.”

The American Coalition for Ethanol has also spoken out in support of Pruitt’s resignation. “While Scott Pruitt survived months of serious and sometimes silly ethical scandals, his mismanagement of the Renewable Fuel Standard (RFS) and failure to make good on President Trump’s promises to farmers and rural America about ethanol policies seem to have finally taken a toll,” said Brian Jennings, CEO of ACE. “U.S. farmers are to be commended for standing up and speaking out against Pruitt’s ethanol injustices. In reality, Pruitt’s resignation doesn’t resemble a victory unless and until EPA returns to respecting the RFS as the law of the land, including quitting handing out Small Refinery Waivers like candy and finding a way to reallocate the waived gallons, as well as making good on the President’s multiple promises to allow E15 use year-round. Much work remains and we look forward to working with Mr. Andy Wheeler as he takes the helm at EPA.”

Growth Energy called on Wheeler to unleash American biofuels. “Administrator Pruitt’s tenure as administrator of the EPA put a heavy strain on this administration’s relationship with supporters, farmers, and biofuel producers across the heartland,” said Emily Skor, CEO of Growth Energy. “We urge the EPA under the new leadership of acting Administrator Wheeler to reinforce those bonds and work as a partner to the U.S. Department of Agriculture and the White House in efforts to revitalize rural communities and unleash American biofuels. He can start today by reversing the demand destruction caused by EPA waivers, acting on the president’s pledge to unlock E15, and upholding a strong Renewable Fuel Standard (RFS).”

Boys & Girls Club Depends on Premium E30

The numbers speak for themselves. Twelve vehicles, 280-300 kids picked up after school during the school year and four or five field trips daily in the summer. Clearly, the Boys & Girls Club of Aberdeen counts on reliable transportation to accomplish their objectives. Knowing this, they didn't hesitate to switch to Premium E30 in all their vehicles over four months ago.

"We made the decision for several reasons," notes Aberdeen Boys & Girls Club director Mike Herman. "We've used E10 and E15 in our vehicles in the past, and we've worked closely with Glacial Lakes Energy. When they asked us if we would be willing to try Premium E30, we said sure, we would be willing to see how it works."

The Club operates 11 vans and one mini-bus, with only four of those flex-fuel vehicles. Herman reports that E30 has powered their fleet without problems since they made the switch.

"Obviously, we depend on our vehicles and the vans get a lot of use," Herman notes. "We just took a group to a Twins game this past weekend, for instance, so they have to be reliable. We have had a very positive experience with no complications, no warning lights—unlike what some in the news had predicted."

Herman adds that using Premium E30 is also another way the club can contribute to the community. "Aberdeen is a big agricultural city, and this is an opportunity for us to contribute to the people who help our club by producing our food and sharing their resources with us," he states. "It's a way to support the farm community that helps fund many of our projects here at the Boys & Girls Club."



Farmers Union Calling On EPA To Stop Efforts To Block Blends



Doug Sombke

Doug Sombke, President of the South Dakota Farmers Union was joined by National Farmers Union President Roger Johnson in calling for the Environmental Protection Agency (EPA) to abandon plans to finalize an Obama era rule that would cap ethanol blends at 15%.

In a letter to U.S. Environmental Protection Agency (EPA) Administrator Scott Pruitt, Sombke and Johnson criticized the Renewable Enhancement and Growth Support (REGS) rule that would deny higher ethanol blends in conventional vehicles. Originally proposed in 2016, the National Farmers Union and a number of its state chapters (Minnesota, Montana, North Dakota, South Dakota, and Wisconsin) submitted comments in opposition to the REGS Rule, arguing that EPA has misinterpreted the substantially similar provision of the Clean Air Act and that ethanol is now the nation's base certification fuel and is not limited as to volumes. EPA has not put a specific timetable on the rule but has indicated it proposes to submit it for final approval to the Office of Management and Budget (OMB) which reviews all rules before being finalized.

The letter states that, "If EPA chooses to regulate ethanol content-i.e., such as prohibiting the use of Premium E30 in legacy (non-FFV) vehicles-it must do so under Section 211(c), which puts the burden of proof on EPA, not the fuel ethanol industry. A vast amount of Department of Energy and national lab studies, as well as real world experience (conducted by GLE loyalists), conclusively

proves that the use of high octane mid-level ethanol blends (E25 - E40) in legacy vehicles does NOT impair the performance of emission control systems, nor does it exacerbate harmful emissions. In fact, because mid-level ethanol blends like Premium E30 reduce the level of carcinogenic aromatic compounds (BTEX) in gasoline, and promote more efficient combustion, the opposite is true."

"This has a direct impact on South Dakota Agriculture and could be worth \$1.5 billion to our economy," said Sombke. "Here we are demonstrating that the Premium E30 blends are high performance-high value fuels and EPA is considering denying this option."

Sombke noted that EPA has not only failed to help increase the domestic ethanol market but is taking it backwards with the recent refinery waivers and ignoring the vapor pressure waiver requests for higher blends. Flex-fuel vehicle tax credits have all but been eliminated and there is simply no pathway for expanding the ethanol market, he added.

EPA is also proposing new fuel economy rules that would be well served by higher octane fuels, octane that ethanol blends like the Premium E30 being used throughout South Dakota can easily and economically provided.

"For an Administration that professes to support removal of rules and regulations that impede domestic energy production - not to mention supporting American agriculture - this is the opposite of that promise. Our message to EPA is to open the market and remove these barriers to higher blends and help us create new markets for our corn.



Glacial Lakes Energy, LLC

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For the latest quarterly financial information, please visit our website at:

http://www.glaciallakesenergy.com/invest_financial.htm

Our quarterly financials will be posted to our web page on or about the following dates for 2018:
September 21, 2018 • December 21, 2018



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Please send us your e-mail address to receive regular communications, "Like Us" on Facebook, or "Follow Us" on Twitter.

To be added to our e-mail list, please contact Penni Tuttle, Membership Coordinator at ptuttle@glaciallakesenergy.com or 605-882-8480.

Cautionary Statements Regarding Forward- Looking Statements

This document contains forward-looking statements involving future events, future business and other conditions, our future performance and our expected future operations and actions.

In some cases you can identify forward-looking statements by the use of words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "predict," "hope," "should," "could," "may," "future," "continue," "potential" or the negatives of these terms or other similar expressions. These statements are based on management's beliefs and expectations and on information currently available to management.

Forward-looking statements are only our predictions and involve numerous assumptions, risks and uncertainties. Important factors that could significantly affect future financial condition and results include, among others, operating margins in the ethanol industry, the rapid pace of expansion in the industry, the cost of corn and the price of ethanol, changes in ethanol supply and demand, changes in current legislation or regulations that affect ethanol supply and demand, disruptions to infrastructure or in the supply of raw materials, the results of our risk management and hedging transactions, and ethanol industry valuations generally.

Our actual results or actions may differ materially from those set forth in the forward-looking statements for many reasons, including events that are beyond our control or assumptions not proving to be accurate or reasonable. We caution you not to put undue reliance on any forward-looking statements, which speak only as of the date of this document. We cannot guarantee our future results, levels of activity, performance or achievements.

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