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### Why E-15 ?

- Reduces Greenhouse Gas Emissions
- Reduces harmful Tailpipe Emissions
- Reduces Smog
- Requires less energy to produce than gasoline
- Better incremental step than gasoline
- Increased use of Renewable Energy

## Corn Crop on Pace for 2nd Largest Corn Supplies Predicted to be Largest on Record

Courtesy of RFA/Bob Dineen

(August 12, 2009) Washington - The [U.S. Department of Agriculture \(USDA\) today](#) predicted that American farmers would produce the second largest corn crop in U.S. history, falling just short of 13 billion bushels. On average, USDA is predicting corn yields to be 159.5 bushels per acre, the second highest yield ever realized by American farmers. Adding in supplies carried over from last year, the corn supply for the 2009 marketing year is anticipated to be 14.5 billion bushels, the highest level on record.

"American farmers are the subject of numerous erroneous and ill-informed attacks, yet they shrug those off to continue providing food, feed, and fuel for the nation," said Renewable Fuels Association President Bob Dinneen. "Technological advancements in both the seed and in the field are allowing farmers to produce more per acre, while using fewer inputs such as fertilizer and diesel fuel. There can be no doubt that we are fully capable of meeting the food and feed obligations we have to the world while simultaneously helping break our addiction to foreign oil."

Often, big food processors, environmental extremists and others are quick to blame farmers and America's ethanol producers for stealing food out of the mouths of people while forcing new cropland to come into production in environmentally sensitive regions of the world. However, this crop report reaffirms their claims to be the hyperbolic rhetoric many reasonable people suspected.

Note: USDA works on the marketing year, which begins on September 1, 2009 and runs through August 2010.

## Plant Update by General Manager & CEO Scott Mundt

We recently completed installation of corn oil extraction equipment which allows us to remove some of the corn oil contained in our distiller's grains. This allows us to sell the corn oil separately from the distiller's grains that we produce. We used cash from our revolving lines of credit to finance the corn oil extraction equipment. We recently secured \$1.2 million in subordinated financing to offset the cost of installing the corn oil extraction equipment. We are marketing the corn oil that we produce through RPMG which is the same entity that markets our ethanol and distiller's grains. The production of corn oil presents a new source of revenue for us. We are continuing to improve the efficiency of our corn oil extraction equipment in order to maximize this additional revenue. We had corn oil revenue of approximately \$199,000 for the six month period ended June 30, 2009.

*Scott A. Mundt, CEO*

*"This newsletter contains forward-looking statements. We undertake no responsibility to update any forward-looking statement. When used, the words "believe," "expect," "will," "can," "estimate," "anticipate" and similar expressions are intended to identify forward-looking statements. Readers should not place undue reliance on any forward-looking statements and recognize that the statements are not predictions of actual future results, which could and likely will differ materially from those anticipated in the forward-looking statements due to risks and uncertainties, including those described in our SEC filings."*

## Amert Construction was the winner of 2009 Gehl 4240E Skid Steer

On August 3, 2009, Don Amert, representing Amert Construction, took possession of his new 2009 Gehl 4240E Skid Steer Loader valued at \$28,000. Amert Construction's name was drawn last Thursday during a raffle held by the local Interlakes Area United Way. On hand for the drawing were United Way Board Members, Rick Oliveir, Vice President, Joyce Hyland and Vicki Walters of the Marketing Committee and United Way's Director, Lois Neidert.



The keys were handed over by Tom and Jeff Bloom of Lake County International and Dustin Williams of the Gehl Company. Both Lake County International and Gehl donated the skid steer to Interlakes Area United Way. 400 tickets were sold at \$100 each raising \$40,000 for the Interlakes Area United Way's 2010 campaign. Scott Mundt of Dakota Ethanol was also present. Dakota Ethanol contributed \$11,000 in proceeds from the annual golf outing making the fund raising grand total \$51,000.00. Don Amert commended the business for their community involvement. When he purchased tickets he knew the donation was going to a great cause and was very surprised to win. The Interlakes Area United Way's Campaign begins September 1st with a 2010 goal of \$140,000 which is up from last year. All monies raised for Interlakes Area United Way stays here in our community funding 35 non-profit agencies in Lake, Miner and Moody counties. The Dolly Pardon Imagination Library program also contributes to the funds. Less than 1% is given to the National United Way for name and logo rights. United Way's Vice President, Rick Olivier, wanted to thank everyone who participated and made this fund raiser successful.

## ACE and RFA announce campaign to increase use of blender pumps

By Erin Voegele

*Report posted Aug. 11, 2009, at 5:45 p.m. CST*

On August 11 the American Coalition for Ethanol and the Renewable Fuels Association announced the launch of a new ethanol blender pump marketing campaign, which seeks to install 5,000 ethanol blender pumps nationwide over the next three years. The campaign, known as the Blend Your Own Ethanol campaign, is being carried out in association with the National Corn Growers Association and several leading corn producing states.

The Blend Your Own Ethanol campaign, or BYOethanol, will offer a single source of ethanol information and technical expertise for petroleum marketers looking to upgrade equipment or begin offering more choices to their customers. While the campaign will not offer financial assistance to fuel marketers, it will serve as a central clearinghouse for existing renewable fuels infrastructure incentives. It will also function as an expanded market development program of ACE and the RFA and will serve as a one-stop source for all the technical, regulatory, safety and environmental information petroleum marketers need to know about selling ethanol blends. The program will also feature extensive work at petroleum marketer events, as well as a web presence designed specifically for station owners to easily get the information they want and need.

DTN: Using a 15 percent ethanol blend should have no harmful effects on the performance, maintenance or emissions controls of cars, according to a study done by the U.S. Department of Energy. Most current vehicles -- with the exception of a few from the 1970s -- should run on 15 percent or 20 percent blends. Retailers, however, would need to carefully label pumps that offer multiple ethanol blends, so consumers are certain to choose the correct blend and avoid damage to the car's engine. (Cheryl Anderson)

# Results of Operations for the Quarter & Six Months ended June 30, 2009

## Income Statement Data

### Three months ended June 30, 2009 Six Months ended June 30, 2009 Six months ended June 30, 2008

Revenues	\$22,487,000	\$43,462,005	\$ 56,394,467
Cost of Revenues	\$21,456,000	\$42,393,017	\$ 32,701,421
Gross Profit	\$ 1,030,400	\$ 1,068,988	\$ 23,693,046
Operating Expense	\$ 747,143	\$ 1,449,604	\$ 2,089,706
Income [Loss]	\$ 283,257	\$ [380,616]	\$ 21,603,340
Other Expense	\$ [100,604]	\$ [686,751]	\$ [364,521]
Net Income [Loss]	\$ 182,653	\$ [1,067,367]	\$ 21,238,819

Revenues. Our total revenues for the three months ended June 30, 2009 decreased by approximately 25% compared to the same period of 2008. Our ethanol revenue decreased by approximately 30% during the three month period ended June 30, 2009 compared to the same period of 2008, which in real terms equaled a decrease of approximately \$7,787,000. However, our total distiller's grains revenue increased by approximately 5% for the three month period ended June 30, 2009 compared to the same period of 2008. In real terms, this equaled an approximately \$166,000 increase in total distiller's grains revenue. We also experienced an increase in our other revenues, including our corn oil sales, of approximately \$191,000 for the three month period ended June 30, 2009 compared to the same period of 2008.

Cost of Revenues. We experienced a significant increase in our total cost of revenues for the three month period ended June 30, 2009 compared to the same period of 2008. Our two primary costs of producing ethanol and distiller's grains are corn costs and natural gas costs. During the three month period ended June 30, 2009, our total corn costs were approximately 54% higher than the comparable period of 2008. In real terms, our total corn costs were approximately \$5,833,000 higher for the second quarter of 2009 compared to the same period of 2008. However, our total natural gas costs decreased by approximately 51%, or a total of approximately \$1,666,000, for the second quarter of 2009 compared to the same period of 2008.

Operating Expenses. Our operating expenses decreased significantly for the three month period ended June 30, 2009 compared to the same period of 2008. This decrease in operating expenses is primarily the result of decreased wages and bonuses we paid to our employees as well as decreased environmental compliance costs and public relations fees. Our bonus payments are tied to the financial results of our operations. Due to current conditions in the ethanol industry, we have experienced decreased net income which has decreased the bonuses we pay to our employees.

Other Expense. Our total other expense for the three month period ended June 30, 2009 was less than our other expense for the comparable period of 2008. We experienced increased interest expenses during the three month period ended June 30, 2009 compared to the same period of 2008 as a result of having increased borrowing on our loans. This increase in interest expense was offset by an increase in our equity interest in the net income of our investments. This increase in our equity interest in the net income of our investments was primarily related to our investment in RPMG, our ethanol, distiller's grains and corn oil marketer. We also had less interest income during the three month period ended June 30, 2009 compared to the same period of 2008 due to having less cash on hand and lower interest rates during 2009.

For more information and review of the complete 10-Q report, please go to [www.sec.gov](http://www.sec.gov).

## Lake Area Corn Processors, LLC CU Trading

For the first 6 months of 2009, there have been 10,000 capital units traded at average price of \$1.47 per unit. These trades represent 0.03% of the 29,620,000 outstanding units and almost 3 times original value. Lake Area Corn Processors, LLC units are traded at [www.agstocktrade.com](http://www.agstocktrade.com) or can be reached by contacting Variable Investment Advisors, Inc. at 1-800-859-3018. You may keep abreast of trade offers, procedures, or review trading history at [www.dakotaethanol.com](http://www.dakotaethanol.com) under the LACP section. Of course, if you have any questions, please contact Alan May at Dakota Ethanol, LLC.