

DEXTER ETHANOL PLANT PROJECT

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COMMENTS FROM THE CEO:

James B. Conant once said, "Behold the turtle, he makes progress only when he sticks his neck out". We've all stuck our necks out and invested time, energy and funds into this very challenging project, but I assure you that although our steps may appear *slow* they are *steady* steps toward the goal of building the Dexter Ethanol Plant. There have been numerous obstacles to overcome, but just like the tortoise and the hare, we the turtle will ultimately succeed in achieving this goal. Thank you for your continued support and patience throughout the process. Enclosed you will find two booklets published by the Renewable Fuels Association. *Tales for the Heartland* contains several stories that illustrate how ethanol, aside from its environmental and energy security benefits is revitalizing Americas Rural Communities and invigorating our local and national economy. *Building New Horizons* catalogues the successes of the past year, but also provides valuable information about the challenges and opportunities expected in the coming months. This is an exciting time to be in the Ethanol Industry but its success is ultimately dependent on individuals like you. I hope you enjoy reading this material and share it with your friends and neighbors.

ENGINEERING:

The Road Entrance Permit has been submitted to the Dallas County Road Dept. to obtain a physical address for the plant. The primary access to our facility will be directly off of Hwy P53 (El Dorado). It has been staked, a culvert will need to be added, and the entrance road characteristics will be consistent with the current primary public road.

RAILROAD:

The railroad site infrastructure design is 90% complete and has received preliminary approval from the Iowa Interstate Railroad. Via Rail anticipates final design and construction details to be forwarded to the IAIS Railroad for construction approvals in the next 45 days.

FUNDING:

The local response to the Interim Equity Drive Offering was somewhat disappointing. We acknowledge that delaying the drive did cause us to lose some momentum, however a major investor has stepped forward and is purchasing \$45 million of equity in the Dexter Plant. We are also currently in discussion with other groups, Financial Houses, Institutions and other major ethanol players, who are looking to invest in large chunks of equity as well. At this time we are not in a position to divulge who these large equity players are, but as soon as it is appropriate, we will advise you of the parties involved. We plan to do a financial closing in 60 days.

PERMITS, PERMITS, PERMITS.....

Congratulations to the Natural Resources Group, McClure Engineering, AGRA Industries and BBI. Through their combined efforts and cooperation with the Iowa Department of Natural Resources we have received our Air Quality Construction Permit for the Dexter Ethanol Plant. The Permit Application was submitted in December 2006, was assigned Project Number: 06-623/ Plant Number: 25-07-003 and the final permit was issued on March 14th.

No disrespect intended, but this is the "holy grail" of all permits relative to the development of an ethanol plant facility. The approximately 250 page document contains 30+ separate permit subsections with construction and maintenance guidelines for everything from the Corn Truck Dump Pit to the emission measurements for dust from truck traffic! We've all been channeling our focus on the benefits of developing a renewable energy source but cannot lose sight of the need for a healthy environment in the process. Good work everyone on creating a superb project with standards in place to keep the environment safe.

Just to give you additional insight into the depth of this project, Natural Resources Group is ultimately responsible for providing research and documentation on any portion of the Dexter project that would impact our natural resources and environment. This includes the air, water, land, threatened or endangered species, wetlands, and cultural (Native American) resources. To date we have made huge strides and completed or obtained the Air Permit, Hydrogeology Study, Wetland Delineation Report, Army Corp of Engineers Jurisdictional Determination and currently have an additional 20+ permits under determination or pending. No one is sitting idle and every week we inch closer to the ultimate goal of getting the Dexter Ethanol Plant built.

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