

Global Ethanol Update



January 2008

Special points of interest::

- 3 significant projects developed this year including:
 - CO2
 - Riga Expansion
 - Corn Oil/Bio Diesel

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LOCATIONS

Lakota Office

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515-886-2222

Riga Office

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517-486-6190

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Management Office

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Minneapolis, MN 55415
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CEO's Report - Trevor Bourne, CEO

Shortly after Thanksgiving, a significant failure in one fermenter tank at Lakota occurred. This quarter is dominated by the recovery from that failure. This will continue to affect performance until early February when the plant will be fully back on line. Despite this, the operations and financial performance of the company continues to be strong. The general performance of the underlying business is pleasing as demonstrated by the response of each business unit to manage the difficult situation. The Technical Services Group, in particular, responded very well and supports the strategy adopted in this area of the business. This incident, however, demonstrates the need to be vigilant and further underlines the need to continue the implementation of the strategies adopted in the past 12 months.

December resulted in the passing of a new energy bill. In response, the ethanol price ran up and good margins were experienced for a short period. Corn was steady until the USDA report was released. Both of these incidents demonstrate the need to focus on locking in margins rather than focusing on one commodity price.

Higher corn cost is an issue for the

Company as speculators have driven prices well above expectations. In addition, we expect the current volatility in all markets to continue thus placing more value on your internalized marketing and risk management practice.

So what is in store for 2008 and what is important? Projects such as CO2, Riga Expansion and Corn Oil Extraction to Bio Diesel and Belmond will continue to be developed and delivered over the coming calendar year. Debt is key to growth and continues to be a challenge.

As part of operational excellence the auditing of the business continues. This is being performed by experts in particular fields and has proven to be very useful in setting plans for this year. Examples to date include safety and going forward Original Equipment Manufacture Audits will be completed to name a few.

Finally, on the 11 May 2008 it will be the 2 year anniversary of the sale of MGP to Global. On this date a reconciliation of the escrow account will be made. It is known that a significant portion of this will be returned to Global. Further information will be made available closer to the date.

Financial Update

During the first half of the 2008 fiscal year, revenue and profitability continued to increase due to the addition of Riga. The balance sheet remains one of the strongest in the industry in terms of liquidity and equity percentage. With a strong balance sheet, Global Ethanol is poised to wisely exploit potential growth opportunities discussed in this newsletter. The following table represents the financial highlights of Global Ethanol for the first six months of the 2008 fiscal year.



Project Updates

Belmond:

Currently the Belmond project is in a design phase and will not move out of design until the debt capital markets provide us with the opportunity to finance the project. The recent volatility of profit margins for the industry, uncertainty around the mandate for ethanol coupled with a huge amount of new ethanol projects coming on line have all conspired to staunch the availability of debt capital for major ethanol expansion. Global will continue to monitor the capital markets and move forward with this project when it is cost effective to do so.

Corn Oil Extraction/BioDiesel:

Global is moving forward with the design and construction of corn oil extraction at both Lakota and Riga. It is expected that we will mobilize at both sites this spring and install the first phase of oil extraction equipment. It is anticipated that Riga will be the first to come on line in the third calendar quarter (2008) and that Lakota will follow shortly thereafter in the early fourth quarter. The second phase of corn oil extraction

will be installed next and the Bio-Diesel plant is expected to be completed by the middle of 2009.

Carbon Dioxide:

Mobilization of construction is currently underway for the construction of the adjacent Carbon Dioxide refinement



and processing facility in Riga. It is anticipated that the plant will be operational by early fourth quarter.

Riga Expansion:

Currently the 50% expansion to the Riga plant is in the design phase. We anticipate that we will be prepared to commence construction in late summer of 2008 with project completion anticipated in late 2009.

Safety Update

The Lakota facility reached the milestone of 2 years without a Lost Time Injury (LTI) this month. Two new policies will be released and trained to company wide in late January and early February. The Work Permit Policy will be a new policy company wide and the Lockout Tagout Tryout Policy was modified to better reflect our commitment to safety.

This month a Process Safety Management (PSM) audit was conducted at the Lakota facility. An identical PSM audit of our Riga facility will be conducted in the near future. Results of this PSM audit, along with the results of the previously conducted OSHA General Industry audit done at both facilities, will be incorporated into our safety improvement plan. Iowa OSHA has indicated they were impressed with our proactive approach to safety and have asked us to work as a partner.