

Global Ethanol Update



May 2008

Inside this issue:

CEO Report	1
Financial Update	1
Operational/Project Update	2
Industry and Market Update	2

CEO's Report - Trevor Bourne, CEO

The recent quarter has been challenging from both a margin and operations perspective. The price of corn and to a lesser extent ethanol continues to escalate and the crush margin experienced continues to be squeezed. The rationality of the market has completely left and as a result Global needs to keep the developed processes in place to ensure the company remains cash flow positive. The profitability of the company is low but still better than many parts of the industry.

Operations were better this quarter but were challenged by reliability issues at Lakota and debottlenecking work at Riga. Programs are in place to improve these aspects of performance. In particular the current shutdowns at both plants (normal 6 monthly planned works) have additional work included that should further improve the performance of both plants on a go forward basis. The company continues to focus on safety, environment, maintenance and training improvements and these programs are starting to bear fruit. In fact some of the programs are recognized to be significant within the industry.

Projects continue to gather momentum and as you will see in this newsletter both CO2 and corn oil extraction have made progress. In particular the relationship with Greenshift is an important one for the company that will provide opportunities to Global in the future. The debt markets are proving problematic and are affecting the ability to move forward on the expansion at Riga. Solutions are being investigated but at this point debt is the major issue yet to be resolved.

At this point I would like to revisit Global's value statement. The adoption of these values by our organization takes time but I believe as of today the company is living by these and will continue to further develop around them as time goes by. They are important to understand as they effect the way we do business. I encourage you to review these and if you have any questions do not hesitate to call and discuss the details.

- **Green, Sustainable Company** - Deliver on an overriding commitment to health, safety, environmental responsibility and sustainable development
- **Integrity** - Do what we say we will do and do what is right for the company and its stakeholders
- **High Performance** - Have high expectations and high energy in the way we work and conduct our business
- **The Courage To Be Entrepreneurial and Growth Focused** - Accept responsibility to inspire and deliver positive change that spurs growth even in the face of adversity.
- **Respect For Each Other** - Embrace openness, sharing, trust, teamwork and involvement by all members of the company.

With these Values and the associated Mission Statement, Global will continue to strive for growth and profitability on a rational basis to protect shareholder value.

Financial Update

During the 2008 fiscal third quarter, revenue continued to increase significantly. Profitability was negatively impacted by volatile swings in commodity markets. The balance sheet remains one of the strongest in the industry in terms of liquidity and equity percentage which will enable Global Ethanol to exploit potential growth opportunities and withstand the swings in the commodity markets. The following table represents the unaudited financial highlights of Global Ethanol for the 2008 fiscal third quarter ending March 31, 2008.

LOCATIONS

Lakota Office

1660 428th Street
Lakota, IA 50451
(515) 886-2222

Riga Office

7025 Silberhorn Hwy
Blissfield, MI 49228
(517) 486-6190

Mailing Address:
PO Box 12
Riga, MI 29276

Management Office

400 South 4th Street
Suite 1000
Minneapolis, MN 55415
(612) 333-4000





Operational/Project Updates

The Global sites continue to drive Safety Health and Environment (SHE) objectives through the implementation / improvement of a number of programs such as Process Safety Management (PSM), Job Hazard Analysis (JHA) and Environmental Management Systems (EMS). It is easy to measure your safety performance through the after-the-fact reporting of the number of injuries we have each year for OSHA, but it is far more important to measure your safety performance before any incident occurs and before we have an injury. We can do this by measuring our compliance against these programs we are putting in. We can also proactively measure how well we are imparting the core value of SH&E in our business by talking to our employees each and every day about safety and environmental awareness and ask them how they can contribute to a safe and compliant site; whether through cleaning up after they finish a job; or through reporting a hazard that if addressed now could prevent an incident occurring in the future; or simply by taking the time to think about a job before starting and making sure they have identified and controlled any possible hazards. We believe that the focus we have had on safety is starting to pay-off as in April we celebrated 1 year without a Lost Time Injury at the Riga facility. Thank you to all our employees at all sites and remember: **“At work and at play safety leads the way!”**

As was mentioned in the CEO's report, the last quarter has been difficult operationally, particularly at the Lakota site with the long, cold winter having an impact on production coupled with the failures of the fermenter and dryer in late November. Things are turning around however and this month both plants have semi-annual shutdowns designed to both increase reliability and de-bottleneck so that volumes should increase in the last quarter of this financial year. Significant progress has been made at Riga in the operation of ring dryer and this has paid off by seeing the Riga facility's performance steadily increase. We expect that the significant efforts being made by the Technical Services Group in conjunction with the operations team will start to pay off over the next six months and we will enter winter 2008 in a much better position than 2007.

The installation of the first corn oil extraction systems are progressing for both Lakota and Riga. Process tie-ins are occurring during shutdowns at both plants. The skid mounted equipment is expected to be delivered in June with an August start-up in Riga and a September start-up in Lakota. Carbon Dioxide project foundations and piers are being poured for the new CO2 building in Riga. Skid mounted equipment delivery is expected for October/November 2008. The CO2 plant is expected to be started up prior to the end of the calendar year.

The Riga Expansion project is nearing the end of the definition phase. The past few months have focused on defining the scope, cost and schedule and developing a Project Execution Plan. These documents are due on May 2 and will be presented to the board in May.

Industry and Market Update

While the industry has seen fantastic growth over the past year, with that growth we have witnessed significantly increased volatility in cash flow margins in the ethanol business from negative margins to \$0.50 per gallon. Global Ethanol's internalized sales and risk management staff has worked tirelessly for shareholders to insure as stable margins as possible in light of these circumstances in order to protect the assets during these tumultuous times. We are happy to report that your company's results have compared very favorably with the largest and most watched industry participants. For example, in the most recently reported quarter (ended December, 2007) for our competitors, Global Ethanol achieved \$0.35/gallon in EBITDA while Verasun achieved \$0.23/gallon and Aventine achieved \$0.09/gallon. While we expect to see continued volatility in each of the commodity markets in which we participate and a similar volatility in ethanol production margins through the end of the year, we believe that our established risk management principals will keep us profitable through this period. In addition, we further believe that the increased mandates in 2009 and beyond will weigh positively on industry margins in general.

