



Energy for a Clean Environment

Ethanol Connection



Golden Grain Energy LLC



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Annual maintenance shutdown projects New cooling tower, electrical relocation largest undertakings

More than 100 contractors, along with 42 Golden Grain Energy employees, will put in approximately 8,500 hours of work June 20-24 for the plant's annual maintenance shutdown. That equates to 4 years of labor in less than a week.

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Construction is nearing completion on the new cooling tower at Golden Grain Energy. Tying the tower into the rest of the plant will be the largest project undertaken during the annual shutdown June 20-24. The new tower will address quality and safety issues presented by steam with the previous cooling tower, in addition to meeting plant capacity.

Board declares \$0.25 distribution in May

On May 16, 2016, the board of directors declared a cash distribution of \$0.25 per membership unit to the holders of Class A and Class B units of record at the close of business on that date for a total distribution of \$4,968,250. The distribution will be recorded in the Company's third quarter financial statements for the 2016 fiscal year and was paid to members on June 10, 2016. Thanks to all members who

contributed to the GGE PAC through this distribution. Your contributions totaled approximately \$13,000. As we head into the political stretch of 2016, these funds will be instrumental in making sure lawmakers who represent the citizens of the United States see the benefit of renewable fuels manufactured in this great country.



Lackluster prices mean profits continue to lag

The second fiscal quarter ended on April 30 and profit margins continued to lack luster.

Ethanol and distiller grain prices were approximately 19 percent and 21 percent lower, respectively, than last year but due to continued plant improvements, we were able to increase production rates and sell approximately 8 percent more gallons of ethanol which kept revenues fairly consistent quarter over quarter.

The average corn price per bushel was approximately 7 percent lower and our natural gas costs dropped by 37 percent for the three months ended April 30, 2016, as compared to the same period of 2015.

Operating expenses were higher in 2016 due to increased legal expenses related to China's antidumping and countervailing duty claims brought against the US ethanol industry in early 2016. We have also

started to experience higher property tax expense as the tax incentives received during plant construction are starting to tail off.

The plant crew and construction companies have been very busy builders at GGE. During the year we have spent about \$6.5 million on construction projects, which is about \$3 million higher than the first six months of last year. Primary projects include the completion of an additional rail loadout, the water treatment and maintenance facility, and a significant portion of the cool-

ing tower project as outlined in the shutdown article.

As we head into summer driving months we expect to see an increase in gasoline demand which we anticipate will elevate ethanol prices and margins for the last half of our 2016 fiscal year.

The complete 10-Q for the quarter was filed June 13 and can be found on the SEC website or by following the investor link at www.ggecorn.com.

— *Christy Marchand, CFO*
Golden Grain Energy

BALANCE SHEET	April 30, 2016	October 31, 2015
Current Assets	\$ 38,107,026	\$ 47,036,908
Total Assets	\$ 130,278,469	\$ 138,155,320
Current Liabilities	\$ 8,372,031	\$ 8,114,578
Long-term liabilities	\$ 432,129	\$ 476,962
Members Equity	\$ 121,474,309	\$ 129,563,780
Book Value per Unit	\$ 6.11	\$ 6.52

INCOME STATEMENT	Three Months Ended 4/30/16	Three Months Ended 4/30/15	Six Months Ended 4/30/16	Six Months Ended 4/30/2015
Revenues	\$ 51,518,991	\$ 52,854,192	\$ 100,292,114	\$ 113,902,315
Gross Profit	\$ 1,621,069	\$ 3,826,385	\$ 3,574,828	\$ 16,180,655
Equity in Net Income from Investments	\$ 1,486,556	\$ 455,468	\$ 3,853,624	\$ 4,012,244
Net Income	\$ 2,404,294	\$ 3,967,686	\$ 5,821,629	\$ 18,870,319
Net Income per Unit	\$ 0.12	\$ 0.20	\$ 0.29	\$ 0.95
Distribution Paid	\$ --	\$ --	\$ 0.70	\$ 2.60

Research & Development tax credit analysis still under review

GGE and its tax preparer, RSM US, continue to work diligently on the next steps in analyzing the Research & Development tax credit for prior years. Over the last few months we have compiled all expenses associated with prior years' research activities. RSM has done extensive work analyzing these research activities and is in the process of submitting a ruling on GGE's behalf to the IRS seeking additional assurance on the methodology used in the calculation of the R&D credit. Once we get final guidance from the IRS, which is expected in August, we will examine prior year returns and member tax situ-

ations and determine if amending the 2013 and 2014 returns on the state level, federal level or both would be beneficial to our membership. Until that guidance is received and the analysis is complete, it will not be possible for us or your tax professional to make any assumptions as to the amount of the credit or tax impact to individual member returns. Keep your eyes open for more information in September. Should you have questions, please contact the GGE office at (641) 423-8525 or cmarchand@ggecorn.com

Projects address safety, reliability, system updates

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The largest project to be undertaken will be work to tie-in and start up the new cooling tower, which is nearing completion. The new tower has been relocated to a new position in the plant to address problems created by the steam released from the original cooling tower. The location of the original tower, which was also sized only to serve Golden Grain's original 40 mgpy capacity, caused steam to cross the roadway in the winter, creating a visibility hazard. Curt Strong, executive vice president and commodity manager, noted that the steam also created problems with the distiller grain loading system by causing moisture to build up in the pipes.

A second major project will be the relocation of the current above-ground electrical lines underground. The \$1 million project will address concerns with both safety and reliability. Reliability is essential because any break in electrical service causes the entire plant to go down, requiring a time-consuming, costly and potentially unsafe restart.

Also listed among the hundreds of maintenance and repair projects and inspections of tanks and the thermal oxidizer will be work to continue connecting GGE to the Golden Renewables plant next door and the second phase of converting and updating the plant operations computer system.

"The most important aspect of the entire maintenance shutdown is the emphasis on improving safety at the plant," COO Chad Kuhlers said. "Safety is our top priority, day in and day out."

EPA's recommendation for 2017 RVOs falls short of RFS mandates

The Environmental Protection Agency (EPA) in May released its draft renewable volume obligations (RVOs) for 2017 under the Renewable Fuels Standard (RFS). The agency proposed a total RVO of 18.8 billion gallons, of which 14.8 bg is conventional renewable fuels like corn ethanol.

While this amount represents an increase over the 2016 RVOs, it continues to fall short of the 15 bg called for in the RFS legislation originally approved by the U.S. Congress.

Ethanol industry representatives have responded with mixed feelings regarding the proposed requirements. The Renewable Fuels Association (RFA) continues to call on the EPA to meet the levels laid out by the RFS.

"The agency continues to cater to

the oil industry by relying on an illegal interpretation of its waiver authority and concern over a blend wall the oil industry itself is creating," said RFA President and CEO Bob Dineen.

Brian Jennings, executive vice president of American Coalition for Ethanol (ACE), took a slightly more measured approach. "While we are pleased that EPA's 2017 proposal increases ethanol blending levels from 2016, we remain disappointed that EPA falls back on the questionable E10 blend wall methodology which has disrupted implementation of the RFS for more than a year," said Jennings.

GGE members are encouraged to file comments regarding the proposed RVOs with the EPA prior to the July 11 deadline.

Raffle supports ACE scholarship program

Good Game. Great Cause. The American Coalition for Ethanol and RPMG have teamed up to sponsor this year's ACE scholarship program raffle fundraiser—with a prize you won't want to miss. You could win four tickets to see the Minnesota Vikings play in their brand new stadium on November 20 versus the Arizona Cardinals. How? Support a great cause.

ACE awards three scholarships every year to member companies whose students are pursuing higher education. Many scholarship recipients have come from local ethanol producer member communities—CVEC, Ace Ethanol, Absolute Energy, Glacial Lakes Energy, Quad County Corn Processors, Chief Ethanol, United Wisconsin Grain Producers, Golden Grain Energy, Highwater Ethanol, Mid-Missouri Energy, and more—so you know that this program is a great one for giving back to students of member companies.

Buy 1 raffle ticket for \$20 or 3 for \$50. Drawing will be held on August 10. Visit www.ethanol.org to learn more and buy tickets. Contact Liz at ebunkers@ethanol.org with questions.

Winners will be announced on August 10th at the annual ACE Conference which will be held August 8-10 in Minneapolis, MN (you do not need to be present to win). See the agenda and register to attend the conference at www.ethanol.org/events/conference. The ACE Conference offers speakers and topics for plant board members, employees, and ethanol advocates.

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Until next time ... Join us at the GGE PAC Golf Outing

GGE's Friends of Ethanol PAC will host its 12th annual golf outing and dinner Aug. 22 at the Cedar Ridge 18-hole golf course, 2147 Underwood Ave., Charles City, Iowa. Registration will begin at 12:15 p.m. with a shotgun start at 1pm . The social hour will begin at 5 p.m., followed by the 6 p.m. fundraiser auction and a prime rib dinner catered by Frederika Locker. Prices for the day's activities are the same as in previous years: \$75 for golf and meal, or \$25 for the meal only. Please RSVP by Aug. 16 to the GGE office at 641.423.8525 or info@ggecorn.com.

Keynote speaker for the evening will be Craig Willis from ADM. He will provide an update on the Prime the Pump E15 and blender pump station expansion program that GGE is participating in.

Golden Grain Energy, LLC

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OUR MISSION:

Add value to the corn production of the area and enhance the incomes of our investor partners while providing economic growth to the area we serve.