



THE PIPE LINE

Volume 3, Issue 2

March 2009

THE OFFICIAL NEWSLETTER OF BIG RIVER RESOURCES, LLC

TOLL FREE: 800-463-9850

FAX: 319-753-1103

15210 103 STREET WEST BURLINGTON, IA 52655

National Ag Week



March 15-21 is National Agri-National Ag Day. National Ag celebrate American agriculture provide the food, fiber, shelter, en-on a daily basis. This time is used to create awareness for the significance that ag-

riculture plays in everyday lives. Agriculture is the heart of Big River Resources.

We are proud to be a huge part of this incredible, ever expanding industry.

culture Week while March 20 is Day takes place as a way to and the farmers who help pro-ergy and other materials used



Board Of Directors

Executive Committee

Raymond E. Defenbaugh
Andy Brader
Les Allen
Gene Youngquist

Terry Davis Steve Myers
John Hare Chris Schwarck
Dr. John Dooley Kirk Siegle
Pat Edmonds Steve Giertz

Wayne Johnson Steve Mallams
Larry Lagowski Zafar Rizvi
Dave Reinhart Mike Rumbold
Jim Gunter Larry Unkrich

2008 Company Overview

Big River Resources, LLC completed 2008 as another successful and exciting year of growth. Your company's operational results included production of 97 million gallons of ethanol, 283,000 tons of dried distillers grains and 950,000 gallons of non food grain corn oil from 34 million bushels of locally grown corn. Big River's grain facilities handled over 20 million bushels of corn marketed into the West Burlington ethanol facility and to unit train destination markets in Texas and Mexico. The Board of Directors and management are making every effort to ensure that Big River continues to retain solid financial status by maintaining a solid balance sheet with strong equity and cash positions. Market risk and volatility are managed on a daily basis and reviewed routinely by our risk management committee.

Big River Resources moved forward with business plan implementation in 2008. West Burlington saw the completion and operation of the 92 million gallon expansion and corn oil extraction project. Big River employees continue to work implementing advanced process controls within the plant to improve operational efficiency, identify and correct any production issues and review potential long term improvements for grain and operations. As our company has grown, we added a temporary trailer to house our board room and board executive offices. The existing board room has been converted into our accounting area to provide the necessary space for an expanding department as we have assumed the origination of corn, Galva project accounting, unit train operations and direct sales of our DDGS and corn oil products. The Monmouth operation completed a new grain receiving system in time for a record harvest this past fall. The Monmouth team worked a great number of hours to receive, dry and store the crop to meet our customers harvest needs. Galva unit train operations contributed significantly to our 2008 operations with 15 million bushels of grain handled in the June through December period as we continue with construction of the ethanol facility at this site. The ethanol plant project is rapidly progressing with completion of all major tank and building structures, rail yards and roadways. Fagen, ICM and our other contractors have moved into equipment, piping and electrical installation phase. We anticipate a mid-May startup of this production facility. Overall, your company continues with a growth phase to implement the facilities necessary to meet our mission and goals.

The ethanol industry as a whole entered a very difficult environment in 2008 with record volatility in commodity markets and the ending collapse of all commodity pricing in conjunction with the current world wide economic crisis. The industry has had variable economic results dependent upon individual company's methods of managing risk and margins. High corn and natural gas prices in a declining market will continue to stress the industry as we move through 2009 resulting in additional changes in ownership along with additional consolidation of the industry. The construction phase of the production expansion is rapidly drawing to a close with supply and demand balance for ethanol being constrained due to reduction in gasoline usage. The Renewable Fuels Standard requires 10.5 billion gallons of renewable fuels blending and use in 2009 with a ramp up through 2015 to 15 billion gallons. Current discussion remains on increasing to higher blends to meet the RFS requirements and create the necessary demand for the industry's total production capacity. We anticipate there will be some action in this regard late in 2009 or early 2010.

Big River Resources directors, management, and employees thank our members for their support this past year and look forward to continuing to serve your needs and meet the challenges of the upcoming year in 2009!

Commodity Corner

Happy AG Month! Over the past few months we have seen a dramatic change in prices and one can only wonder what lies ahead. As we get ready to plant another crop, it is appropriate to take time to cover a few items that can help your operations add money to your bottom-line. Each one of these areas has the ability to affect your bottom line for good or bad.

Quality – Corn being delivered this year is wetter than we have experienced in recent years. The corn is also more susceptible to breakage because of the additional drying that occurred after the crop was harvested. Please take the time now to check your grain in storage. We are beginning to see elevated moisture levels and other grade factors associated with wet corn. Because of the grain quality concerns that have the possibility to occur this summer, Big River has increased our acceptance levels for Moisture and BCFM to assist you with the marketing of this year's crop now. Our goal is to move the grain that could be a problem before any quality deterioration occurs and we receive the same top quality we received in the fall. Grain quality is important to the profitability of all stakeholders in the Ethanol Value Chain; the Grain producer, the DDGS Buyer, and the Ethanol Buyer. If you have the potential for grain quality issues listed above, please consider moving it now as a preventative measure. We have various programs available if you choose not to sell. Check out alternatives with the Marketing Department.

Volatility – Marketing last year and looking ahead to the year that lies in front of us, we will not be able to escape the volatility in the grain markets. As the uncertainty in the "Wall Street Economy" transcends to the fields of the Midwest there will be opportunities as well as challenges that present themselves. Grain producers with marketing plans structured to take advantage of the volatility will have the ability to remove emotion from the marketing decisions when the prices swing violently. Big River has a number of contracts and tools that can help producers maintain control during these violent times.

Tips for steady temperament during storms of change

Market Your Own Crop – So many times we get in the habit of seeking advice on items we know we eventually will have to answer on our own. It is fine to gain opinions of others, but in the end, the ultimate marketing decisions should be made by the stakeholders in your operation. Of the many marketing "tools" available, be sure you understand the tools and choose the one or combination that fits your operation.

Know Your Costs – Whether it is old crop or new crop it is important to estimate breakevens and know what your operational costs are. Sometimes it is helpful to quantify what a 10 cent per bushel move in price means to your bottom line.

Pay Yourself First – After you know your costs include your cost of living in the calculations and when possible lock in your pay. You work hard and it is important you get paid.

Create a Marketing Plan – With your partners (spouse, business partners, or banker) write down what you want to do. Make it flexible but specific. Set price targets and have discipline when the targets are hit.

Communicate Your Plan – Now that you have taken all the steps to plan, communicate your intentions to those who can help with execution. Have your plan fully communicated to your spouse, your marketer, and your banker. In this time of volatility sometimes prices only present themselves for a short while and the more eyes you have working your plan the probability of success.

Execute and Monitor Your Plan – This is not like the infomercial where you are to "Set it and Forget it" – monitor and track your progress throughout the year and as sales are made or adjustments to the plan are created be sure to go through all the steps again to keep all informed of where you want to be.

The Origination Team at Big River is looking forward to serving your needs for another crop year. We are anxious to help you with your marketing goals and have many flexible tools to fit most any situation. With proper execution, and effective communication, we look forward to helping you have another successful year!

Big River Resources LLC
15210 103rd Street
West Burlington, IA 52655



Big River Resources Galva

