



Welcome Employees:

All employees needed to operate our plant have been hired at this point. Management employees started in mid July.

The majority of other employees started throughout August. Our total employment level will be about 46 employees. We are very excited to have the caliber of people we have on our staff and hope to have a successful start-up this fall with each of their important roles being filled. The employees will undergo several weeks of training, clean-up and various other activities before we are ready to start-up.



"Your success and happiness lie in you. Resolve to keep happy, and your joy and you shall form an invisible host against difficulties." ~Helen Keller

Now Purchasing Corn:

Cardinal Ethanol has entered into an agreement with Bunge North America to help supply the corn that will be needed for the plant. Bunge brings origination and logistics expertise as a leading agribusiness company.

Bunge will have two employees in place within our office to work with our Commodity Manager in buying the necessary corn supply. All contract administration and accounting will be handled by the Cardinal Ethanol staff so customers will be paid by Cardinal Ethanol. Not only does this agreement allow for opportunities today, but we feel that over time other opportunities will emerge to strengthen our presence and position for procuring feedstock in the area. Customers and Producers that wish to sell corn to Cardinal should call the Cardinal Office and ask for the Grain Buyers.

Corn Market:

Corn futures continue to have an extremely volatile year of trading. December 2008 corn futures had a July 1st closing price of \$7.52 while already trading to \$5.04 in the month of August. Crop ratings continue to increase counter seasonally as favorable weather conditions are allowing yield estimates to continue to climb. The August USDA report showed a sharp increase in yield prospects projecting a 155 bushels per acre national corn yield compared to the July estimates of 148.4 bushels per acre. A 155 style yield would promote a 12.3 billion bushel crop but the corn crop is maturing later than normal which is heightening concerns of this year's critical frost date.

Construction Progress Update:

Administration Building - Water has been turned on at the office. The electric transformer has been placed. We are still waiting for the gas line to be constructed to the building. Power to the septic lift station has yet to be completed. Office equipment is being ordered as needed. **Water Main** – The water main and fire loop have been charged with water and have undergone hydro testing. The phase II portion of the water area is complete. **Electric** – Transformers and switch gear are being installed with most of them already set in place. A switch gear required by AEP has yet to arrive and we expect it will be the final piece needed to have full power at the facility. **Fermentation/Process Building** – Additional piping and wiring is being completed. Much of the equipment has been placed. More tie-ins are scheduled to be completed over the next few weeks. We expect initial commissioning of pumps and motors will begin within the next 30 days of this newsletter. The process center offices have drywall in place in most areas and should be finished up within a few weeks. **Energy Center** – The stack is erected and most of the ductwork and piping is being completed. Additional cooling/process water piping is being placed. The wet cake pad is getting the conveyors finished up. Natural gas lines are completed per our Phase II requirements. The vapor flare is in place and additional pipe rack support stands have been erected. **Water Treatment Area** – Water lines have been tested and the tie-in to the building is being completed. Additional R/O equipment has been placed. The MCC room and Pump room are being completed. **Tank Farm** – Piping is continuing to be installed along with pumps and motors. Pipe supports and pipe rack have been placed. Truck ethanol load out area has been concreted and spill containment has been connected. **DDG Area** – Conveying equipment is being placed on top of the silos. The bulk weigher is placed. The transfer conveyor inside the DDG building has yet to be placed and the cyclone and delivery system to the DDG building has begun. **Grain Receiving Area** – DDG loadout swing arms and conveyors have been placed. Overhead doors are being constructed. The rail spur through the west side of the building has been placed. Rail on both sides of the building has been completed except for final dressing and the tie-in to the grain hopper unloading pit. **Rail Loop** – All of the dirt work is completed for the rail loop. The rail contractor has completed the west end of the rail connection except for final dressing. The CSX is on site doing their switch work and will begin the tie-in this week. The east end rail work has ties placed and some rail has been set in place. The CSX has electrical work for the switches that has to be completed. Final track inspection should take place the first week or two of August. We expect to begin receiving DDG hopper cars the first of September.



CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:

Any statements in this communication that are not historical or current facts are forward-looking statements. All forward-looking statements in this communication are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements express or implied by the forward-looking statements. Certain of these risk and uncertainties are described in the "Risk Factors" section of our annual report for fiscal year ended September 31, 2007 as filed with the SEC, as well as in our subsequent reports filed with the SEC which are available at the SEC's website www.sec.gov.



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Hats for Sale!

We have Cardinal Ethanol hats available for sale at the Cardinal office. For more information about the hats, please see the link on our website or contact Heather at hcraig@cardinalethanol.com.

NOTE ABOUT CONSTRUCTION SITE ACCESS:

Please be respectful of the construction crews as they do their best to provide Cardinal with a top-of-the-line ethanol plant. **Site access is restricted to construction employees and Cardinal employees only!** We are concerned with your safety and the uninterrupted progression of construction. Please DO NOT enter the plant site under any circumstances until you are invited to do so. We appreciate your cooperation and understanding!