



*News For Immediate Release*

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**Panda Ethanol**

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## **Panda Ethanol Completes \$188 Million Financing For Hereford Facility**

### **Cattle Manure Used To Fuel Plant**

DALLAS — August 1, 2006 — Panda Ethanol Inc. today announced that its Hereford subsidiary has successfully completed the debt financing on its 100 million gallon ethanol plant in Hereford, Texas. The company will immediately begin facility construction on the 380-acre site and anticipates ethanol production to commence in the second half of 2007.

The first-of-its-kind facility will generate the steam used to manufacture ethanol by gasifying more than 1 billion pounds of cattle manure a year making it one of the most fuel efficient ethanol refineries in the nation. Once completed, it will be the largest biomass-fueled ethanol plant in the United States.

“We are very proud of this project,” said Todd Carter, chief executive officer at Panda Ethanol. “It is an important first step for Panda Ethanol and a step in the right direction toward making our country less dependent on foreign oil.”

Societe Generale Corporate & Investment Banking arranged the senior debt financing consisting of a \$158.1 million senior secured credit facility which includes a \$5 million working capital facility and a letter of credit supporting \$50 million in tax-exempt bonds that were issued by the Red River Authority of Texas. Additionally, the project has arranged a \$30 million subordinated debt credit facility.

Panda Ethanol previously announced that it had closed a private equity placement of approximately \$90 million. The company also announced that it has entered into a merger agreement with Cirracor, a publicly-held corporation which trades over the counter. The merger is expected to become effective this fall, subject to the satisfaction of certain requirements, and the combined entity will operate under the name of Panda Ethanol Inc.

### **About Panda Ethanol**

Panda Ethanol is headquartered in Dallas, Texas. The company is currently developing fuel ethanol refineries and biomass facilities in the United States. Panda Ethanol's largest single shareholder is Panda Energy International Inc., a privately-held company which has built over 9,000 MW of electric generation capacity at a cost of \$5 billion. In 2005, Newsweek magazine named Panda one of the most eco-friendly companies in America. Additional information on Panda Energy and Panda Ethanol can be found at [www.pandaenergy.com](http://www.pandaenergy.com) .

This notice shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such state.

Safe-Harbor Statement -- Except for the historical information contained herein, the matters set forth in this news release are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Panda Ethanol intends that all such statements be subject to the "safe-harbor" provisions of those Acts. Many important risks, factors and conditions may cause Panda Ethanol's actual results to differ materially from those discussed in any such forward-looking statement. These risks include, but are not limited to, the ability to complete construction of its ethanol plants, future prices for ethanol relative to the prices of gasoline, interest rates, product demand, transportation requirements and costs and the ability of Panda Ethanol to obtain additional capital to finance its initiatives. The historical results achieved by Panda Ethanol are not necessarily indicative of its future prospects. In addition, new factors, risks and uncertainties may emerge from time to time. Panda Ethanol undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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