

News For Immediate Release

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Panda Ethanol

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Panda Ethanol to Build 100 Million Gallon Ethanol Plant in Muleshoe, Texas

Cattle Manure Used To Fuel Plant

DALLAS — November 1, 2006 — Panda Ethanol Inc. today announced that it intends to build a 100 million gallon-per-year ethanol plant near the city of Muleshoe in Bailey County, Texas. When finished, the facility will annually refine approximately 38 million bushels of corn into a clean-burning, renewable fuel for the nation's transportation needs. The ethanol produced by the plant will displace approximately 2.6 million barrels of imported oil a year.

The Muleshoe facility will generate the steam used in the ethanol manufacturing process by gasifying more than 1 billion pounds of cattle manure a year. Once complete, it will be one of the most fuel efficient ethanol refineries in the nation and equal in size to Panda's Hereford facility, currently under construction, which will be the largest biomass-fueled ethanol plant in the United States.

The Muleshoe facility is the sixth 100 million gallon ethanol project announced by Panda, and the fourth to be powered by cattle manure. The company has received air permits for three of its six announced ethanol projects.

"This plant will significantly expand our ethanol production portfolio, strengthen the economy of the Texas Panhandle and enhance our nation's energy independence," said Todd Carter, chief executive officer of Panda Ethanol. "We are excited by the community's support for this project and look forward to working with state and local officials in seeing it through to completion."

Bailey County, Texas Judge Sherri Harrison said Panda representatives have been actively involved in the community since the beginning of the site selection process. "They have proven to be good neighbors in working with the Muleshoe community to bring ethanol production to Bailey County. This

is a great opportunity for Bailey County, and it has been exciting to work with Panda in locating the project here.”

“This facility will have a tremendous economic development impact on Muleshoe and Bailey County by providing many jobs in several areas and by nearly doubling our tax base,” added Janet Claborn, director of economic development for the Muleshoe Economic Development Corporation. “This is ‘value-added’ for our agricultural community and a natural fit for our dairies and feed yards.”

Panda’s ethanol refinery will be located on a 305-acre site eight miles northwest of Muleshoe, Texas. Construction will take approximately 18 months. The completion date is dependent upon financing, regulatory approvals and other conditions. Panda intends to submit its request for an air permit with the Texas Commission on Environmental Quality this week.

Panda Ethanol previously announced that it successfully completed the debt and equity financing on its 100 million gallon ethanol plant in Hereford, Texas. The company has begun facility construction on the 380-acre site and anticipates ethanol production to commence in the second half of 2007. 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 currently expected to become effective in the fourth quarter of 2006, 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.

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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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