



Panda Ethanol

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Panda Ethanol to Build 100 Million Gallon Ethanol Plant in Sherman County, Texas

Cattle Manure Used To Fuel Plant

DALLAS — August 29, 2006 — Panda Ethanol Inc. today announced that it intends to build a 100 million gallon per year ethanol plant in Sherman County, Texas. The facility will annually refine approximately 40 million bushels of corn and milo into a clean-burning, renewable fuel for the nation's transportation needs.

The Sherman plant 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 which is the largest biomass-fueled ethanol plant in the United States.

The Sherman facility is the fourth 100 million gallon ethanol project announced by Panda, and the third to be powered by cattle manure.

"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."

Sherman County, Texas Judge Terri Beth Carter said Panda representatives have been actively involved in the community since the beginning of the site selection process. "They've done a good job answering questions and building support for this project. We're pleased they chose Sherman County as the location for their next ethanol plant."

“This facility will be an economic boon to the area” added Kathy Allen, executive director of the Sherman County Development Committee. “It will create an estimated 61 skilled jobs and 77 additional support jobs. All together, the construction and ongoing operation of the plant is expected to infuse more than \$220 million into the area’s economy over the next 10 years.”

Panda’s Sherman refinery will be located on a 1,200 acre site three miles northwest of Stratford, Texas. Construction will take approximately 18 months. The completion date is dependent upon financing, regulatory approvals and other conditions. Panda has submitted its request for an air permit with the Texas Commission on Environmental Quality.

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.

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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