

Gulf Ethanol Orders Prototype Cellulosic Processing Unit

HOUSTON, Apr 15, 2008 (BUSINESS WIRE) -- Gulf Ethanol Corporation, (OTC:GFET) announced today that it has delivered the purchase order and initial payment for the manufacture of its initial prototype bio-processing unit. This unit will be designed to preprocess cellulosic biomass into a very fine, dry powder ready for processing into ethanol. The unit is expected to be ready in about 60 days.

"One of the obstacles faced by the cellulosic fuels industry is the preprocessing of large volumes of biomass into a treatable powder that can be easily transported and processed into ethanol," noted JT Cloud, Gulf's President. "We expect our technology to make transportation cheaper and processing more efficient," he added. "With this initial prototype machine, we expect to prove the efficiency of our technology and then move into the production of larger commercial scale units in 2008-2009," he concluded.

The challenge for cellulosic ethanol producers is to achieve a level of efficiency better than or equal to corn-based ethanol. According to the U.S. Department of Agriculture, U.S. food prices rose 4 percent in 2007, compared with an average 2.5 percent annual rise for the last 15 years and the agency says 2008 could be worse, with a rise of as much as 4.5 percent. Many ethanol plants were originally built to produce ethanol from food based feedstocks such as corn.

The increased demand on food based feedstock has contributed to increases in food prices and stressed the profitability at these facilities. Companies such as Archer Daniels Midland (NYSE: ADM) and Bunge Limited (NYSE: BG) have led in the development of traditional feedstocks and recently Chevron Corp. (NYSE: CVX) announced a joint venture with Weyerhaeuser Co. (NYSE: WY) to develop cellulosic feedstocks from wood products. Integrating cellulose production with a traditional dry mill plant will improve efficiency and enhance profits.

About Gulf Ethanol Corporation

Gulf Ethanol is an alternative energy company focused on developing two types of fuels. For the U.S. market it is developing technologies for the processing of cellulosic biomass into ethanol. In Central America, it is developing biodiesel technology to convert plentiful oils into motor fuels. For more information please visit our homepage at: www.GulfEthanolCorp.com.

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