



Pacific Ethanol, Inc.

NEWS

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FOR IMMEDIATE RELEASE

Pacific Ethanol, Inc. Signs Agreement To Purchase California's First Large-Scale Ethanol Plant

Fresno, California, August 11, 2005, **Pacific Ethanol, Inc. (Nasdaq SmallCap: PEIX)** announced today that it has signed an agreement to acquire Phoenix Bio-Industries, LLC ("PBI"). PBI has recently completed construction of an approximate 25 million gallon per year ethanol production facility located in Goshen, California. The facility is currently undergoing initial start-up testing and, once fully operational, the facility is expected to be the first large-scale ethanol production facility located in California. The closing of the acquisition is expected to occur in early October and is subject to certain conditions including, among others, Pacific Ethanol's ability to successfully obtain adequate financing to complete the acquisition, completion of due diligence by Pacific

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Ethanol and Pacific Ethanol's ability to purchase all issued and outstanding membership interests of PBI.

Prior to execution of the agreement to acquire PBI, Pacific Ethanol and PBI entered into a marketing agreement under which Kinergy Marketing, LLC, a subsidiary of Pacific Ethanol, would market all of the ethanol produced by PBI at its Goshen facility. In addition, Western Milling, one of the largest marketers of grain and feed in California, earlier this year entered into a marketing agreement with Pacific Ethanol under which it will market all of Pacific Ethanol's distillers wet grains produced at Pacific Ethanol's planned ethanol production facility located in Madera County, California and at the Goshen production facility.

Bill Jones, Pacific Ethanol's Chairman, stated, "We are very excited about entering into an agreement to purchase PBI. We believe that this acquisition, together with our Madera County ethanol production facility that is currently under construction, is consistent with our primary goal of becoming a leader in the production, marketing and sale of ethanol and other renewable fuels in the Western United States. PBI has built a great plant that will fit nicely into our growing business to meet consumer demand for clean-burning renewable fuel. With this acquisition, we expect to be a year ahead of schedule on executing our business plan to commence producing ethanol.

"We believe that California needs more ethanol plants. We believe that our state is chronically short of fuel, as demonstrated by high gasoline and other fuel prices, and that Pacific Ethanol can have a significant positive impact by producing more renewable fuels here in California," added Jones.

Rick Eastman, PBI founder, stated, "It has been a three-decade long career in the renewable fuels industry that has enabled us to build the first large-scale ethanol



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production plant located in California. We believe that this facility will be one of the most energy-efficient plants in the nation using technologies that weren't available fifteen years ago. We are excited to begin providing California consumers with a domestically-produced and locally-refined renewable fuel that significantly reduces carbon monoxide (CO) emissions when added to gasoline. Joining the Pacific Ethanol group of companies is compelling as it makes available resources that a single ethanol production plant would not have access to otherwise.”

About Pacific Ethanol, Inc.

The primary goal of Pacific Ethanol, Inc. is to become a leader in the production, marketing and sale of ethanol and other renewable fuels in the Western United States. Established in 2003, Pacific Ethanol is planning to construct a large-scale ethanol production facility in Madera County, California. Kinergy Marketing, LLC, a wholly-owned subsidiary of Pacific Ethanol, is the largest West Coast-based marketer of renewable fuels. Once Pacific Ethanol has successfully constructed its ethanol production facility, it plans to identify and develop new renewable fuels and technologies such as cellulose-based ethanol production.

About Phoenix Bio-Industries, LLC

Established in 2003, Phoenix Bio-Industries, LLC has completed construction of California's first large-scale ethanol production plant located in Goshen, California. The new facility utilizes technologies that are expected to enable it to produce ethanol at higher yields and with better energy efficiency than older ethanol production facilities. All products (i.e., ethanol, carbon dioxide and wet distillers grain) are expected to be used by customers within a 60-mile radius of the facility.



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About Western Milling, LLC

Western Milling, LLC is a privately-owned grain and animal feed manufacturing company with over \$300 million in annual sales. Western Milling and its predecessors have been in business for over 70 years in California and currently employ over 225 people. Western Milling began as O.H. Kruse Grain and Milling in Southern California in 1935. Western Milling serves customers in the San Joaquin Valley, Southern California, Arizona, Nevada, Hawaii and the Pacific Rim.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

With the exception of historical information, the matters discussed in this press release are forward-looking statements that involve a number of risks and uncertainties. The actual future results of Pacific Ethanol could differ from those statements. Factors that could cause or contribute to such differences include, but are not limited to, the ability of Pacific Ethanol to obtain all necessary funding to timely complete the acquisition of Phoenix Bio-Industries, LLC (“PBI”) and, assuming all such funding is obtained, the ability of Pacific Ethanol to successfully and timely purchase all issued and outstanding membership interests of PBI; the ability of Pacific Ethanol, through PBI’s Goshen ethanol production facility, to promptly commence production of ethanol following the closing of the acquisition of PBI; the ability of Pacific Ethanol to integrate the future operations of PBI with Pacific Ethanol’s distribution and planned ethanol production businesses; the ability of Pacific Ethanol to significantly and positively affect fuel supplies and fuel prices in California; the ability of Pacific Ethanol to obtain all necessary funding to complete construction of its planned ethanol production facility at its Madera County, California site and, assuming all such funding is obtained, the ability of Pacific Ethanol to successfully complete construction of the facility; the ability of Pacific Ethanol to successfully capitalize on its internal growth initiatives; the price of ethanol

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relative to the price of gasoline; and those factors contained in the “Risk Factors” section of Pacific Ethanol’s Form 10-QSB for the quarterly period ended March 31, 2005.

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