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Xethanol Announces Grant Application for Citrus Waste to Ethanol Production

NEW YORK --

Xethanol Corporation (AMEX: XNL), a renewable energy company, today announced that its subsidiary Southeast Biofuels LLC has filed a grant application with the Florida Department of Agriculture and Consumer Services to expand the company's work on converting waste to energy, using citrus waste as the raw material and converting it into ethanol. Only about 50 percent of a citrus fruit is used to produce juice and related products. Currently, most citrus waste is turned into low-value animal feed.

Xethanol intends to build a demonstration plant for converting citrus peel waste into ethanol. The company is negotiating an agreement to locate the plant at an existing citrus facility in Florida owned by one of the largest citrus processors in the state. The planned cost for the two-year build-out of the demonstration plant is approximately \$6,000,000, and Southeast Biofuels is seeking a \$500,000 grant.

The Xethanol citrus-to-ethanol project began with a Cooperative Research and Development Agreement (CRADA) with the U.S. Department of Agriculture's Agricultural Research Service (ARS) in 2004 at the USDA-ARS Citrus and Subtropical Products Laboratory in Winter Haven, Florida. The agreement is under the supervision of research chemist Dr. Bill Widmer of the USDA-ARS Citrus Lab.

The results of citrus research done by the USDA were transferred to Southeast Biofuels LLC, by Renewable Spirits of Delray Beach, Florida. Renewable Spirits owns 20% of Southeast Biofuels. Renewable Spirits' President Gwenn Stevenson commented, "Southeast Biofuels brings not only ability and expertise to this project; they also bring the components necessary to develop a demonstration system. We are very excited about their future plans and moving forward with this project."

David Ames, President and CEO of Xethanol commented, "We are pleased to be moving ahead with this exciting project to convert Florida citrus waste into renewable fuel."

About Xethanol Corporation

Xethanol Corporation is a renewable energy company focused on alternate energy products and technologies as well as producing ethanol and other co-products. For more information about Xethanol, please visit its website at <http://www.xethanol.com>.

Forward Looking Statements

Some of the statements made in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations and

include known and unknown risks, uncertainties and other factors, many of which the company is unable to predict or control, that may cause the company's actual results or performance to differ materially from any future results or performance expressed or implied by such forward-looking statements. These statements involve risks and uncertainties, including risks and uncertainties associated with obtaining the grant described and building a demonstration plant for converting citrus peel waste into ethanol, such as construction costs and delays and the implementation of new technology on a larger scale in a pilot plant. These risks and uncertainties are in addition to other factors detailed from time to time in the company's filings with the SEC, including the section entitled "Risk Factors" in its annual report on Form 10-KSB for the year ended December 31, 2006, as amended. The company cautions investors that any forward-looking statements made by the company are not necessarily indicative of future performance. The company is not responsible for updating the information contained in this press release beyond the published date, or for changes made to this document by wire services or Internet services.