

PEAT RESOURCES LIMITED
Suite 3901, 40 King Street West
Scotia Plaza
P.O. Box 206
Toronto, Ontario M5H 3Y2

NEWS RELEASE

Trading Symbol: PET-TSX Venture Exchange

Date: April 27, 2006

**PEAT RESOURCES LIMITED GETS IMPORTANT RECOGNITION IN
ONTARIO GOVERNMENT BIOENERGY REPORT**

Peat Resources Limited was formed to explore, develop and produce high quality peat fuel on a profitable and sustainable basis. The product is intended for customers requiring a consistent long-term supply of economically favorable and environmentally acceptable fuel. Recent Ontario government announcements and related activity concerning renewable energy have enhanced the market potential and economic value of peat fuel. Now, a report released on April 26, 2006, by the Ontario Ministry of Energy has given important recognition to Peat Resources Limited and to the potential use of peat fuel at the Atikokan Generating Station in northwestern Ontario.

The report, *An Assessment of the Viability of Exploiting Bio-Energy Resources Accessible to the Atikokan Generating Station in Northwestern Ontario*, describes the results of a study to evaluate alternative fuel options for replacing coal power generation at the Atikokan plant. The study looked at peat, wood products and municipal solid waste and examined the availability, economics and possible risk factors associated with these potential fuels.

The report concludes that peat is the most abundant and viable of the alternative bioenergy fuels within economical transportation distance of the Atikokan plant. The extensive deposits held under permit by Peat Resources Limited near Upsala, about 100 km from Atikokan, are specifically referenced. The report describes the work that has been undertaken by the Company to develop these resources. The report documents the proactive measures that are being implemented by the Company to address environmental issues associated with the peat harvesting. The report shows how the Company has established supportive relationships with the local communities and First Nations.

The economic viability of using peat fuel at Atikokan is clearly apparent. Even though the report uses higher-end costs for harvesting (\$11 per bone dry tonne), processing (\$39 per BDT), and transportation (\$15 to \$45 per BDT, dependent on distance), the estimated cost of the peat fuel is competitive with lignite currently burned at the generating station. Greater cost and energy efficiencies in new technologies being developed by Peat Resources Limited are expected to substantially reduce the production costs of the peat fuel. On a comparative basis, the cost of electricity using peat fuel is significantly less than the other bioenergy alternatives (\$82 per MWh vs. > \$89/MWh). Capital costs of converting the Atikokan plant for peat fuel are shown to be minimal and this would apply to other coal-burning systems considering a peat fuel replacement or blend.

Peat Resources Limited is actively seeking appropriate financing to enable the company to take advantage of opportunities such as that presented by the Atikokan results. The additional funds currently being sought will enable the company to complete the environmental assessment, engineering process design and feasibility report for its northwestern Ontario project and to expand its operations to other emerging opportunities for clean alternative fuels across North America.

For additional details and a link to the Ontario government's Atikokan report, visit the Company's website at www.peatresources.com.

For more information contact:

Peter Telford, President and CEO

Telephone: 416 862-7885

Fax: 416 862-7889

e-mail: peatfuel@peatresources.com

web site: www.peatresources.com

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy of this news release.