

NEWS RELEASE

Trading Symbol: PET - TSX Venture Exchange

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PEAT RESOURCES UPDATE

Peat Resources Limited is pleased to provide an update of its activities in 2008 and its plans for the coming year. The Company begins the New Year with a positive financial balance, no debt, and a budget designed to continue operations through 2009.

Peat Resources Limited was formed to develop, produce and market peat fuel – a sustainable bioenergy resource. Volatile energy prices, increased sensitivity to environmental issues, and the Canadian federal and provincial governments' energy policies, including a commitment by the province of Ontario to eliminate the burning of coal for power generation, have enhanced opportunities for the use of peat fuel in electricity generating stations and other facilities that require an assured supply of economically competitive and environmentally favourable fuel. The Company is focusing its efforts on peat fuel developments in both Ontario and Newfoundland.

In 2008, the Company completed design and construction of its small-scale production facility for peat fuel pellets in Stephenville (Newfoundland). The facility received all necessary approvals and permits and went into operation in October 2008. After producing peat fuel pellets in November – December, the facility is currently undergoing modifications and improvements to effect greater energy and production efficiency. The facility will be operated during 2009 to produce peat fuel pellets for various combustion and marketing trials. For example, a 500 tonne bulk shipment has been requested for a peat co-firing trial at Ontario Power Generation's Atikokan station – one of four OPG facilities that

the Ontario government has legislated must cease coal-burning by 2014. Discussions are ongoing with other energy utilities in eastern North America regarding large volume usage of peat fuel and with parties considering home heating applications.

The Company is the principal private-sector partner with Lakehead University on two research programmes funded by the Ontario Ministry of Energy under the auspices of the Atikokan Bioenergy Research Centre. The programmes, Cofiring Peat/Forest Biomass with Coal for Power Generation and Environmental Effects of Wet-Harvesting Peat as an Alternative Energy Source, produced useful preliminary information in 2008 and will be completed in 2009. Results and conclusions of this research will be an important part of the Company's future resource development activity.

Continuing support from the investment community and industry participants in the Company's peat fuel projects is encouraging. In 2008 and already in early 2009, the Company has received inquiries from potential U.S. and Canadian customers who are positioning themselves for probable political and policy change regarding the use of fossil fuels and the need to seek sustainable bioenergy alternatives. Similarly, the Company is positioning itself to take advantage of these opportunities and, in 2008, commissioned several expert analyses of U.S. and European energy policy and market trends.

In addition, Peter Telford, President and CEO of the Company, has exercised 100,000 options at \$0.20 for a total purchase price of \$20,000.

With a strong peatland resource base in Newfoundland and Ontario, with its unique knowledge and experience in peat fuel processing technology, and with growing interest for its product – a sustainable biomass fuel – the Company looks forward to a successful year.

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