

PEAT RESOURCES LIMITED
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NEWS RELEASE

Trading Symbol: PET.TSX Venture Exchange

September 7, 2006

Further to its news releases of August 11 and 24, 2006, Peat Resources Limited announces that, through IBK Capital Corp as agent, it has closed an additional \$500,000 private placement of units @ \$0.20. Each unit comprises one common share and one common share purchase warrant; each common share purchase warrant is exercisable for two years from the closing date at an exercise price of \$0.30 per common share.

The hold period for the above securities expires on January 8, 2007. IBK Capital Corp is being paid a cash fee of \$22,500, and broker warrants equal to 10% of the units sold. Each broker warrant entitles the holder to acquire one common share at \$0.20 for a two-year period.

The proceeds will be used for the design and operation of a pilot-scale production facility leading to an engineering feasibility report and production of peat fuel for marketing purposes; to complete resource evaluation of additional peat properties in Canada, including northern Ontario and western Newfoundland; and for working capital.

Peat Resources Limited was formed to develop and market peat fuel on a profitable and sustainable basis. The product is intended for customers requiring a consistent long-term supply of economically favourable and environmentally acceptable fuel.

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