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## NEWS RELEASE

Trading Symbol: PET-TSX Venture Exchange

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### PEAT FUEL OPERATION IN NEWFOUNDLAND

Peat Resources Limited is pleased to announce that its small-scale peat fuel production facility in Stephenville (Newfoundland) is in operation. The plant has been established on land purchased by the Company adjacent to a peat bog for which extraction permits have been obtained from the Newfoundland Department of Natural Resources. The plant is strategically located with respect to transportation infrastructure including deepwater port facilities. Engineering components of the plant have received necessary CSA and other regulatory approvals.

The small-scale production facility is being operated during Fall 2008 and Winter 2009 to achieve the following objectives:

- to confirm the Company's specially designed peat dewatering and drying technology;
- to establish optimal production rates and define economic and energy-efficiency parameters;
- to produce bulk shipments of peat fuel pellets for combustion trials and fuel verification protocols at coal-burning generating stations (e.g., Ontario Power Generation has requested a 500 tonne shipment for a combustion trial at its Atikokan Generating Station in early 2009);
- to produce peat fuel pellets for marketing purposes at other industrial facilities requiring environmentally favourable, economically competitive and consistent quality fuel.

Peat Resources Limited was formed to develop, produce and market peat fuel – a sustainable bioenergy resource. The Company's assets include unique peat harvesting and processing technologies and the rights to large areas of peatlands in northwestern Ontario and Newfoundland.

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