long term renewable biomass fuel
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NEWS RELEASE

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Peatlands Research in Northwestern Ontario

Peat Resources Limited is pleased to acknowledge important research completed by scientists at Lakehead and McMaster Universities on the peatlands of northwestern Ontario. The research was carried out under the Atikokan Bioenergy Research Centre, funded by the Province of Ontario through the Ontario Centre for Excellence – Energy. Peat Resources Limited was a contributing private sector partner to the program.

Field studies were carried out in 2007-2009 near Upsala, about 130 km northwest of Thunder Bay, on peatlands held under permit by Peat Resources Limited and were part of an investigation of the environmental effects of wet-harvesting peat as an alternative biomass energy source for the OPG Atikokan Generating Station. The research was directed by Dr. Peter Lee (wetland biologist, Lakehead University) and Dr. Mike Waddington (peatland specialist, McMaster University).

Key results and conclusions include the following:

- Confirmation of the wet peat harvesting system developed by Peat Resources Limited and successful wetland rehabilitation.

Wet harvesting does not require pre-drainage of the peatland. The upper growing layer of the bog can be preserved and, after harvesting of the underlying fuel-grade peat, is rehabilitated as part of a functioning wetland. In contrast, the dry harvesting method of peat production used in Europe and in horticultural peat operations elsewhere in Canada requires complete pre-drainage and clearing of the site causing significant environmental change.

- Maintenance of biodiversity values in post-harvest areas.

The research has shown that the abundance and diversity of plant species in the rehabilitated harvested areas are comparable to those in adjacent natural areas. In fact, growth of sphagnum moss, the principal plant in these types of peatlands, was found to be enhanced in the rehabilitated zones.

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- Greenhouse gas exchange from post-harvest rehabilitated wetlands is within the range of northern peatlands.

In their natural state, peatlands are both emitters (methane) and absorbers (carbon dioxide) of greenhouse gases and are a net carbon source to the atmosphere. Removal of the fuel-grade peat reduces the methane emissions and enhanced growth of the mosses in post-harvest areas increases the sequestration of carbon dioxide. Appropriate selection of harvesting sites can therefore result in a net reduction of greenhouse gas emissions.

- Excellent post-harvest conditions for valuable agricrops.

Field and laboratory tests have demonstrated that careful management of the post-harvest rehabilitation process can create ponds (suitable for wild rice) or drier terrain (suitable for blueberries). There is a growing demand for these products which can stimulate additional local economic benefits.

Results of these investigations are relevant to the efforts of Peat Resources Limited which is developing peat fuel pellets for power generation. The research confirms the minimal environmental impact of the production of this sustainable bioenergy resource. The results are also timely; the recent interest in mining developments in the Ring of Fire area of northern Ontario indicates a future need for large amounts of reasonably-priced power which the use of peat fuel can help to facilitate.

Peat Resources Limited was formed to develop, produce and market peat fuel and is currently active in Ontario and Newfoundland with a view to serving energy needs in the Great Lakes and trans-Atlantic markets. Rising fuel costs, increased sensitivity to environmental issues, and government energy policies have enhanced opportunities for the use of peat fuel in electricity generating stations and other facilities that require economically competitive, environmentally favourable, and consistent quality energy supplies.

Further information and links to articles regarding the northern Ontario peatland research may be accessed on the Company's website – www.peatresources.com.

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