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NEWS RELEASE

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Biomass Fuel Recognized

Peat Resources Limited was formed to develop, produce and market peat fuel. Government agencies in Ontario and Newfoundland have recently pointed to peat fuel as a component of the energy mix in these two provinces.

The Ontario Power Authority has produced the provincial Integrated Power System Plan (IPSP) in which reference is made to the Atikokan biomass facility. The IPSP also notes that biomass is a future fuel supply option as a substitute for coal at both the Thunder Bay and Atikokan generating stations. Peat is biomass and a previous report (April 2006) by the Ontario Ministry of Energy concluded that peat is the most abundant and most economically viable biomass fuel available in northwestern Ontario to supply the Atikokan generating station.

The Government of Newfoundland and Labrador has released “Focusing Our Energy”, a comprehensive provincial energy plan. The plan recognizes the abundant peat resources of the province and their potential for contributing to future energy needs.

Peat Resources Limited is active in both provinces. On its properties in northwestern Ontario, the company has identified over 200 million tonnes of in situ fuel-grade peat which is sufficient to supply the needs of Atikokan and Thunder Bay generating stations for more than 20 years. In Newfoundland, the company holds permits on over 130,000 hectares of peatlands located strategically in several regions of the province. Initial resource evaluation of high priority peatlands in the Stephenville-St. George’s area has defined over 40 million cubic metres of fuel-grade peat. Fieldwork is being continued on other high priority peatlands in the central part of the province.

Also in Newfoundland, the company is building a small-scale production facility which, when fully operational in early 2008, will establish the economic and energy efficiency parameters of our peat fuel production system. The facility, located in Stephenville, will produce peat fuel pellets for combustion trials in power generation and industrial applications in Ontario and Newfoundland.

With a solid resource base and with its technological progress, Peat Resources Limited is well positioned to respond to these government and industrial interests in the use of peat fuel.

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