

NEWS RELEASE

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Peat Resources in Ontario

Peat Resources Limited has renewed its permits on 19,000 hectares of peatlands in the Upsala area of northwestern Ontario and has received a Letter of Authority from the Ontario Ministry of Natural Resources to carry out surveys and resource evaluations of peatlands in the McFaulds Lake (Ring of Fire) region.

As previously reported, the Upsala properties are located adjacent to the TransCanada Highway and CP railway, about 130 km northwest of Thunder Bay, and contain approximately 200 million tonnes of fuel-grade peat (defined at NI 43-101 standard). The peat resources are within economic transportation distance of OPG's Atikokan Generating Station and the Port of Thunder Bay.

The McFaulds Lake peatlands are of special interest because of their proximity to Ring of Fire mineral exploration activity. Proposals for development of these base metal deposits point to the need for over 50 MW of power at the remote mine sites and up to 300 MW at a ferrochrome processing facility at a location to be determined in northern Ontario. Peat Resources Limited is in discussion with the mining companies, provincial government authorities including the Ring of Fire Secretariat and First Nations of the region. The company is urging consideration of the use of peat fuel to supplement the energy needs of these mining and ore processing developments as well as the introduction of peat-fuelled combined-heat-and-power systems in remote (off-grid) First Nations communities. The company's small-scale peat fuel production operation in Stephenville (Newfoundland) serves as a demonstration facility for these remote applications.

International concerns about nuclear power in Japan, Germany and elsewhere, and a continued push for clean energy sources, have increased interest in biomass fuel such as peat. Biomass fuel as a blend fuel is currently priced at \$150 to \$300 per tonne depending on calorific value.

Peat Resources Limited was formed to explore, develop and produce peat fuel – a sustainable bioenergy resource. The company is active in Ontario and Newfoundland. The company has developed an environmentally acceptable harvesting and processing system to supply peat fuel in long-term (+ 20 year) contracts to utilities and other industrial operations for heat and power generation.

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