

PEAT RESOURCES LIMITED
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NEWS RELEASE

Trading Symbol: PET. TSX Venture Exchange

August 11, 2006

MAJOR INVESTMENT IN PEAT FUEL DEMONSTRATION FACILITY

Peat Resources Limited (the “Company”) announces that, through IBK Capital Corp as agent, it has agreed on the principal terms of a C\$3,500,000 private placement of units and special warrants to RAB Special Situations (Master) Fund Limited (“RAB”). The transaction is subject to certain customary conditions, including regulatory and shareholder approval. Under the agreed terms RAB will purchase 9 million units at C\$0.20 per unit (C\$1,800,000). 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 C\$0.30 per common share. In addition, RAB will purchase 8.5 million special warrants at C\$0.20 (C\$1,700,000); each special warrant will permit the holder to convert it to one unit.

The Company, through IBK Capital Corp as its agent on a best efforts basis, is also offering up to 2.5 million units at C\$0.20 per unit (up to C\$500,000) to other investors.

The proceeds of the offering will be used for the design and operation of a pilot plant leading to an engineering feasibility report and production of peat fuel for marketing purposes; to complete resource evaluation of additional peat properties in Canada; and for working capital.

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