

PEAT RESOURCES LIMITED
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NEWS RELEASE

Trading Symbol: PET-TSX Venture Exchange

Date: January 17, 2007

Peat Resources Limited (the "Company") has received strong indication of confidence by its shareholders. The Company is pleased to announce that the holders of 2,391,290 of its warrants exercisable at \$0.25, and the holders of 1,464,211 of its warrants exercisable at \$0.20, all expiring on January 12, 2007, have exercised their warrants, for a total consideration of \$890,664.50.

The proceeds of the exercise of the warrants will be used for the continuation and expansion of the following activities:

- Construction and operation of a small-scale peat fuel production facility in Upsala (Ontario);
- Completion of environmental impact assessment studies for two 200,000 tonne per year peat fuel production operations in northwestern Ontario; and,
- Resource evaluation of new peat properties being assembled in Newfoundland.

Peat Resources Limited was formed to explore, develop, produce and market peat fuel. The Company's mission is to supply high quality peat fuel on a profitable and sustainable basis to customers requiring economic and environmentally acceptable energy sources. Large, continuing increases in energy prices, increased public sensitivity to environmental issues, as well as the Ontario provincial government's commitment to eliminate the burning of coal for power generation, have enhanced opportunities for the use of peat fuel in electricity generating stations and other facilities.

With a strong resource base and working capital position, the Company's expert management team and its unique knowledge of peat fuel processing technology, Peat Resources Limited is well positioned as the leader of a new North American energy industry.

For more information contact:

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