



**FOR RELEASE AT 6:45 A.M. PST ON SEPTEMBER 1, 2006**

**PREMIUM EXPLORATION, INC. ENTERS INTO LETTERS OF INTENT TO ACQUIRE 100% OF TWO NEW PROJECTS IN MEXICO**

VANCOUVER, BRITISH COLUMBIA--(CCNMatthews – September 1, 2006) – Premium Exploration, Inc. (TSX VENTURE:PEM) ("Premium" or the "Company") (<http://www.premiumexploration.com>) is pleased to announce the execution of two independent letters of intent for the 100% acquisition of the "San Pedro Analco" and "La Guadalupe" projects. These independent projects are both located in central Mexico in the State of Jalisco. The properties are situated within the Sierra Madre Occidental, a belt of rocks that host the major precious metal deposits of Mexico. Under the terms of these letters of intent, the Company has paid the owner \$US5,000 for the exclusive right to a 135 day due diligence period in order to fully assess the merits of each project and enter into a definitive acquisition agreement to acquire 100% interest in each property.

Del Steiner, President & CEO of the Company stated, "With the addition of Nancy Reardon as the Chief Operating Officer of Premium, the Company has had the unique opportunity to review an extraordinary number of highly prospective exploration properties in Mexico for acquisition. Given the current dynamics in the precious metals markets the Company has taken advantage of this opportunity to efficiently acquire a significant exploration property portfolio in Mexico. The Company is well positioned to be the leading precious metals exploration prospect generator in North America."

**About the La Guadalupe Project:**

The La Guadalupe Project consists of 564 hectares located 60 kilometers northwest of the Jalisco State capital of Guadalajara, the second largest city in Mexico. Indicated mineralization consists of gold in quartz vein structures related to rhyolite dykes. Four small mines are located on the property, and the current owner has reported to the Company that one of the mines is currently producing approximately 8 grams of gold per tonne of ore mined from a small pilot plant operated by the current owner.

**About the San Pedro Analco Project**

The San Pedro Analco Project consists of 1,136 hectares approximately 70 kilometers northwest of Guadalajara. The district that the San Pedro Project is located in is currently the focus of significant exploration activity by several junior companies. Industrias Peñoles (MXN:PENOLES.MX) has historically produced gold and silver from a mine situated on one of the mineralized structures on the San Pedro Analco Project. Industrias Peñoles (<http://www.penoles.com.mx>) is Mexico's second largest mining company and its largest producer of gold and a world leader in silver production.

With the current upswing in precious metals prices the number of new junior exploration companies attempting to acquire exploration stage properties in Mexico has increased significantly. These new entrants into the market are causing a noticeable rise in the acquisition price for highly prospective exploration properties. In order to keep acquisition costs to a minimum and ensure that the Company maintains a strong inventory of highly prospective exploration projects that have substantial potential for discovery, the Company has instituted an aggressive yet efficient, property acquisition program in Mexico. The program is focused on the performance of a fast and cost effective evaluation of potential acquisition property candidates. If the Company determines that a potential property acquisition is of merit, the Company will attempt to acquire a 100% interest in the property. Once the property is acquired, the Company will either conduct exploration on the property internally, or potentially joint venture the property with another junior exploration company.

**About Premium Exploration, Inc.:**

Premium Exploration, Inc. is a precious metals exploration company focused on exploration in North America. The Company is listed on the TSX Venture Exchange and has assembled an innovative and experienced management and advisory team who are committed to the long-term success of the Company. Premium's goal is to discover precious metal deposits that are strategically located in areas that would allow their profitable extraction, with minimal political, social or environmental risks. Current holdings are in Mexico and the USA. To maximize the possibility of realizing this goal, the company's exploration team continues to review early-stage projects located within under-explored precious metal belts that host multi-million ounce deposits. By acquiring prospects internally and financing some of them through joint venture partners, the company is able to maximize the potential for discovery while mitigating risk and increasing shareholder value.

More information can be found on our website at <http://www.premiumexploration.com> or on the SEDAR website at <http://www.sedar.com>.

**Contact Information:**

Mr. Del Steiner  
President and CEO  
Premium Exploration, Inc.  
(604) 682-0243  
Email: [dsteiner@premiumexploration.com](mailto:dsteiner@premiumexploration.com)

This press release contains certain "Forward-Looking Statements" within the meaning of Section 21E of the United States Security Exchange Act of 1934, and involve a number of risks and uncertainties. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's documents files from time to time with the TSX Venture Exchange and the British Columbia Securities Commission. All statements, other than of historical fact, included herein are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.