



FOR RELEASE AT 6:45 AM PST ON JULY 19, 2006

PREMIUM EXPLORATION, INC. COMPLETES ACQUISITION & STAKES ADDITIONAL 2,923 HECTARES AT ITS NUEVA GALICIA GOLD AND SILVER PROJECT

VANCOUVER, BRITISH COLUMBIA (CCN Matthews – July 19, 2006) – Premium Exploration, Inc. (TSX VENTURE:PEM) ("Premium" or the "Company") (www.premiumexploration.com) is pleased to announce that the Company, through its 100%-owned Mexican subsidiary, Minera Zorro de Plata S.A. de C.V., has completed the initial assessment of its Nueva Galicia Project ("Project") and has executed the definitive agreement to acquire a 100% interest in the Project located in the State of Nayarit, Mexico. As part of the due diligence completed prior to execution of the final acquisition agreement, the Company acquired and reviewed historical geochemical data for 1,176 rock samples and 88 stream sediment samples. These historical samples were taken by a previous operator and analyzed by ALS Chemex. The table below presents the ten most significant historical assay results from this previous sampling campaign:

<u>Sample Number</u>	<u>Sample Type</u>	<u>Sample Width (m)</u>	<u>Au (Grams / Tonne)</u>	<u>Au (Ounces / Tonne)</u>	<u>Ag (Grams / Tonne)</u>	<u>Ag (Ounces / Tonne)</u>
501366	Chip	1.5	219.00	7.04	586.00	18.84
501154	Grab	N/A	22.20	0.71	2,450.00	78.77
502089	Chip Channel	1.3	20.70	0.67	152.00	4.89
501211	Chip	1.2	10.65	0.34	16.10	0.52
502034	Chip Channel	0.5	7.97	0.26	274.00	8.81
500345	Chip Channel	1.1	6.12	0.20	76.90	2.47
501207	Chip	1.5	5.99	0.19	286.00	9.20
501390	Grab	N/A	6.98	0.22	365.00	11.74
500451	Float	N/A	6.15	0.20	984.00	31.64
500464	Chip Channel	1.0	6.10	0.20	271.00	8.71

An additional 145 historical soil samples returned highly anomalous assay values that were greater than 0.5 grams per tonne gold (0.016 opt/Au) and a further 500 samples returned anomalous assay values greater than 0.05 grams per tonne gold (0.001 opt/Au). Over 100 of the anomalous and highly anomalous historical samples returned silver values in excess of 100 grams per tonne silver (3.225 opt/Ag). All 1,264 sample pulps are currently in storage with ALS Chemex and the vendor of the Project has agreed to provide the Company with access to the pulps for re-analysis and review purposes.

In August 2006, the Company will initiate a surface and underground sampling and mapping program which will be designed to confirm previous results and initiate sampling in other areas on the Project. This sampling and mapping program will be followed by a ground-based geophysical survey that will be interpreted along with the sampling results to identify drill targets for a drill campaign to be conducted in the late fall of 2006. To date there have been no geophysical studies or drilling on the Project.

Under the terms of the definitive agreement, the Company can earn 100% interest in the property by making staged cash and share payments to Vicente Aguilera (the "Vendor") over four years totalling US\$1,000,000 and issuing 500,000 common shares of the Company. In addition, the Company must also incur exploration expenditures totalling US\$1.8 million over four years, of which US\$150,000 must be spent in the first year. Should the project go into commercial production, the Vendor will also receive the lesser of 500,000 common shares of the Company or US\$1,000,000. There were no finder's fees or commission paid as part of this acquisition.

The Company recently increased the size of the Project by staking an additional 2,923 hectares contiguous to the property.

About the Nueva Galicia Project:

The Nueva Galicia Project is comprised of approximately 14,930 hectares located four kilometers from the town of Compostela and 29 kilometers south east of the Nayarit State capital, Tepic. The Project has excellent infrastructure, with an active railway and paved highway that crosses the property. Nueva Galicia has a history of high-grade, small-scale production dating back to Spanish Colonial times. There are seventeen old mine workings located on the property throughout a structural corridor, which extends over a 10 kilometer strike length that trends northwest to southeast across the property. The mineralization is exposed over a vertical range of 650 meters. A section of the Project is covered by thin Pliocene (post-mineralization) basalt flows, and it is anticipated that there is good potential to locate more mineralization below these cover rocks.

Mineralization at Nueva Galicia consists of high-grade silver and gold-bearing quartz veins of the low-sulfidation epithermal quartz-adularia type, hosted by rhyolitic pyroclastic rocks of Tertiary age. Native gold, electrum, silver sulfides and manganese and iron oxides are present within vertical to steeply-dipping quartz veins and adjacent stringers, stockworks and breccias. Bladed quartz is present locally, indicating preservation of the upper part of the epithermal system where boiling occurred, and which is typically above bonanza-grade mineralization. Low-angle quartz-breccia structures, possibly listric faults, have also been recognized, and these structures are also mineralized. These structures present the potential for the addition of bulk-mineable, low-grade mineralization which may also contain high-grade shoots.

Ms. Nancy Reardon, M.Sc., P.Geol, SEG Fellow, Chief Operating Officer of the Company is the Qualified Person responsible for the technical disclosure in this press release, under National Instrument 43-101.

About Premium Exploration, Inc.:

Premium Exploration Inc. has been strategically developed to maximize the economic potential of the current bull market in precious metals. The Company is focused on discovering precious metal deposits in North America. Premium retains a very experienced management and advisory team, with extensive experience in various aspects of mineral exploration and production, including exploration at all stages, mining engineering, metallurgy, and minerals processing. The company currently holds exploration projects located in central and northern Mexico with potential to host gold, silver and copper deposits, and a platinum-palladium-rhodium-gold project within the Stillwater Complex of Montana. More information can be found on our website at <http://www.premiumexploration.com> or on the SEDAR website at <http://www.sedar.com> .

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The information in this press release is not NI 43-101 compliant and should not be relied upon as such. 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. Information contained in this news release includes information about adjacent properties on which we have no right to explore or mine. We advise investors in the United States that the SEC’s mining guidelines strictly prohibit information of this type in documents filed with the SEC. United States investors are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on our properties.