



**FOR IMMEDIATE RELEASE ON JULY 31, 2006**

**PREMIUM EXPLORATION ANNOUNCES INITIATION OF 2006 MONTANA EXPLORATION PROGRAM**

VANCOUVER, BRITISH COLUMBIA--(CCNMatthews – July 31, 2006) – Premium Exploration, Inc. (TSX VENTURE:PEM) ("Premium" or the "Company") (<http://www.premiumexploration.com>) is pleased to announce the initiation of the 2006 exploration program on the its property located in the Stillwater Complex in the State of Montana, United States of America.

The Company has received approval from the Gallatin National Forest approving exploration activities as described in the Notice of Intent filed with the United States Forrest Service ("USFS"). Initial exploration during the 2006 field season will consist of mapping and sampling along the Pine Claim Shear Zone which strikes northerly through the property, along with a ground based geophysical survey to further define highly prospective drill targets. Previous mapping and follow-up drilling has intersected significant results as listed below:

- ☺ PC-2 intersected 26.2 feet containing 16.9 grams per tonne of gold
- ☺ PC-3 intersected 3.5 feet of 10.3 grams per tonne of gold
- ☺ PC-5 intersected 8.6 feet of 29.7 grams per tonne of gold
- ☺ PC-6 intersected 4.5 feet of 11.9 grams per tonne of gold and a second intercept of 2.4 feet of 37.3 grams per tonne of gold
- ☺ PC-9 intersected 15.9 feet of 16.6 grams per tonne of gold

In the second quarter of 2006 the Company completed the final portion of its delayed 2005 Stillwater Exploration program that was previously halted due to inclement weather in October of 2005. Due to the results of the recently completed 2005 exploration program the Company, as previously announced on June 22, 2006, staked 60 new claims in the Stillwater Complex significantly extending the Pine Claim Shear Zone. Since staking these new claims the Company began a through review of all available existing geologic and exploration data on the Stillwater Complex, and determined that the Company's two existing drill sites with current permits were inadequately located. Additionally, the Company has identified a significantly larger number of drill targets than where approved in the Company's current plan of operations on file with the USFS. Due to these findings the Company is currently in the process of filing an amended plan of operations of the USFS, and the Company is requesting a "blanket drill permit" that will cover the Company's entire claim block in the Stillwater Complex. Stillwater Mining Corporation (NYSE:SWC), as part of its operations, has prepared an updated Environmental Impact Statement ("EIS") that covers the entire Stillwater Complex. This updated EIS prepared by Stillwater Mining Corporation facilitates the filing of a blanket drill permit application by the Company. Prior to this data being available, it was cost prohibitive for the Company to file for a blanket drill permit. Once the blanket drill permits are approved by the USFS, the Company plans to start drilling on the Pine Claim Shear Zone to confirm and

extend the existing exploration results. The Company's ability to drill during the 2006 field season is dependent upon receipt of permits, weather and fire conditions in the Stillwater Complex, along with availability of drill rigs when the permits are received.

Along with the initial exploration of the Pine Claim Shear Zone the Company is currently exploring, immediately south of the JM Reef the 11 known layers of Chromitite that trend parallel to the JM Reef on an east-west horizon. These Chromitite layers host the largest resource of Chromite in North America. Each of these known layers are designated with the letters "A" – "K" from north to south across the Stillwater Complex. Many of these Chromitite layers contain platinum group metals along with Chromite, and the Company believes that the "B" Chromitite layer may hold a second high-grade reef of platinum group metal mineralization. Part of the Company's 2006 exploration program will consist of mapping, sampling and ground geophysics along this projected horizon to confirm and extend past exploration results along with locating and defining the intersections between the Basal Zone Sulphide horizon described below and the Pine Claim Shear Zone. Beartooth Platinum Corporation (TSX VENTURE:BTP) ([www.beartoothplatinum.com](http://www.beartoothplatinum.com)) controls the property located on the strike of the "A" and "B" Chromitite layers directly to the east of the Company's property and they are currently conducting a C\$2,000,000 exploration program that includes a 30,000 foot drill program focused on the "B" Chromitite layer. Beartooth's 2006 exploration program also consists of mapping, soil sampling, ground based geophysics along with the drilling of the "A" and "B" Chromitites to further define and delineate platinum group metal mineralization detected near Iron Mountain associated with the "A" and "B" Chromitites, and the Basal Zone Sulphides.

One of the rock layers south of the JM Reef is a sulfide layer named the Basal Zone Sulfides. A portion of the data that the Company recently reviewed includes the airborne geophysical data collected in 2001 that was compiled by Mr. Terry Crebs of Crebs Geophysics ([www.crebs.com](http://www.crebs.com)), a consultant for a previous operator. Mr. Crebs completed the airborne geophysical study that was used to discover the rich world-class massive-sulfide bearing nickel-copper-cobalt ore bodies at Voisey's Bay, Labrador, Canada, currently being mined by Inco, Ltd. (TSX:N) ([www.inco.com](http://www.inco.com)). Mr. Crebs is one of the world's foremost experts in airborne geophysical studies, and the geophysical data of the Stillwater Complex compiled by Mr. Crebs indicates that the sulphides associated with the Basal Zone Sulphide Layer create a strong electro-magnetic response. The anomalous geophysical response has a strike length of 11 kilometers on the property and is conformable with the mapped geologic units. Between 1966 and 1979, Anaconda Copper Corporation ("Anaconda") explored the Basal Zone Sulfides for nickel-copper-cobalt occurrences south of the JM Reef in the Stillwater Complex on property now being leased by Trend Mining Company (OTCBB:TRDM) ([www.trendmining.com](http://www.trendmining.com)). This property lies to the East of the Company's property. Anaconda extensively drilled an area known as the Mouat Nickel-Copper deposit where 126 core holes were drilled on a 100-foot by 100-foot grid, totaling 108,600 feet, followed by 1,547 feet of exploratory development. In 1993 the results of the exploration drilling program by Anaconda were published by the United States Geological Survey and labeled as "resources," but are only estimates of mineralized material. The published results of Anaconda's drilling indicated 23.1 million short tons at 0.62% Ni and 0.45% Cu at a cut-off grade of 0.4% Ni. This mineralization estimate represents in-place mineralized material and is not either an indicated resource or inferred resource as defined by National Instrument 43-101 issued by the Canadian Securities Administrators. Premium will also be mapping and sampling this horizon as described above during the 2006 field season.

### **About the Stillwater Complex**

The Stillwater Complex is a 26 mile long layered mafic intrusive located in the south-central portion of the State of Montana, United States of America hosting the world's richest platinum group metals mineralization. The Stillwater Complex is comprised of multiple rock layers which, to date has been found to host gold, platinum, palladium, rhodium, copper, nickel, chrome, cobalt, titanium and tungsten mineralization that was deposited during the formation of the rock layers. The geologic structure of the Stillwater Complex is similar in many respects to the Bushveld Complex located in South Africa. There are notable differences between the geology of the two platinum group metals bearing complexes, like the grade of platinum group metals being mined in the Bushveld Complex ranges from 4 grams per tone to 6 grams per tonne, while the mining grades of the JM Reef in the Stillwater Complex range from 15 grams per tonne to 21 grams per tonne. Some of the Stillwater Complex's rock layers may be extremely thin, with a thickness of from inches to several feet, but can extend along the entire 26 mile length of the complex. Currently, the layer known as the J-M Reef, is know to extend the entire 26 mile length of the Stillwater Complex and is being mined in two separate locations by the Stillwater Mining Company (NYSE:SWC) for platinum group metals. The Stillwater Mining Company is currently producing 600,000 ounces of platinum group metals on an annual basis from these mines. After the various rock layers that comprise the Stillwater Complex formed and cooled, they were tilted steeply to the north by a geologic event that was subsequent to their formation and cooling. This later or after occurring geologic event took what were originally horizontal rock layers in the Stillwater Complex, including the mineralized horizons, and steeply tilted them vertically to the north at angles ranging from 50 degrees to nearly 90 degrees. This tilting along with subsequent erosion exposed the rock layers of the Stillwater Complex at the surface as a lenticular-shaped body of rocks. The surface exposure is approximately 26 miles long in a northwest to southeast direction and up to 5 miles wide in a northeast to southwest. The rock layers are visible as a series of bands, which can be traced across most of the strike length of the Complex. The surface exposure is the upturned and eroded edge of a much larger intrusive body that forms the basement under Paleozoic sedimentary cover northeast of the Stillwater Complex. The significance of this aspect of the geologic structure of the Stillwater Complex is that the different rock layers are accessible for exploration and mining, in the Stillwater Complex, where they are not in the Bushveld Complex. For Example the Stillwater Mining Company is mining in east-west-trending operations on one horizon, the JM Reef, while the Company is exploring for mineralization on a multiple horizons or rock layers that lie immediately south of the JM Reef. This does not occur in the Bushveld Complex in South Africa because mines producing minerals on one layer sit directly above, and prevent access to, layers of mineralization below. It is also the Company current belief that the later occurring geologic event that titled the Stillwater Complex produced a series of perpendicular faults, fissures and shear zones across the southern portion of the Stillwater Complex that created the conditions for the occurrence of hydrothermal remobilization or a series of hydrothermal remobilizations of mineralization to occur in certain locations, like the Pine Claim Shear Zone. It is the Company's belief that these hydrothermal remobilizations may have caused the concentration of gold to occur. Gold mineralization is not currently known to occur in other platinum group metal bearing structures like the Bushveld Complex in South Africa.

Mr. Wilf Struck, P.Eng., geologic consultant to the Company is the Qualified Person ("QP") responsible for the technical disclosure in this press release, in accordance wit National Instrument 43-101.

### **About Premium Exploration, Inc.:**

Premium Exploration, Inc., is a Toronto Venture Exchange listed junior exploration company, that is being strategically developed to maximize the economic potential of the current bull market in precious metals. 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.