



## Premium Exploration's Gold District Potential in Idaho

By James West  
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Wilf Struck, P.Eng, a geological engineer who was part of the team working for Bema Gold that discovered the Buffalo Gulch gold deposit in Idaho, joined Premium Exploration (TSX.V:PEM) as CEO last in March to lead further exploration and development of the Orogrande Shear Zone, host to the deposit he co-discovered.

Premium is focusing its resources on a rapid timeline of exploration and development to production at both the Buffalo Gulch and Friday-Petsite gold projects along the Orogrande Shear Zone in Idaho. Although the gold mineralization is not 43-101 compliant at Buffalo Gulch, prior to implementation of NI 43-101, a reserve estimate was prepared and the results induced the previous operator to design a mine, processing facilities and initiate permitting for the development of the Buffalo Gulch Mine.

The immediate focus for Premium Exploration is at the Friday-Petsite property because of its potential to become a multi-million ounce open-pittable deposit with a high-grade gold zone that has near-term underground development potential (51,510 troy ounces in 381,000 tons at a grade of 4.2 g/t gold at a cutoff grade of 3.11 g/t),

One of the advantages of the Friday-Petsite property which lends itself for rapid development is that the majority of the gold resource is on patented mining claims, which means a much less onerous regulatory permitting process for exploration drilling and gold production.

Mr. Struck has in-depth knowledge of Premium's Buffalo Gulch and Friday-Petsite properties from serving as the Project Engineer with Idaho Gold Corporation; Supervisor - Exploration Properties with Bema Gold Corporation and as VP and Chief Operations Officer with Idaho Consolidated Metals Corporation. During this time, Cyprus, Cyprus-Amax and Kinross Gold Corp. were joint venturers with Idaho Consolidated Metals on the Orogrande Shear Zone and successfully delineated an Inferred gold resource of 531,890 troy ounces, contained in 15.17 million tons averaging 1.1 g/t gold at a cutoff of 0.514 gram per metric tonne, at the Friday-Petsite property.

In a phone interview last week, Struck discussed his reasons for joining the company.

"I recently came on board as CEO (two months ago) and am very familiar with Premium Exploration's properties in Idaho. ...I've worked on them in the past for various companies, and I've always felt they have great potential.

Central Idaho has a long mining history. It has historically produced from hard-rock and placer mines during the past century and produced ... about 4 million ounces gold from the region. There has been extensive dredging along the creeks in the area as well as production from small high-grade quartz veins which typically averaged three-quarters of an ounce gold per ton.



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One of the reasons the Shear Zone is under-explored is that the region was never glaciated, so there is significant overburden, little outcrop, and a lot of tree cover. From a mineralization standpoint, it's quite similar to deposits seen in Nevada - with disseminated gold at surface and higher-grade gold zones at depth in the feeder structures. However, in Nevada there's virtually no vegetation, so exploration is easier and development is more advanced."

While the Company's Buffalo Gulch deposit is currently wending its way through the permitting process, the Orogrande Shear Zone structure is being studied for its potential as the high-grade feeder for the multiple deposits along the 28-kilometer strike length.

High-grade gold highlights from the southern Shear Zone in the Friday-Petsite property include:

**PC010: 4.58 g/t gold over 68.6 meters including:  
26.92 g/t Au over 6.1 meters  
75.09 g/t gold over 1.5 meters**

**PC008: 7.33 g/t gold over 16.7 meters including:  
29.02 g/t Au over 3.05 meters  
52.05 g/t gold over 1.6 meters**

**BFD31: 8.29 g/t Au over 13 meters true width**

Premium is initiating its exploration program at the Friday-Petsite deposit located at the southern end of the Shear Zone, where the Company recently announced the development of roads to access new drill sites.

The company will conduct a preliminary 800-metre drill program designed to expand the strike length and further delineate the high-grade zone, in addition to testing the hanging wall and footwall for mineralization.

"There's a 6 m intercept that runs 26 g/t, (gram per ton) and there are several other significant intercepts such as 1.5 m of 75 g/t (gram per ton), another 1.6 m of 52 g/t (gram per ton).

The significance of these intercepts is that they occur in multiple holes, so there is mineralization with continuity along strike, which is open to the north and south, as well as open down dip."

The information from this program could increase the high-grade ounces within the zone and help the team structure an approach to opening a portal near a historical open cut where mineralization comes to surface.

"The high-grade zone Premium is about to drill comes close to surface where there is a small open cut on the hillside. This location would be a logical place to put in a portal for underground development. Our goal with the upcoming drilling is to further delineate the high-grade zone along strike and down dip and extract additional geological information to investigate the possibility of putting in a portal and developing an underground mine.



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Assuming the zone holds together, which I think it will, then Premium can start development on the underground project quite quickly, and optimistically the company could start development this fall, assuming we can move things along fast enough, but if not, then certainly by the spring.

According to Struck,

"We have a regional structure - a shear zone that strikes longer than the 28 kilometers from Buffalo Gulch to Friday-Petsite and in fact continues further south. So you've got this huge regional structure along the contact with the Idaho Batholith, which was the heat source to get these mineralizing fluids moving around, and the Archean schists and gneisses adjacent the Batholith which are the primary host rock.

As a result, we have a number of deposits stretched out along that shear zone, instead of a small localized deposit. Therefore, instead of having just one property and one deposit we're working on, we've got several properties along the Orogrande Shear Zone at various stages of development.

From a mineralization standpoint - when these big regional structures exist and big heat sources with abundant source rock from which to extract the gold, then the tonnage and grade potential increase dramatically.

Going back to the Elk City area, we've got the Buffalo Gulch project in the north which is associated with the Shear Zone. The mineralizing solutions come up the Shear Zone and found favorable host rock at the surface adjacent the Shear Zone creating Buffalo Gulch deposit.

The original discovery was by Gary Nordine and myself while we were working for Bema Gold and its subsidiaries. At that time Bema's mandate was to find near surface, low-grade open-pit leach deposits. They were successful with that - they came up with the 100,000 ounce Buffalo Gulch deposit (non-43-101 compliant). The gold delineated to date by drilling occurs on only about 30% of the soil geochem anomaly that has values up to 2.2 g/t gold, so there's a lot of blue sky on Buffalo Gulch alone.

With their focus on low grade, near surface deposits, Bema utilized shallow reverse circulation drilling in vertical drill holes, so the early drilling didn't really test the near vertical mineralization associated with the Shear Zone. Therefore the mineralization associated with the Shear Zone in the Buffalo Gulch area hasn't been drill tested and that's important because of what we have learned from the Friday-Petsite property, 28 kilometers to the south.

Premium is currently working on the Friday-Petsite to follow up on the work initiated by Bema when they started doing exploration on the property in the mid 1980's. This was followed by Cyprus which became Cyprus Amax which became Kinross. The companies were very successful in delineating a 531,000 ounce gold resource, that is a 43-101 compliant resource, but unfortunately the price of gold was low precluding development of the property.



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The intriguing aspect of Friday-Petsite, is that a high-grade zone has been identified within the disseminated deposit and only recently, we concluded that the high-grade zone is directly associated with the Shear Zone which cuts north-south through the disseminated deposit. This means that while the previous operators were successful in achieving their goals of defining open-pittable types of deposits along the Zone, the high-grade contribution and potential of Shear Zone was over looked.

With this new concept, it is now postulated that the Shear Zone is a contributing factor to the mineralization at the property and consequently is a new high priority target. Additionally, there is another 4,000 feet soil geochem anomaly with values over 0.5 g/t gold that extends south, beyond where the majority of that drilling took place. Since only a small portion is drilled off, we could be looking at multi-million ounce exploration target that may host high-grade zones similar to the one intersected in the drilling to date at this end of the Shear Zone.

The implications of this concept could potentially be “district-sized”, and will only be determined by additional drilling the along the Shear Zone at both the Friday-Petsite and Buffalo Gulch deposits. The drilling will be designed to test the potential high-grade continuity along the Shear Zone.

Therefore, Premium Exploration is better positioned than most junior exploration companies because it already controls a large 43-101 compliant resource with substantial expansion and exploration potential that will have additional drilling in the near future. The Company also has the Buffalo Gulf deposit which has a near surface gold resource with additional near-surface exploration potential and the project is advancing through the permitting phase with the objective of operating as an open pit mine with a very low strip ratio.

To summarize - Premium Exploration's properties in Idaho are well advanced and the Company is benefiting from extensive previous exploration which consisted of mapping, sampling, soil geochemistry, geophysics, trenching, drilling and metallurgical test work.

Premium currently holds a portfolio of properties in the United States and Mexico that are prospective for precious and platinum group metals. The company currently has just under 40 million shares outstanding. Visit the company's web site at <http://www.premiumexploration.com> to learn more.