



January 2008

Dear Fellow Shareholder:

I trust this letter finds you in good health and spirit.

Premium Exploration has come through its first calendar year in business, and has succeeded in becoming a well-positioned junior exploration company. The following list of accomplishments is what sets Premium apart from other resource companies:

2007 Highlights:

- Acquired our own core drill and contract driller for Mexico
- Entered into a Joint Venture in Montana based on our strategic alliance with BTP on our world class PGM property
- Identified a 2300 meter by 1000 meter soil geochemical anomaly on the Joint Venture PGM property averaging 1 gram/ton of PGM
- Started our first drill program in Mexico on the Nueva Galicia property
- Acquired three additional properties in Mexico: Dos Amigos, Rosamorada and Bonanza
- Advanced our contracted property pipeline relationship with IRM to include two more drills
- Entered a Strategic Alliance with Strategic Metals Ltd. to develop PEM's interest in the PGM property in Montana
- LOI to acquire the Petsite Friday property in Idaho, USA with a 531,000 oz. NI 43-101 potentially expandable Au inferred resource
- LOI to acquire and joint venture the Buffalo Gulch property in Idaho, USA with a historic expandable 100,000 oz. of Au through feasibility.
- Advanced Nueva Galicia and obtained the first drill results from Mexico including Hole 1 intercepts as follows:
 - NG07-001 from 24.70m to 28.25m returned 7.84g/t Au and 814g/t Ag depth at estimated True Width of 2.6m. Including from 25.70m to 26.70m depth returned 14.79g/t Au and 1280g/t Ag at an estimated true width of 0.73m.

- Advanced our PGM project through our joint venture with BTP, with 8 drill holes completed and assay results pending
- Advanced the Buffalo Gulch project, now in the scoping study phase, by initiating the mine permitting process with the Bureau of Land Management
- Acquired the Bonanza property in Mexico with 50,000,000 ton open pit potential with an average grade of 0.4 to 0.8 g/t gold and 15 to 40 g/t silver

Throughout 2007, the Company remained focused on its Prospect Generator business model and entered into two joint venture agreements. In addition, we further distinguished ourselves by differentiating our property portfolio to include raw prospects through 43-101 resources, and built upon our infrastructure foundation with the acquisition of our own drill. The net outcome of our plan will allow us to have multiple income generating streams, thereby passively increasing our shareholder value.

Our array of ongoing projects and a plan to stagger our exploration programs will allow us to adjust to the 10-16 week assay turnaround currently experienced within the industry and provide us with a consistent flow of data.

Outlook for 2008

2008 will be a year focused on taking the Company to the next level. You can expect joint ventures, new exploration targets, project development and advancement, with a commitment to increasing communication with our market.

On behalf of the staff and management, we would like to express our gratitude for your support and confidence in 2007. 2008 promises to be an exciting and prosperous year for the precious metals markets and Premium. We invite you to share your feedback and suggestions with us to help us achieve our commitment to becoming one of the top performing junior exploration companies.

Sincerely,

A handwritten signature in black ink, appearing to read 'Del Steiner', with a stylized flourish at the end.

Del Steiner,
President & CEO