

Premium Exploration Drills New Gold Discovery Identifying a Second Potential 30-Km Drill Target along the Orogrande Shear Zone

December 20, 2010

December 20th, 2010, Vancouver, British Columbia: Premium Exploration Inc. (TSX VENTURE:PEM) is pleased to announce a significant drill discovery on the Company's 100% owned Friday-Petsite property located along the Orogrande Shear Zone "OSZ" District, in Idaho, USA.

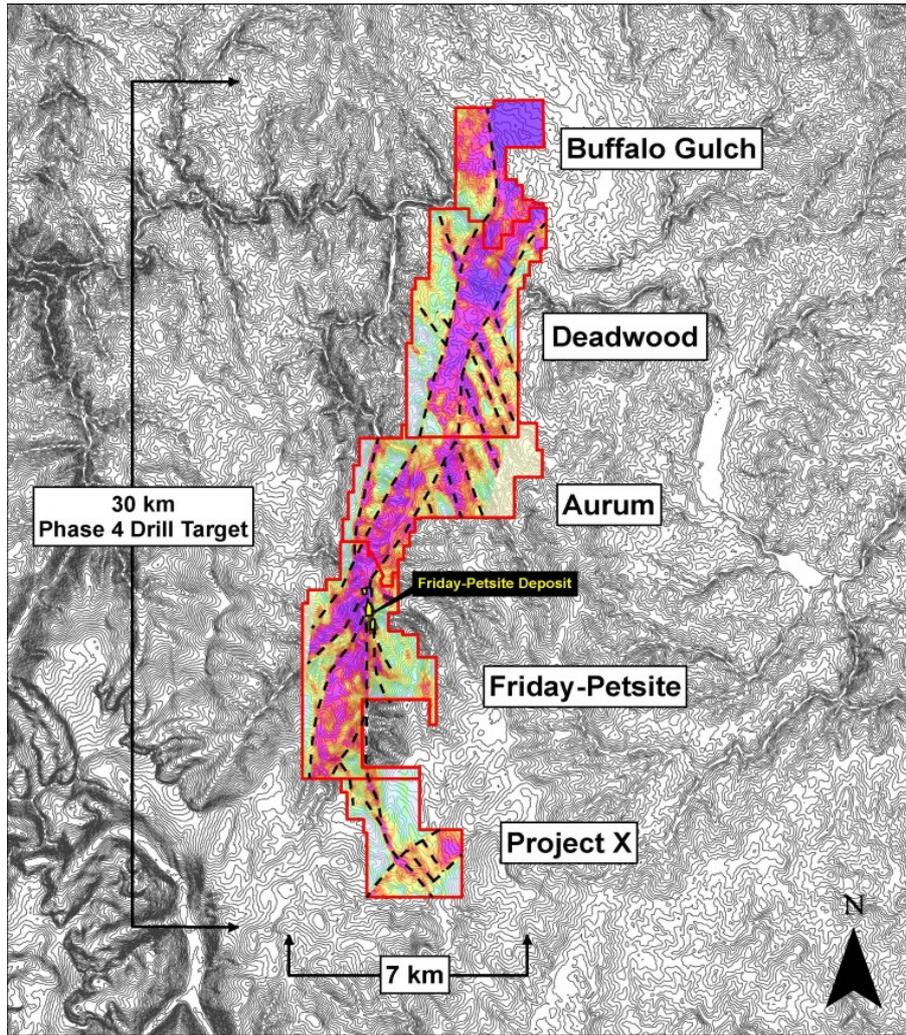
Key Points:

- 1.4 g/t gold over 38.4 meters including 9.4 g/t gold over 4.6 meters was discovered 300 meters west of the 549,000 oz inferred gold resource*
- Drilling encountered the "Monday Fault", the west-bounding fault of the OSZ parallel to the east-bounding "Friday Fault"
- The structurally controlled mineralization demonstrated by the parallel Monday and Friday faults correlate with the recent airborne geophysical anomaly that clearly defines the OSZ over 30 km of strike
- The new gold mineralization encountered at the Friday-Petsite property and the mineralization of the historic Buffalo Gulch 100,000 oz indicated gold resource** are 16 km apart and both associated with the Monday Fault
- Both the potentially 30 km long Friday and Monday faults have become the targets for the upcoming Phase-Four Drill Program; a plan of operations has been submitted for +120 drill sites along the entire length of the OSZ

| Hole | From (m) | To (m) | Interval | Au g/t |
|-------------------|--------------|--------------|-------------|------------|
| PFR2010_19 | 371.6 | 410.0 | 38.4 | 1.4 |
| <i>Including</i> | 405.4 | 410.0 | 4.6 | 9.4 |

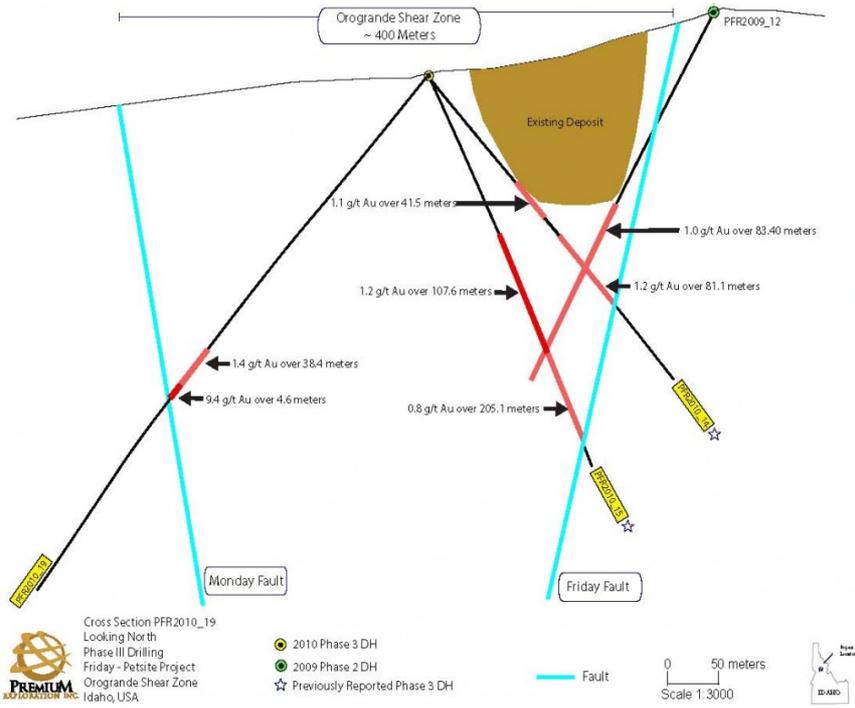
**The gold grade calculation is a weighted mean with no top cut, and no bottom cut. The grade calculation includes internal waste and low grade sections. *True Widths are estimated to be between 50% and 75% of the drilled interval.*

"This new discovery clearly demonstrates that the interpreted Monday Fault has the potential to host another gold zone adjacent to the existing resource at the Friday-Petsite Project". stated Michael Ostenson, Premium's VP of Exploration. "Expanding and defining this new target along with the Friday Fault on the +30 km OSZ will clearly become a high-priority for the upcoming 2011 Phase 4 drill program." The new zone of mineralization at the Monday Fault is 300 meters below surface. Premium intends to complete additional drilling that will trace this zone up-dip towards surface and along strike to the north and south.

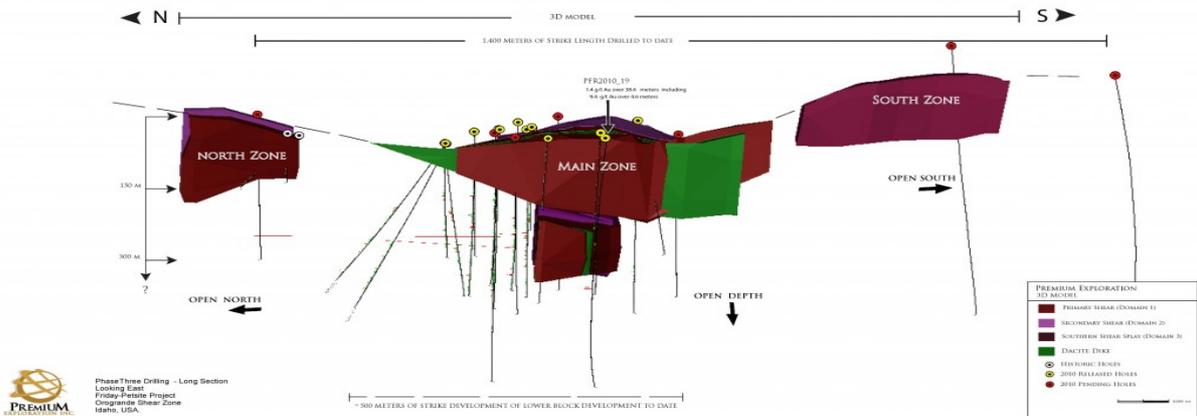


OSZ Phase 4 Drill Target Map

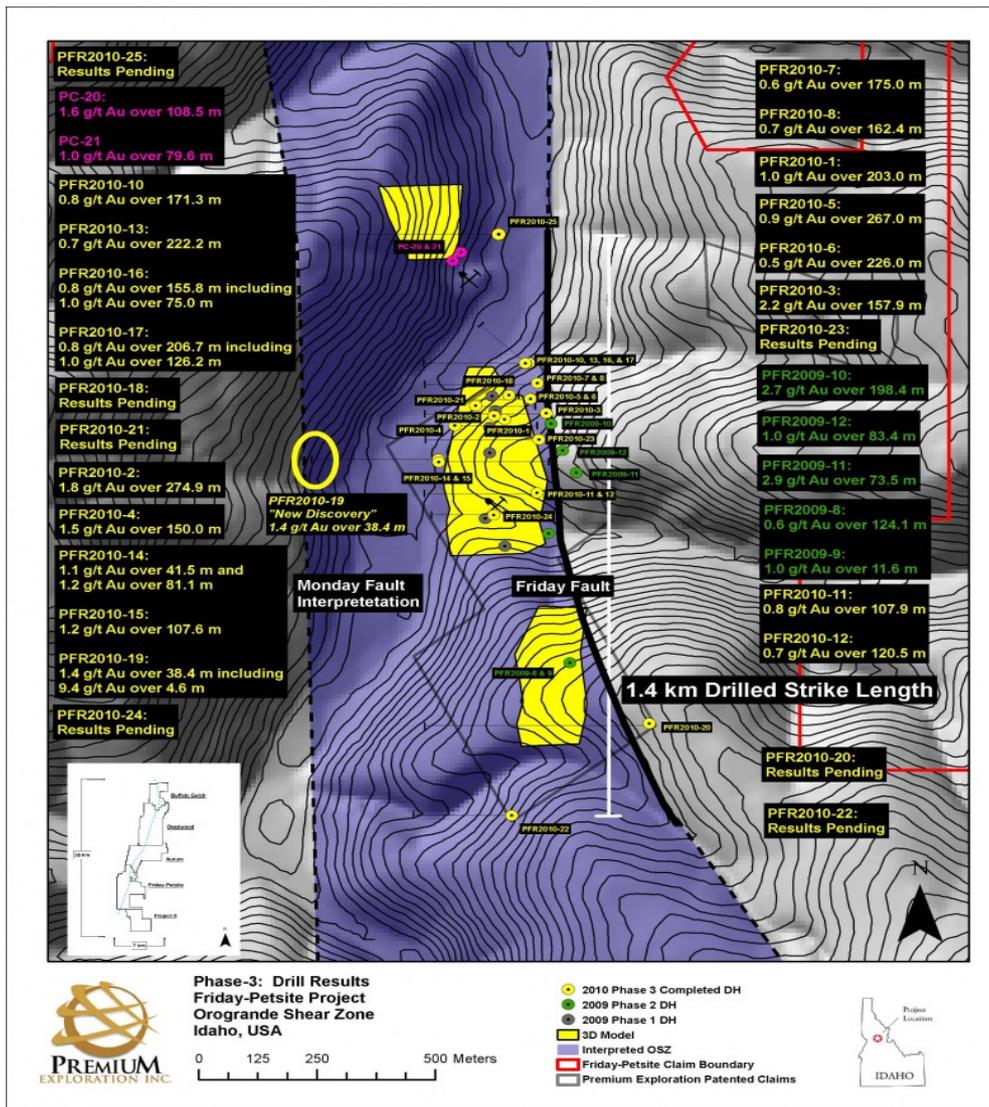
PFR2010_19 was Premium’s first pure exploration hole in 2010 drilled west at -50 dip from the same collar as PFR2010_14 & 15 in the Main Zone of the Friday-Petsite resource block model. The 649 meter drill-hole was designed to intercept the inferred west-bounding fault of the OSZ known as the Monday Fault. Premium encountered gold mineralization in PFR2010_19 and identified the west-bounding fault of the OSZ for additional exploration.



PFR2010_19 Cross Section



Long Section View



Phase 3 Drill Plan – To Date

Drill Sections and a 3D model can also be viewed at the Company's website.

Phase-Three Drill Program Completed

Phase-Three drilling was completed December 7th, 2010. The program totalled 10,354 meters in 24 drill holes. The drill holes were named PFR2010_1 to 25. One was lost due to ground conditions. To date Premium has released 18 of the 24 drill holes, with PFR2010_18, 20, 21, 22, 23, 24, and 25 pending assays.

Premium has validated its proven exploration methodology which has resulted in 100% drill success rate and has now increased the strike length of the mineralized footprint between the North, Main and South zones along the Friday Fault to 1.4 km, while increasing the Lower Block strike length to 500 meters.

Geophysics, soil geochemistry and drilling indicate that the North, Main and South Zones making up the current block model are contiguous. Should the remaining drill-hole assays return positive results, the combined strike length in addition to the 200 meter step-out of PFR2010_22, would define 1.4 km of the 3 km coincident gold-in-soil anomaly and geophysical anomaly tested to date.

Once all assays are received for Phase-Three, Premium will begin an updated resource estimate for the Friday-Petsite deposit.

* The current Friday-Petsite Inferred Resource is comprised of 15 Mt at 1.1 g/t Au for 549,000 contained ounces at a 0.5 g/t Au lower cut-off.

The Buffalo Gulch resource estimate by Idaho Gold Corp in was reviewed by Micon International in 2004, and they concluded that the Buffalo Gulch property had historical Mineral Resources of about 5 million tons averaging 0.023 oz/ton Au (4.5 million tonnes at 0.8 g/t Au), comparable to an indicated resource. No cut-off grade was provided. **Estimates of gold resources are historical in nature, predate and are noncompliant with NI 43-101. Premium is not treating the historical estimate as current mineral resources or reserves. Premium has not undertaken any independent investigation of the resource estimates nor has it independently analyzed the results of the previous exploration work in order to verify the resources, and therefore the historical estimates should not be relied upon. The historical classes used by Idaho Gold are different from current CIM classes, however, they might be comparable to the CIM inferred or indicated resource classes.

Quality Assurance

The Company has implemented a rigorous QA/QC program using best industry practices at the Friday-Petsite Property. As described in the Company's News Releases of July 9th, 2009 and December 29th, 2009 the program includes chain of custody of samples, drill core sawn in half and shipped in sealed bags, blind duplicates, blank samples and certified standards are inserted in the sample stream. The samples are then boxed and couriered to Acme Analytical Laboratories of Vancouver, B.C. a lab certified for the provision of assays and geochemical analyses (ISO 9001:2008). In Phase-Three, as with Phase-Two and Phase-One, samples with gold values greater than 10 g/t are re-analyzed via the metallic screen procedure. Samples with visible gold were also analyzed initially using the metallic screen analysis, as were the samples immediately preceding and following the sample with visible gold.

Qualified Person

The 2010 Phase-Three exploration program is being directed by Michael Ostenson, P.Geo., VP Exploration of Premium Exploration Inc. Mr. Ostenson is a Qualified Person as defined by NI 43-101. Mr. Ostenson prepared, and approves of the content in this release.

About Premium Exploration Inc.

Premium is focused on the exploration and development of its district-sized Orogrande Shear Zone “OSZ” to fulfill its vision of developing a new mining district in North America. The OSZ is a 30 km-plus regionally-significant trending structure that correlates with multiple known zones of gold mineralization and has structural control to its gold mineralization, characteristics similar to many large gold belts, such as the Carlin Trend of Nevada. Development is ongoing at the bulk-tonnage Friday-Petsite Project, the most advanced of several known mineralized zones located along the OSZ and represents 4% of the OSZ under Premium’s control.

More Information Please Contact:

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This press release contains certain “Forward-Looking Statements” within the meaning of Section 21E of the United States Security Exchange Act of 1934, and involves 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 filed 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. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.