



20 January 2011

Company Announcements Office
ASX Limited

ANNOUNCEMENT BY PREMIUM EXPLORATION INC.

" Premium Exploration Drills 7.0 g/t Gold Over 34.4 Meters Within 1.5 g/t Gold Over 330.4 Meters Continuing Resource Expansion & 100% Drill Success at Friday-Petsite Project"

Ausmon Resources Limited (Ausmon) attach a recent public announcement made by Premium Exploration Inc which is listed on TSX Venture Exchange of Canada (TSX-V:PEM). Ausmon has a strategic stake of 5,750,000 shares and 5,750,000 warrants in Premium Exploration Inc. (Premium).

John Wang
Executive Director/Secretary



Premium Exploration Drills 7.0 g/t Gold Over 34.4 Meters Within 1.5 g/t Gold Over 330.4 Meters Continuing Resource Expansion & 100% Drill Success at Friday-Petsite Project

VANCOUVER, BRITISH COLUMBIA, Jan. 19, 2011 (Marketwire) -- Premium Exploration Inc. (TSX VENTURE:PEM) ("Premium" or "the Company") is pleased to announce drill results from drill holes PFR2010_18 & 21. Both drill holes are located in the Main Zone and have advanced development of the Upper and Lower Blocks. Premium continues to encounter gold mineralization in 100% of drilling in the 10,000 meter Phase-Three program at the Friday-Petsite Gold Project in Central Idaho, USA.

Highlights:

PFR2010_21: 1.5 g/t gold over 330.4 meters including (starting at 29.9 meters)

7.0 g/t gold over 34.4 meters

PFR2010_18: 0.6 g/t gold over 345.7 meters (starting at 14.9 meters)

1.0 g/t gold over 38.4 meters as well as

1.0 g/t gold over 39.3 meters

"Both drill holes will add significant ounce potential to the updated resource estimate and Premium is optimistic that it can reach its corporate objectives of increasing its current resource base with the completion of the Phase-Three drill program," stated Michael Ostenson, P.Geo., VP Exploration of Premium Exploration.

"Phase-Four exploration will be designed to make new discoveries and to continue the development of the Friday-Petsite bulk tonnage deposit while following up on the high-grade mineralized zone encountered in Phase-Two and Three drilling; PFR2009_10 returned 9.2 g/t gold over 25.3 meters, PFR2009_11 returned 10.6 g/t Au over 17.2 m, while PFR2010_2 and 3 returned 5.7 g/t gold over 76.2 meters and 3.7 g/t gold over 74.4 meters, respectively."

The Phase-Three drill program was designed to develop the Lower Block directly beneath the Upper Block while stepping out and developing both along strike.

PFR2010_18 extends mineralization to 350 meters of vertical depth, adding 200 meters of down dip extent below the current Upper Block modelled depth of 150 meters. The current Friday-Petsite Upper Block Inferred Resource comprises 15 Mt at 1.1 g/t Au for 549,000 contained ounces at a 0.5 g/t Au lower cut-off.

PFR2010_18 is an infill hole located in the north end of the Main Zone and drilled west at a -75 dip further confirming the structural geometry and continuity of mineralization. PFR2010_18 confirmed continuity of mineralization in both the Upper and Lower Blocks between previously released drill-holes PFR2010_5/6 and PFR2010_7/8 (see previous releases dated August 10th, 2010 & September 20th, 2010).

The hole was completed at 545.6 metres down-hole and terminated in a previously unknown fault at depth. This new fault may be a structural control to the high grade portion of the Main Zone and associated with a proposed "mineralized shoot". The mineralized shoot may contain significant high grade mineralization at depth.

PFR2010_21 extends mineralization to 355 meters vertical depth, adding 205 meters of down dip extent below the current Upper Block model depth of 150 meters.

PFR2010_21 is an infill hole located at the north end of the Main Zone and was drilled east at a -80 dip, confirming continuity of mineralization between previously released drill-holes PFR2010_3 and PFR2010_5/6 (see news releases dated July 21st, 2010 & August 10th, 2010). PFR2010_21 successfully intercepted Upper and Lower Block mineralization terminating in the Friday Fault, the eastern bounding fault of the Orogrande Shear Zone that hosts the Main Zone mineralization.

This drill hole appears to be drilled into a high grade "mineralized shoot", a common feature associated with shear zone deposits. It further validates Premium's geological model and confirms the continuity of the Friday Fault which will enable Premium to take large step-outs along 3.0 km of potential strike length, accelerating the exploration of the Friday-Petsite Zone to demonstrate the large size potential.

| Hole ID | From M | To M | Length M | Au g/t |
|-------------------|-------------|--------------|--------------|------------|
| PFR2010-18 | 14.9 | 360.6 | 345.7 | 0.6 |
| | 144.5 | 182.9 | 38.4 | 1.0 |
| As well as | 244.8 | 284.1 | 39.3 | 1.0 |
| PFR2010-21 | 29.9 | 360.3 | 330.4 | 1.5 |
| | 29.9 | 64.3 | 34.4 | 7.0 |

- 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.

Phase-Three Drill Program

The Phase-Three drill program was completed December 7th, 2010 and totalled 10,354 meters in 24 drill holes. The drill holes were named PFR2010_1 to 25, one of which was lost due to ground conditions. To date Premium has released 19 of the 24 drill holes, with PFR2010_20, 22, 23, 24, and 25 pending assays.

Premium has currently drill-validated 1.4 km of the 3.0 km potential strike length at the Friday-Petsite Project. Mineralization is associated with the Friday Fault, the east bounding fault of the 30 km Orogrande Shear Zone. Drilling is focused on the eastern boundary of a 3.0 km gold-in-soil, ground magnetic, and airborne geophysical anomaly interpreted to represent 3.0 km's of the Friday Fault.

Due to the lack of glaciation along the Orogrande Shear Zone, drilling correlating in-situ gold-in-soil and geophysical anomalies at the Friday-Petsite has become a proven exploration strategy, resulting in:

- 100% drill success to date
- Increased strike length of the mineralized footprint of the Upper Block (continuity between the North, Main and South zones along the Friday Fault) to 1.4 km
- Increased Lower Block strike length to 500 meters
- Two gold discoveries to date

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 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.

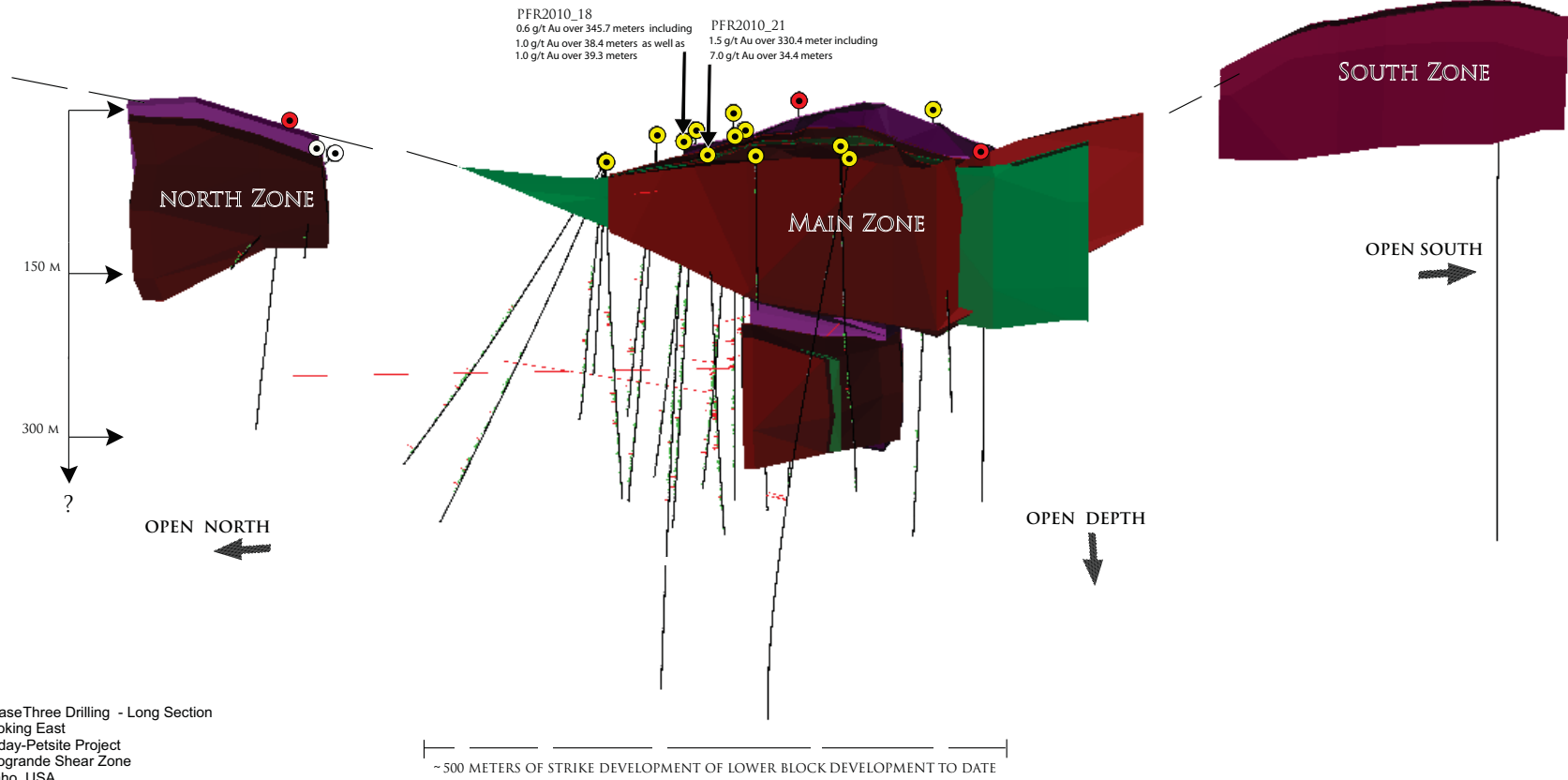
This press release contains certain "Forward-Looking Statements" within the meaning of Section 21E of the United States Security Exchange Act of 1934, and involves a number of risks and uncertainties. Important factors that could cause actual results to differ materially from the Company's expectations 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.

Premium Exploration Inc.
President & Chief Executive Officer
(604) 682-0243

← N |----- 3D MODEL -----| S →

1,400 METERS OF STRIKE LENGTH DRILLED TO DATE



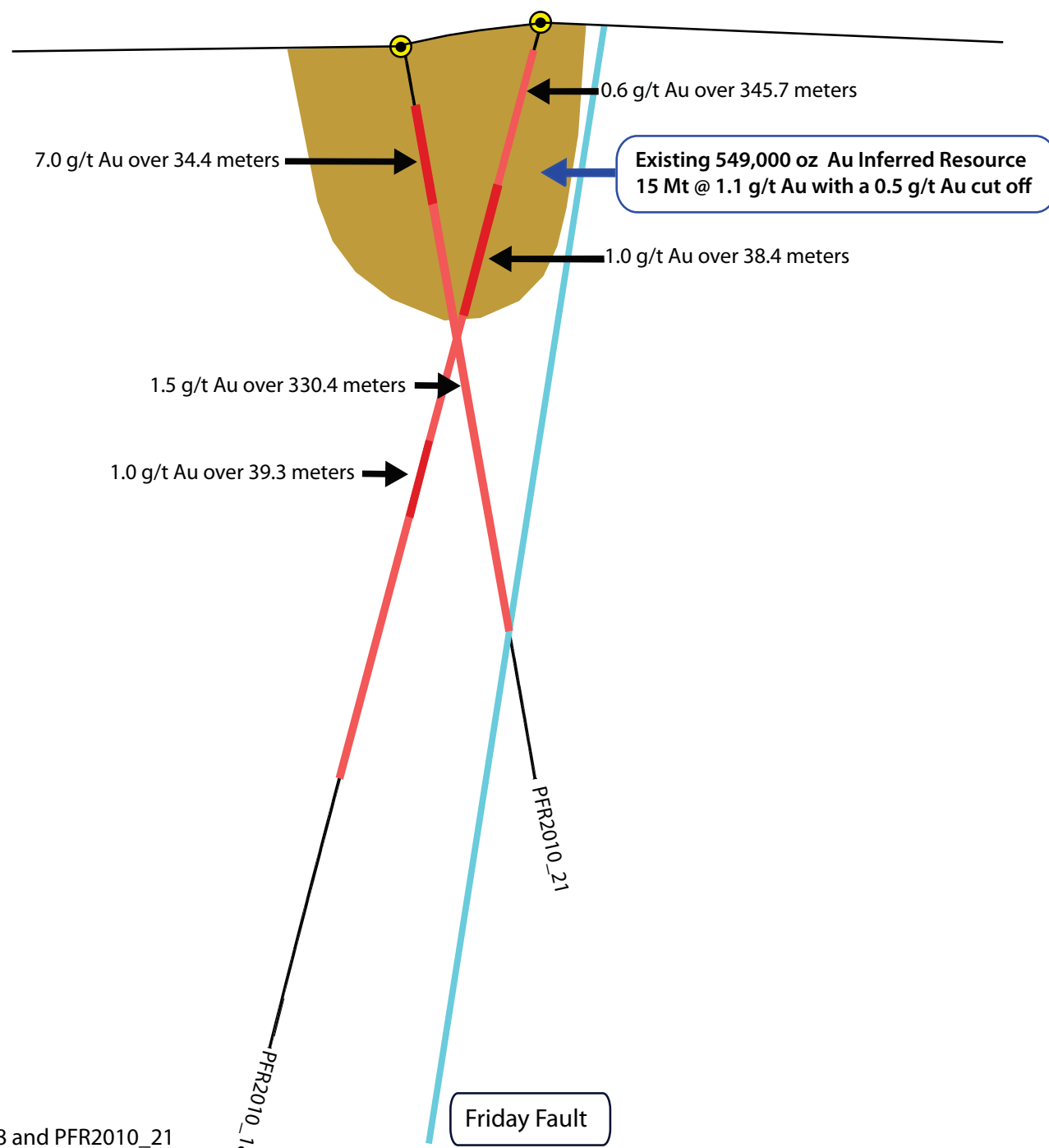
PREMIUM EXPLORATION 3D MODEL

- PRIMARY SHEAR (DOMAIN 1)
- SECONDARY SHEAR (DOMAIN 2)
- SOUTHERN SHEAR SPLAY (DOMAIN 3)
- DACITE DIKE
- HISTORIC HOLES
- 2010 RELEASED HOLES
- 2010 PENDING HOLES

100 M



Phase Three Drilling - Long Section
Looking East
Friday-Petsite Project
Orogrande Shear Zone
Idaho, USA.



Cross Section PFR2010_18 and PFR2010_21
 Looking North
 Phase III Drilling
 Friday - Petsite Project
 Orogrande Shear Zone
 Idaho, USA

● 2010 Phase 3 DH

— Fault

0 50 meters
 Scale 1:2500



PFR2010-25:
Results Pending

PC-20:
1.6 g/t Au over 108.5 m

PC-21
1.0 g/t Au over 79.6 m

PFR2010-10
0.8 g/t Au over 171.3 m

PFR2010-13:
0.7 g/t Au over 222.2 m

PFR2010-16:
0.8 g/t Au over 155.8 m including
1.0 g/t Au over 75.0 m

PFR2010-17:
0.8 g/t Au over 206.7 m including
1.0 g/t Au over 126.2 m

PFR2010-18:
0.6 g/t Au over 345.7 m including
1.0 g/t Au over 38.4 m as well as
1.0 g/t Au over 39.3 m

PFR2010-21:
1.5 g/t Au over 330.4 m including
7.0 g/t Au over 34.4 m

PFR2010-2:
1.8 g/t Au over 274.9 m

PFR2010-4:
1.5 g/t Au over 150.0 m

PFR2010-14:
1.1 g/t Au over 41.5 m and
1.2 g/t Au over 81.1 m

PFR2010-15:
1.2 g/t Au over 107.6 m

PFR2010-19:
1.4 g/t Au over 38.4 m

PFR2010-24:
Results Pending

PFR2010-7:
0.6 g/t Au over 175.0 m

PFR2010-8:
0.7 g/t Au over 162.4 m

PFR2010-1:
1.0 g/t Au over 203.0 m

PFR2010-5:
0.9 g/t Au over 267.0 m

PFR2010-6:
0.5 g/t Au over 226.0 m

PFR2010-3:
2.2 g/t Au over 157.9 m

PFR2010-23:
Results Pending

PFR2009-10:
2.7 g/t Au over 198.4 m

PFR2009-12:
1.0 g/t Au over 83.4 m

PFR2009-11:
2.9 g/t Au over 73.5 m

PFR2009-8:
0.6 g/t Au over 124.1 m

PFR2009-9:
1.0 g/t Au over 11.6 m

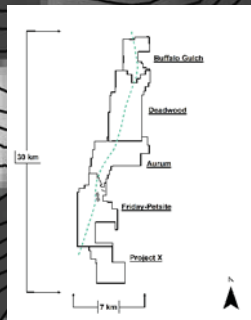
PFR2010-11:
0.8 g/t Au over 107.9 m

PFR2010-12:
0.7 g/t Au over 120.5 m

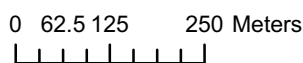
**1.4 km Drilled Strike Length
Mineralization Open Along Strike
And At Depth**

PFR2010-20:
Results Pending

PFR2010-22:
Results Pending



**Phase-3: Drill Results
Friday-Petsite Project
Orogrande Shear Zone
Idaho, USA**



- 2010 Phase 3 DH Reported This Release
- 2010 Phase 3 DH Completed
- 2009 Phase 2 DH
- 2009 Phase 1 DH
- Interpreted OSZ
- Friday-Petsite Claim Boundary
- Premium Exploration Patented Claims
- 3D Model

