

FORM 51-102F3

Material Change Report

ITEM 1. NAME AND ADDRESS OF COMPANY

Premium Exploration Inc.
860 – 885 Dunsmuir Street
Vancouver, BC,
V6C 1N5

ITEM 2. DATE OF MATERIAL CHANGE

October 10, 2006

ITEM 3. PRESS RELEASE

A News Release dated and issued on October 10, 2006 at Vancouver, British Columbia, through CCN Mathews News Distributors.

ITEM 4. SUMMARY OF MATERIAL CHANGE

See attached news release.

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

See attached news release.

ITEM 6. RELIANCE ON SUBSECTION 7.1(3) OF NATIONAL INSTRUMENT 51-102

Not applicable.

ITEM 7. OMITTED INFORMATION

Not applicable.

ITEM 8. EXECUTIVE OFFICER

Contact: Del Steiner, President
Telephone: (604) 682-0243

ITEM 9. DATE OF REPORT

DATED at Vancouver, BC, this 10th day of October, 2006.



FOR RELEASE AT 6:45 A.M. PST ON OCTOBER 10, 2006

PREMIUM EXPLORATION, INC. ANNOUNCES STRATEGIC EXPLORATION ALLIANCE WITH BEARTOOTH PLATINUM CORPORATION

VANCOUVER, BRITISH COLUMBIA--(CCNMatthews – October 10, 2006) – Premium Exploration, Inc. (TSX VENTURE:PEM) ("Premium" or the "Company") (<http://www.premiumexploration.com>) is pleased to announce the execution of a letter of intent to enter into Strategic Exploration Alliance with Beartooth Platinum Corporation (TSX VENTURE:BTP) for the exploration for platinum, palladium, rhodium, copper & nickel precious and base metal horizons at its Chrome Mountain project located in the Stillwater Complex, State of Montana, United States of America.

Under the terms of the letter of intent, the Company has granted Beartooth Platinum Corporation the right to jointly explore with Premium for platinum, palladium, rhodium, copper and nickel on the mining claims controlled by the Company in the Stillwater Complex. Under this joint exploration program Beartooth Platinum will undertake a mapping, sampling and ground-based geophysical study of the Company's claims at its Chrome Mountain project. As part of this joint exploration program Beartooth Platinum will pay for all costs associated with collection of soil samples, mapping and geophysical studies and the Company will pay all costs associated with the Assaying all the soil samples collected under this joint exploration program.

In conjunction with their ongoing 10,000 meter drill program, Beartooth Platinum has just completed their own 6,000 soil sample program on their Iron Mountain property adjacent to the east of Premium's Chrome Mountain property and has moved onto the Company's property. Both the Company and Beartooth Platinum Corporation will have complete ownership rights in the exploration data collected under this joint exploration program. As part of the letter of intent, Premium has granted to Beartooth Platinum Corporation the right to enter a formal joint venture agreement with the Company. A form of agreement has been established on a 50-50 basis. The balance of the terms shall be negotiated at the conclusion of the first phase of work based upon the results if the parties choose to continue. This Strategic Exploration Alliance specifically exempts out the all gold and silver exploration horizons on Premium's Chrome Mountain project and the Company will continue to explore its Pine Claim Gold Shear Zone independently of this Strategic Exploration Alliance. The Company recently staked an additional several hundred meters of the gold shear to the south of the existing property boundary.

Mr. Del Steiner, President & CEO of the Company stated, "We are excited about the potential of this Strategic Exploration Alliance with Beartooth Platinum Corporation. Beartooth has retained a world class team to pursue PGM exploration on the Stillwater Complex. This Alliance will allow Premium to leverage the team to explore our PGM horizons which doubles the overall size of the target between the companies.

Premium has surface samples to 46 grams of PGM per ton while Beartooth's highest grade to date is over 90 grams per ton. Premium will focus its internal exploration efforts on its gold targets in Montana and precious metals targets in Mexico. The Company is well positioned to be a leading precious metals exploration prospect generator in North America, and this Strategic Exploration Alliance extends our capacity to execute on our corporate strategy."

Mr. Michael D. Johnson, President & CEO of Beartooth Platinum Corporation noted, "This Strategic Exploration Alliance allows for a coordinated and thorough exploration of the PGM horizons that Beartooth Platinum and Premium share in the Stillwater Complex. Beartooth Platinum already has a fully trained and experienced soil sampling and ground geophysics crew focused on the "B" Chromitite anomaly in the Stillwater Complex. The deployment of our exploration crew to complete a joint soil sampling and geophysical study makes significant strategic and economic sense for both Beartooth Platinum and Premium Exploration."

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 geologic structure of the Stillwater Complex is similar in many respects to the Bushveld Complex located in South Africa. One of the differences between the geology of the two platinum group metals bearing complexes is the grade of platinum group metals being mined. The Bushveld Complex ranges from 4 grams per tonne to 6 grams per tonne, whereas mining grades of the JM Reef in the Stillwater Complex range from 15 grams per tonne to 21 grams per tonne with credits for copper and nickel.

Currently, the layer known as the JM Reef, extends the entire 26 mile length of the Stillwater Complex and is being mined in two separate locations by the Stillwater Mining Company. Stillwater is producing 600,000 ounces of platinum group metals on an annual basis from these mines. The rock layers of the complex are visible as a series of bands, which can be traced across most of the 26 mile strike length.

The "B" Chromitite layer is being explored as a parallel layer to the JM reef. It is also the Company's current belief that the later occurring geologic event that tilted 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 of mineralization to occur in certain locations, like the Pine Claim Shear Zone. Thus, the Pine claim shear zone represents a later, separate gold occurrence.

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 with National Instrument 43-101.

About Premium Exploration, Inc.:

Premium Exploration, Inc. is a precious metals exploration company focused on prospect generation, evaluation and exploration in North America. The Company is listed on the TSX Venture Exchange and has assembled an innovative and experienced management and advisory team who are committed to the long-term success of the Company. Premium's goal as a prospect generator is to discover precious metal deposits that are strategically located in areas that would allow their profitable extraction, with minimal political, social or environmental risks. Current holdings are in Mexico and the USA. To maximize the possibility of realizing this goal, the company's exploration team continues to find and review early-stage projects located within under-explored precious metal belts that host multi-million ounce deposits. By acquiring prospects internally and financing some of them through joint venture partners, the company is able to maximize the potential for discovery while mitigating risk and increasing shareholder value.

More information can be found on our website at <http://www.premiumexploration.com> or on the SEDAR website at <http://www.sedar.com>.

Contact Information:

Mr. Del Steiner
President and CEO
Premium Exploration, Inc.
(604) 682-0243
Email: dsteiner@premiumexploration.com

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.