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## AUSTRALIAN SOLOMONS GOLD FILES PRELIMINARY SHORT FORM PROSPECTUS

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**(TSX:SGA) TORONTO, Ontario (June 18, 2009)** - Australian Solomons Gold Limited ("ASG" or the "Company") (TSX: SGA), announced today that it has filed a preliminary short form prospectus with the securities regulatory authorities in the Provinces of British Columbia, Alberta, Manitoba and Ontario in connection with a best efforts offering of ordinary shares ("Shares") of the Company (the "Offering").

The net proceeds of the Offering will be used to advance the Company's Gold Ridge Project, including resettlement activities, dewatering of the tailings dam, preliminary engineering activities and for working capital and general corporate purposes.

The Offering will be led by Paradigm Capital Inc. with a syndicate comprised of Haywood Securities Inc. and Fraser Mackenzie Limited (collectively, the "Agents"). Final pricing and determination of the number of Shares to be sold pursuant to the Offering will occur immediately prior to the filing of the final short form prospectus in respect of the Offering.

The Company also confirms its planned project financing arrangements are proceeding well, with the International Finance Corporation ("IFC") now being joined by the European Investment Bank ("EIB"). A Mandate Letter has been signed with the EIB in connection with a proposed investment of US\$25 million by way of debt facility, such facility is expected to be on the same or similar terms as that of the IFC. Conditions to the completion of the EIB financing include completion of due diligence and a site visit (scheduled for late June 2009), internal approvals, a 30-day public disclosure period, documentation, and formal Board approval, expected to be obtained by late September 2009. Negotiations are also progressing with Caterpillar Finance Australia Pty Ltd in connection with certain mining equipment financing.

ASG has developed a strong project management team who have recently advanced all relevant activities and cost estimates, including working with its preferred engineering, procurement and construction activities contractor on the refurbishment of all existing facilities, including a new 14Mw power station, and expanding processing capacity from 2.0Mtpa (million tonnes per annum) to 2.5Mtpa. Total pre-production costs, excluding the proposed new fleet of mining equipment, are now estimated at US\$110 million including a contingency allowance of US\$13 million, using an exchange rate of 0.80 AUD to 1.00 USD. This amount includes owner costs for all overheads during construction, the development and training of an operating team, access and hauls road construction, pre-stripping and mining of the first open pit, completion of the relocation village, and various civil works. Cash operating costs have also been updated by the owner's project team and are estimated at US\$468 per ounce over the life of mine (currently 7 years minimum) and US\$419 per ounce average over the first three years. The development schedule is estimated at 15 months once all financing arrangements are in place.

The Offering is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange and the applicable securities regulatory authorities.

This press release is not an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification or registration under the securities. The common shares will not be and have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements.

### **About ASG**

ASG is developing the Gold Ridge Project, a former producing mine, located on Guadalcanal in the Solomon Islands. The mine operated from August 1998 to June 2000 and produced approximately 210,000oz gold during this period. ASG acquired the project in May 2005, has completed a Feasibility Study in April 2007 to redevelop the Gold Ridge Project in, and has recently progressed with a preferred contractor for an EPC (engineering procurement management) style contract for the refurbishment of the project, and (subject to availability of financing) is now expected to commence operations during Q4 of 2010.

### **Cautionary Statement Regarding Forward-Looking Information**

All statements, trend analysis and other information contained in this press release relative to markets for ASG's trends in resources, recoveries, production and anticipated expense levels, as well as other statements about anticipated future events or results constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Some of these risks, uncertainties and other factors are described under the heading "Risk Factors" in the Company's annual information form available on [www.sedar.com](http://www.sedar.com). ASG does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change. Investors should not place undue reliance on forward-looking statements.

### **The Toronto Stock Exchange has neither approved nor disapproved the contents of this press release**

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Please note that the Head Office of ASG is located in Queensland, Australia and is 14 hours ahead of Toronto time.

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