



ABN 96 109 492 373

## N E W S   R E L E A S E

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### AUSTRALIAN SOLOMONS GOLD'S BOARD OF DIRECTORS RECOMMENDS ACCEPTANCE OF TAKE-OVER BID BY ALLIED GOLD

**TORONTO, Ontario (October 20, 2009)** - Australian Solomons Gold Limited ("ASG" or the "Company") (TSX: SGA) today formally responded to the off-market take-over bid by Allied Gold Limited (through its wholly-owned subsidiary AGL (ASG) Pty Ltd.) ("Allied Gold") to purchase all of the issued and outstanding ordinary shares of ASG ("ASG Shares") on the basis of 0.85 of an ordinary share of Allied Gold for each ASG Share (the "Offer"). In a Target's Statement/Directors' Circular that is being mailed to shareholders, ASG's Board unanimously recommends that ASG's shareholders accept the Offer and tender to it. The Target's Statement/Directors' Circular is available under ASG's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**"After careful consideration of the circumstances giving rise to this Offer, and in the absence of a superior bid being received, the Independent Directors unanimously recommends that ASG's shareholders accept the offer from Allied Gold," said David Roach, ASG's Chief Executive Officer.**

In the Target's Statement/Directors' Circular, the Board, excluding the directors associated with Resource Capital Fund III LLP (RCF), resolved to recommend acceptance of the Offer based on a number of factors, including:

- RCF has agreed with Allied Gold to accept the Offer in respect of the ASG Shares that it owns or controls, representing approximately 49% of the issued and outstanding ASG Shares. As a result, in the absence of a superior proposal to the Offer, Allied Gold will likely gain control of ASG.
- Throughout the currency of the Offer, the Board of Directors will remain able to respond, in accordance with its fiduciary duties, to unsolicited bona fide written acquisition proposals that are more favourable to ASG shareholders than the Offer.
- Allied Gold offered a premium for the ASG Shares if the Board unanimously recommended that ASG shareholders tender their ASG Shares to the Offer and an Implementation Agreement between ASG and Allied Gold in respect of the Offer was entered into by September 16, 2009.
- The Board of Directors has received a fairness opinion from Gryphon Partners Canada Inc. to the effect that the consideration to be offered to ASG shareholders pursuant to the Offer is fair, from a financial point of view, to the ASG shareholders.

The directors associated with RCF, namely Hank Tuten and Ian Burvill, have made their own recommendations based on the following factors:

1. as RCF intends to accept the Offer, control of the Company will be likely to pass to Allied;
2. the Board retains the ability to respond to superior proposals; and
3. they intend to accept the Offer in respect of the ASG Shares they own and/or control.

Additional details regarding these factors and others are contained in the Target's Statement/Directors' Circular. A copy of the Implementation Agreement is also available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **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, completed a Feasibility Study in April 2007 to redevelop the Gold Ridge Project., ASG is currently working on finalising the financing plan in preparation for this redevelopment task and is expected to commence operations during Q1 2011. The Gold Ridge Project has a Measured and Indicated Resource base of 1.6 million ounces with an Inferred category of a further 0.5 million ounces.

On September 17, 2009 ASG announced that Allied Gold Limited (“**Allied Gold**”) will make an agreed off-market takeover offer for all the shares of ASG (the “**Offer**”). The Offer was made on October 2, 2009. ASG shareholders who accept the Offer will receive 0.85 Allied Gold shares for every share of ASG held. The Offer remains subject to certain conditions and there is no certainty that the Offer will be successful. Full details of the Offer are contained in a Bidder’s Statement and Offer to Purchase which has been filed on ASG’s profile on [www.sedar.com](http://www.sedar.com).

## **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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