



Australian Solomons Gold Files Final Prospectus for C\$18 million IPO

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TORONTO, Ontario (August 16, 2006) – Australian Solomons Gold Limited (the “Company”) today announced that it has received a receipt for its Initial Public Offering (“IPO”) prospectus to raise approximately C\$18 million. In conjunction with filing of the final prospectus, the Company has entered into an agency agreement dated August 11, 2006, with a syndicate of agents comprised of Haywood Securities Inc., as the lead agent, and including Dundee Securities Corporation and Paradigm Capital Inc. On closing of the IPO, which is expected to occur on or about August 28th, the Company will issue 13,299,425 units (the “Units”). As part of the IPO, Resource Capital Fund III LLP, a major shareholder of ASG, has agreed to purchase 4,166,667 Units for an amount totalling C\$5,708,334. Each Unit will consist of one common share and one half of one common share purchase warrant (the “Warrants”), to be issued at the unit price of Cdn.\$1.37 per unit for gross proceeds of C\$18,220,212. Each full Warrant is exercisable into one common share of the Company at an exercise price of C\$1.71 per common share for a period of 24 months from Closing. The Company received conditional approval from the Toronto Stock Exchange (the “TSX”) for the listing of the Company’s common shares and warrants on July 31, 2006 under the symbols SGA and SGA.WT. Trading is expected to begin on the closing date.

The Company has also granted an over-allotment option to the syndicate of agents to purchase a further 1,994,904 units within 30 days of closing, on the same terms as the initial public offering.

“Our listing on the TSX will follow the successful completion of an initial public offering for gross proceeds of approximately C\$18 million,” said Ron Douglas President and CEO, Australian Solomons Gold Limited. “With this funding and access to the broader investment community through our listing on one of the World’s pre-eminent mining exchanges, ASG has the resources to advance the highly prospective Gold Ridge gold project located on Guadalcanal in the Solomon Islands towards redevelopment. ASG is currently on schedule to bring Gold Ridge into production by December 2007.”

The Company plans to use the net proceeds as follows:

- To complete the bankable feasibility study for the redevelopment of the Gold Ridge Project by the last quarter of 2006 (approximately C\$2.2 million)
- To undertake further drilling and exploration programs in and around the existing four open pit areas (approximately C\$1.5 million)
- Various preliminary works relating to the redevelopment of the Gold Ridge Project, including re-cladding of buildings and facilities such as the power station in addition to commencement of mechanical refurbishment work around the existing plant, and including construction of new relocation villages for residents living on the project mining lease, (approximately C\$7.2 million)
- The remainder of the funds will be used for working capital and general corporate purposes

About Australian Solomons Gold and the Gold Ridge Project

ASG is a mineral exploration and mining company developing its 100% owned Gold Ridge Project located within the Gold Ridge mining lease, and surrounding special prospecting license area, on Guadalcanal in the Solomon Islands. The Gold Ridge Project produced approximately 210,000 ounces of gold during the period from August 1998 to June 2000. An historical resource of approximately 1.95 million ounces grading 1.86 g/t was calculated in October 2000 by the project’s previous owners to Australian JORC standards. These resources are historical in nature and were compiled before the implementation of National Instrument 43-101 – Standards of Disclosure for Mineral Projects



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("NI 43-101"). The historical resources were estimated by the previous owners, were prepared to the Australian JORC Code standards in place at the time, and are considered relevant today. The historical estimates should not be treated as NI 43-101 defined resources or reserves verified by a qualified person, and the historical estimates should not be relied upon. However, in a Technical Report dated May 1, 2006 and revised July 10, 2006 prepared by C. Stewart Wallis, P. Geo. and Bruce Brady, P. Eng. of Roscoe Postle Associates Inc. ("RPA"), each of whom is a "Qualified Person" as defined in NI 43-101, RPA has concluded that the historical data, with the exception of certain identified holes, is acceptable for use in resource estimates. A new resource estimate, to be NI 43-101 compliant, is being prepared in conjunction with a bankable feasibility study expected to be completed in the last quarter of 2006. The Company is expecting to recommence production by the end of calendar 2007.

A copy of the prospectus is available on www.sedar.com. Information is also available at the Company web site at www.solomonsgold.com.au

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. All dollars in this release are in Canadian funds

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 herein under the heading "Risk Factors" in the Company's prospectus available on 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.

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