



## AUSTRALIAN SOLOMONS GOLD ANNOUNCES C\$110 MILLION FINANCING

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(SGA: TSX) TORONTO, Ontario (May 16, 2007) - Australian Solomons Gold Limited ("ASG" or the "Corporation") announced today that it has engaged a syndicate of agents co-led by Haywood Securities Inc., and Paradigm Capital Inc. and including Fraser Mackenzie Limited (collectively, the "Agents"), to act on a best efforts agency basis in raising approximately C\$110 million in aggregate gross proceeds by way of a brokered private placement of subscription receipts ("Subscription Receipts Offering") and units with each unit consisting of notes (the "notes") and common shares (the "Note Offering"). The Notes will be senior secured obligations of the Corporation.

The net proceeds of the private placement will be used to fund the construction of the Gold Ridge Project, exploration activities, working capital and general corporate purposes.

The Gold Ridge Mine is a past producing mine which has approximately 1.5 million ounces of measured and indicated resources and in excess of 1.0 million ounces of reserves. The Gold Ridge Mine is expected to produce an average of 124,000 ounces per year at cash costs of approximately US\$388 per ounce commencing in the first half of 2008.

The Subscription Receipts Offering is expected to raise up to C\$66.0 million with each Subscription Receipt convertible for no additional consideration, into one common share (a "Share") of the Corporation and one-half of one warrant, with each full warrant (a "Warrant") providing the purchaser with the right to subscribe for one Share for a period of 36 months. The Shares and Warrants will be qualified by a prospectus and the issuance of a certain portion of the Shares and Warrants will be subject to shareholder approvals.

The Note Offering is expected to raise up to C\$44.0 million and will also consist of units ("Units"), each of which is comprised of a senior secured note in the principal amount of \$1,000 and a limited number of common shares of the Corporation.

The Subscription Receipts will be priced in the context of the market and the terms and attributes of the Notes and the number of common shares to be included in each Unit will be determined in the context of the market. The Subscription Receipt Offering and Note Offering are subject to certain conditions including, but not limited to, the receipt of all necessary corporate and regulatory approvals, including the acceptance of the Toronto Stock Exchange, required shareholder approval, negotiation of definitive agreements and completion of satisfactory due diligence.

The securities being offered have not, nor will they be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This release does not constitute an offer for sale of securities in the United States.

### Cautionary Statement Regarding Forward-Looking Information

All statements, trend analysis and other information contained in this press release relative to markets for ASG, trends in resources, intended uses of proceeds, intended fund raisings, recoveries, production and anticipated expense levels, anticipated date of production 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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