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## AUSTRALIAN SOLOMONS GOLD ANNOUNCES C\$15 MILLION FINANCING

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(TSX:SGA) TORONTO, Ontario (July 18, 2007) - Australian Solomons Gold Limited (the "Company" or "ASG") announces that it will issue up to 13,050,000 subscription receipts (the "Subscription Receipts") at a price of \$1.15 per Subscription Receipt for gross proceeds of up to \$15 million (the "Offering"). Each Subscription Receipt will be convertible for no additional consideration into one common share (a "Share") of the Company 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 at a price of \$1.50 per Share.

The Subscription Receipts will be offered by a syndicate of agents co-led by Haywood Securities Inc. and Paradigm Capital Inc. and including Fraser Mackenzie Limited (collectively, the "Agents") on a best efforts agency basis. The Company will use commercially reasonable efforts to qualify the Shares and Warrants by a prospectus, and the issuance of a certain portion of the Shares and Warrants will be subject to shareholder approvals.

The Agent will receive a cash fee equal to 6% of the aggregate gross proceeds of the Offering, excluding the proceeds resulting from the issuance of Subscription Receipts to an insider of the Company. As additional consideration, the Agents will, subject to compliance with all regulatory approvals, be issued compensation warrants exercisable to acquire that number of Shares that is equal to 6% of the total number of Subscription Receipts sold in the Offering (excluding those sold to an insider of the Company), at an exercise price of \$1.27 per Share for a period of 18 months from closing.

At closing the agents will be paid 35 percent of the cash commission and will be issued 35 percent of the broker warrants with the remaining cash commission and broker warrants to be issued upon release to the Company of the portion of the proceeds held in escrow.

All securities issued or issuable in connection with the Offering will be subject to a hold period and may not be traded for four months plus one day from the date of closing.

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

The Offering will be made in lieu of the previously announced \$110M (see May 16, 2007 news release) brokered private placement of Subscription Receipts and Hybrid Notes. The Company reviewed and revised its financing plans due to a number of changed circumstances which include:

1. The market conditions and indicative pricing for the previously proposed financing were not, in the Company's view, appropriate in the current circumstances; and
2. The significance of exploration drilling results received and announced (see July 4, 2007) from the recent drilling, particularly at Charivunga Gorge, provides the Company an opportunity to re-evaluate the scope of the current mine design and mine planning, which will continue to be reviewed in conjunction with the further drilling results to be received going forward.

The CEO of Australian Solomons Gold, Mr John Bovard, said " *With the potential generated by the recent and ongoing drilling at Charivunga Gorge, it is important that we balance the growing exploration potential with the commitment to re-open the existing mine and mill as soon as possible. The latest funding will allow us to conduct the pre-planning and mobilization in preparation for the refurbishment of the processing plant, while continuing a vigorous exploration program.* "

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 completed feasibility study for the Gold Ridge Mine estimates production at life of mine an average of 124,000 ounces per year at cash costs of approximately US\$388 per ounce. The additional time now available will allow the Company the opportunity to further review and optimize the results of the feasibility study. Production from the Gold Ridge Project is now estimated to commence by the end of calendar 2008.

The Company has made considerable progress to date with preliminary development activities, including for example the camp, for use during construction and operations, which has now been completed. Other equipment such as a large mobile crane, essential to the refurbishment, has been delivered to the project site. A procurement schedule for key equipment items needed for the refurbishment is under consideration.

The relocation village for the landowners of the area has been surveyed, designed and, as soon as the government has formalized the legal title for the new area, construction of the houses and community infrastructure such as schools and first aid posts will commence.

The Corporation now intends to focus on continuing exploration in the Charivunga Gorge and surrounding areas while pushing ahead with the preplanning and early development stages of the refurbishment of the processing plant.

**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'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.

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

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