



Australian Solomons Gold completes C\$18 million Initial Public Offering

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TORONTO, Ontario (August 28, 2006) – Australian Solomons Gold Limited (“ASG” or the “Company”) (TSX:SGA) announced today that it has successfully completed an initial public offering (“IPO”) of 13,697,146 units (“Units”), each Unit consisting of one common share and one-half of one common share purchase warrant (the “Warrants”) which were issued pursuant to a prospectus dated August 11, 2006 (“the Prospectus”). The Units were issued at a price of C\$1.37 each, for total proceeds of C\$18,765,090. The Warrants are exercisable at a price of C\$1.71 per common share on or before August 28, 2007. As part of the IPO, Resource Capital Fund III LP, a major founding shareholder of ASG, has purchased 4,166,667 Units for an amount totalling C\$5,708,334.

Haywood Securities Inc. acted as lead agent in a syndicate which included Dundee Securities Corporation and Paradigm Capital Inc.

The IPO included 13,299,425 Units originally contemplated under the Prospectus, and an additional 397,721 Units representing a partial exercise of the over-allotment option granted to the syndicate of agents. Under the terms of the over-allotment option, the syndicate of agents may purchase up to a further 1,597,183 Units within 30 days of closing, on the same terms as the initial public offering.

The common shares will begin trading today on the Toronto Stock Exchange under the symbol “SGA:” and the Warrants will also commence trading under the symbol “SGA.WT”.

The Company will be using the proceeds of the offering for the completion of the feasibility study of its Gold Ridge Project located on Guadalcanal in the Solomon Islands; to undertake additional drilling and exploration programs in and around the existing four open pit areas; and to undertake various preliminary work programs to advance the site ready for redevelopment in 2007, and for general working capital 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 (“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.

Additional information is available on www.sedar.com and 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.

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

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