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N E W S R E L E A S E

Australian Solomons Gold Audited Year End Financial Results and Update on Gold Ridge Project Development

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TSX:SGA

TORONTO, Ontario (September 28, 2006) – Australian Solomons Gold Limited (TSX:SGA) (the “Company”) today reports audited financial results for the year ended 30 June 2006, and provides a summary of the Company’s project development and other activities.

HIGHLIGHTS

- Successful listing and completion of IPO to raise gross proceeds C\$18.8 million
- Gold Ridge Project feasibility study progressing toward completion
- Agreements signed with landowners allowing relocation to move forward
- New drilling program commences 4,600m program for pit delineation and near mine exploration
- Project financing commitments being sought

SUMMARY OF ACTIVITIES

Initial Public Offering and Listing

The Company’s most recent activity was the closing of the Initial Public Offering (IPO) and the listing of ASG on the Toronto Stock Exchange (TSX) under the symbol SGA on August 28, 2006 for gross proceeds to the Company of C\$18.8 million. These funds will be applied to completing the current feasibility study programs, for drilling, preliminary works associated with the redevelopment at site ahead of the formal redevelopment programs expected to commence in Q2 2007.

The agents for the IPO were Haywood Securities Inc., as lead agent, Dundee Securities Corporation and Paradigm Capital Inc. The IPO was at an issue price of C\$1.37 per Unit, where each Unit comprised one common share plus half a warrant. Each full warrant is exercisable into one common share at an exercise price of C\$1.71 and expires on August 28, 2008. Resource Capital Fund III LP, a major founding shareholder of ASG, purchased an additional 4,166,667 Units, through the IPO, for an amount totalling C\$5,708,334.

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. The over-allotment option, pursuant to which the syndicate of agents were able to purchase up to a further 1,597,183 Units on the same terms as the IPO, expires on September 28, 2006. The total number of common shares issued was 13,697,146, taking the total issued and fully paid common shares to 55,377,828. The total number of warrants issued amounted to 6,848,573.

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Gold Ridge Project

The Gold Ridge Project is located on Guadalcanal in the Solomon Islands and was operated by Ross Mining N L, formerly an ASX listed company, between August 1998 and June 2000 during which time it produced approximately 210,000 ounces gold. The plant and infrastructure was designed and constructed to process two million tonnes per annum. ASG intends to increase the plant's capacity to 2.5 million tonnes per annum which will require the addition of four leach tanks and other minor equipment as well as the proposed installation of a cyanide destruction unit and thickening facility. The main items of plant and infrastructure remain on site, including the existing 12MW power station, 4.7MW ball mill, and other processing equipment, buildings and camp. All plant and equipment was substantially damaged due to theft and vandalism during the period following the abandonment of the mine in early June 2000. Major refurbishment and selected replacements will be required to recommence operations. A new mining fleet will also be required. No activity took place on site from June 2000 until ASG took possession on May 30, 2005.

Since acquisition, ASG has actively worked towards site restoration and general improvement of security and safety issues, including recently approved programs to refurbish sections of buildings and facilities such that the redevelopment programs to be undertaken in 2007 have established facilities, including on-site accommodation, from which to work thereby reducing the redevelopment schedule.

Gold Ridge Bankable Feasibility Study

The main activity for the financial year has been the preparation of the Gold Ridge Project bankable feasibility study (BFS) being conducted for ASG by Ausenco Limited (ASX:AAX) a Brisbane based specialist engineering company. The BFS commenced in June 2005 and is scheduled for completion by the end of November 2006 and to be available to the Company by December 2006. The BFS program has included two drilling programs totalling 104 diamond drilling holes covering 6,883m. The program in 2005 was designed to provide samples for metallurgical test work on the four open pit areas to be mined; the 2006 drilling program was for resource definition work and to provide further metallurgical samples for representivity of ore types, and was completed on June 23, 2006. The 2006 drilling also included two x 200m exploration holes in an area referred to as Charivunga Gorge, located between two of the existing deposit areas (i.e. between Kupers and Namachamata), where mineralisation is evident. Intersections were encouraging and the holes ended in mineralisation. Further drilling is proposed for later this year.

A new Resource Estimate and Reserve estimate is being prepared to NI 43-101 standards as part of the BFS. Existing historical resource data was compliant to the Australian JORC standard when prepared in 2000.

BFS activities were expanded in 2006 with a decision to develop the potential use of hydro power for power generation. A preliminary study completed in March 2006 indicated significant operating cost savings and noted the considerable hydro power potential on Guadalcanal, due to high rainfalls and steep topography where the Gold Ridge Project is located. A more detailed hydro study continues to make progress and has identified appropriate locations along two rivers running through the mining lease.

Over the course of the year significant progress was made with the landowners. Under the historic operations, August 1998 to June 2000, the previous operators had formal agreements with the landowners, including the relocation of residents from the mining lease to a purpose built relocation village. The civil unrest in 2000 led to that village being abandoned and many residents returning to the mining site.

The original landowner agreements remain valid, however new arrangements were required before operations could commence, including relocating the residents once more. The main landowner organisation, and two other landowner organisations representing residents located downstream and the owners of the tailings facility land, all signed further agreements (Subsidiary Agreements) on May 31, 2006. These Subsidiary Agreements work in conjunction with the earlier Landowner Agreements signed in 1997, and provide the basis for progressing the Gold Ridge Project. All landowners are supportive of the Gold Ridge Project returning to operation, as it will provide a royalty income to the landowners and much needed local employment- both directly and indirectly from the recommencement of operations.

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Two new village locations have been nominated by the landowners and the design and planning of the new housing and facilities is underway.

ASG acquired the Gold Ridge Project on the understanding that all relevant permits and approvals remain in place. Such permits and approvals have remained in suspension due to force majeure since the unrest of 2000, and the Solomon Islands government has signed agreements with ASG to confirm the status of all project approvals and to ensure that upon lifting of the suspension, at the time of operations recommencing, the mine will once again be fully permitted.

The Company expects to complete the BFS by November 2006 and to arrange appropriate project finance commitments by Q1 of 2007. Project finance facilities and additional equity funding requirements being in place will allow redevelopment activities to commence by Q2 2007 and operations to recommence by the end of Q4 2007. Meaningful production estimates cannot be made pending completion of the BFS.

New Drilling Program

The Company has recently commenced a limited program of 45 diamond drill holes to be completed by December 2006. These holes are intended to expand two open pit boundaries (Namachamata and Valehaichichi) through 41 holes for 3,300m and a further four holes for 1,300m as near mine exploration holes in the Charivunga Gorge area. As noted previously, two exploration holes were drilled in this area in December 2005 and returned encouraging intersection results, with both holes ending in mineralisation.

Project Financing

The Company has been working with a group of potential lending institutions for some time, each of whom are internationally renowned as specialist resource project lenders. Recently the Company has moved to formalise the terms of a mandate to one of these banks to act as lead banker for the offer of project financing facilities for the Gold Ridge Project. The Company expects to agree to an appropriate mandate in the near future and on this basis suitable financing facilities may be offered to ASG by Q1 2007.

FINANCIAL HIGHLIGHTS

As at June 30, 2006 the Company maintained a working capital deficiency of A\$5.71 million compared to a deficiency of A\$3.77million at June 30, 2005. The 2006 working capital deficiency is due to a provision for a further payment to AHAC within 12 months (2006 A\$6.18 million – 2005 Nil). The 2005 working capital deficiency included the residual amount (A\$8.64 million) payable to the Commonwealth Development Corporation (CDC) as a secured loan payable by Gold Ridge Mining Limited from the previous development funding for the Gold Ridge Project. The CDC amount was repaid as part of the acquisition payments made by the Company on August 15, 2005.

As noted above, the recently completed IPO has added C\$17.7 million (after costs of the IPO) and currently the Company is well funded with cash on hand as at September 22, 2006 of A\$ 19.94 million.

ASG reported a net loss for the 30 June 2006 year of \$3,658,820 or (\$0.10) per share (30 June 2005 year of \$674,612 or (\$0.03) per share). The increase in the net loss is primarily attributable to the fact that consultants, administration and financial expenditure has been incurred during the year resulting from the establishment of a corporate office, work undertaken regarding equity raisings and activities with regard to costs relating to the acquisition of the Gold Ridge Project.

The Company had no operating revenues in either 2005 or 2006, as it had not commenced operations, however other income was derived during the current year from the sale of redundant equipment located at the Gold Ridge project.

The most significant component of the Company's loss related to the occurrence of the following expenditure items:

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- Consultants and other professional expenses amounted to \$859,544 (\$17,176) which related to legal, accounting and audit fees resulting from the raising of pre-IPO equity in May 2006 and activities in relation to the IPO which was concluded in August 2006.
- Administration expenses for the year totalled \$1,768,012 (2005 - \$52,982) resulting from the establishment of a corporate head office including items such as salary and wages, rental on office accommodation, insurance on assets and political risk, travel and accommodation relating to financing activities and the expensing of senior management related options.
- Financial expenditure amounted to \$2,118,073 (2005 - \$160,603) which related to interest costs and the movement in foreign exchange rates on the deferred settlement liability associated with the acquisition of the JV Mine (Australia) Pty Ltd Group which previously owned the Gold Ridge Project and the unwinding of the discount applied to the rehabilitation provision.

This summary of financial highlights should be read in conjunction with the Company's audited 2006 consolidated financial statements and Management Discussion and Analysis of Financial Condition and Results of Operations, both of which are available on www.sedar.com

ASG is an innovative and well financed mineral exploration and mining company that owns the Gold Ridge Project, located on Guadalcanal in the Solomon Islands. The Gold Ridge Project previously operated for 22 months and is currently undergoing a BFS to allow recommencement of operations to commence by the end of 2007. The Gold Ridge Project is fully permitted and 100% owned by ASG.

OTHER

The Company has had prepared a technical report on its Gold Ridge Project (the "Report") that complies with NI 43-101 and is available on www.sedar.com. The Report was prepared by C Stewart Wallis, P. Geo. of Roscoe Postle Associates Inc, a Qualified Person.

Australian Solomons Gold Limited

Ron Douglas
Chief Executive Officer

For further information please refer to www.solomonsgold.com.au

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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

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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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