

For Immediate Release
Calgary, Alberta

Tuesday, July 25, 2006
TSXV Trading Symbol: SAA.A
SAA.B
15,651,568 Class A Shares
1,044,000 Class B Shares

SOLARA EXPLORATION ANNOUNCES SECOND CLOSING OF DEBENTURE FINANCING

CALGARY, ALBERTA, Tuesday, July 25, 2006 – Solara Exploration Ltd. (“Solara” or the “Company”) is pleased to announce that it has completed a second closing of a private placement of fixed rate convertible debentures (the “Financing”) for proceeds of \$606,000. In the two closings, Solara raised aggregate gross proceeds of \$2,756,000 and issued 2,756 Convertible Debentures at a price of \$1,000 per Debenture. The Debentures have a coupon of 8.5% per annum and are payable semi-annually in arrears commencing six months from closing and thereafter every six months until maturity. Each \$1,000 Debenture is convertible at the option of the holder at any time prior to the redemption date into Class A Shares of the Company at a price of \$1.50 per share. Each Debenture is accompanied by 500 detached bonus warrants which together with \$1.80 entitle the holder to purchase one Class A Share of the Company up to December 31, 2007.

The net proceeds of the Offering will be used for asset acquisitions and the drilling, development and tie-in of the Company’s oil and gas properties in western Canada. The Financing was sold pursuant to securities exemptions in the provinces of Alberta, British Columbia and Ontario. All securities issued pursuant to the Financing are subject to a four-month hold period pursuant to applicable securities legislation. Blackmont Capital Inc. of Toronto, Ontario acted as Agent on the Financing. The Agent was paid a cash fee of 7% of the gross proceeds and 7% warrants.

Solara Exploration is an emerging junior oil and gas company focused on the exploration, development and acquisition of oil and natural gas in western Canada.

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The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

Certain information regarding the Company including management's assessment of future plans and operations, may constitute forward-looking statements under applicable securities laws and necessarily involve risks associated with oil and gas exploration, production, marketing and transportation such as loss of market, volatility of prices, currency fluctuations, imprecision of reserve estimates, environment risks, competition from other producers and ability to assess sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.