



For Immediate Release
Calgary, Alberta

June 1, 2006
Common Shares Outstanding: 50,322,764

TSX Venture Exchange - symbol "AUZ"

AUSAM ENERGY ANNOUNCES MARCH 31, 2006 RESULTS

CALGARY, ALBERTA, Thursday, June 1, 2006: Ausam Energy Corporation ("Ausam" or the "Company") announces unaudited financial results for the three months ended March 31, 2006.

Operating results

	<u>3 months ended</u> <u>March 31, 2006</u>	<u>3 months ended</u> <u>March 31, 2005</u>
Revenue	\$82,077	\$41,106
Expenses:		
General and administration	\$477,663	\$637,409
Stock option expense	\$139,172	\$220,544
Depreciation and accretion	\$9,181	\$7,699
Net loss	\$543,939	\$824,546
Loss per share	\$0.01	\$0.02

General and administrative expenses were \$477,663 for the three months ended March 31, 2006 compared to \$637,409 during 2005. The reduction compared to 2005 is principally due to reduced financing and professional fees, where in 2005 expenditures were incurred with respect to the investigation of a potential corporate acquisition.

The stock option expense of \$139,172 in 2006 relates to stock granted during 2005 and 2004. No options have been granted in 2006.

Financial condition and liquidity

	<u>March 31, 2006</u>	<u>December 31, 2005</u>
Cash	\$7,840,581	\$8,634,332
Working capital	\$7,887,893	\$8,528,370
Property, plant and equipment , net	\$4,739,064	\$4,303,450
Shareholders' equity	\$12,892,422	\$13,296,822

The decrease in cash and working capital at March 31, 2006 compared to December 31, 2005 is principally the result of cash disbursed on operating expenses and drilling activities in Australia.

Before changes in non-cash working capital, during the three month period ending March 31, 2006 there was a cash outflow from operations of \$395,586 compared to a cash outflow from operations of \$596,303 during three month period ending March 31, 2005. After changes in non-cash working capital, during the three month period there was a cash outflow from operations of \$571,496 compared to a cash outflow from operations of \$1,424,828 during three month period ending March 31, 2005. The change in non-cash working capital for the three month period ending March 31, 2006 was a decrease (outflow) of \$175,910, principally reflecting an increase in prepaid expenses and a reduction in accounts payable. During the three month period ending March 31, 2006 cash inflows from financing activities consisted of \$22,636 of repayments on a loan receivable. Investing activities during the three month period ending March 31, 2006

of \$448,114 comprised drilling costs, of which \$203,223 had been previously advanced to the Company's joint venture partner in Australia.

Complete unaudited financial statements and the Management Discussion and Analysis ("MD&A") for the three month periods ended March 31, 2006 and 2005 are available on SEDAR at www.sedar.com and on the Ausam web site at www.ausamenergy.com

About Ausam

Ausam is a public company trading on the TSX Venture Exchange under the symbol AUZ and is engaged in the business of oil and gas exploration. Ausam, through its Australian subsidiary Ausam Resources Pty Ltd, is applying proven North American drilling and completion techniques that have not traditionally been used in the Australian energy industry to targets in Queensland, Victoria and Western Australia. Ausam's growth strategy includes the organic development of its current holdings and selective corporate transactions.

Mark G. Avery
Chairman, President and CEO
mavery@ausamenergy.com

Alastair J. Robertson,
Chief Financial Officer
arobertson@ausamenergy.com

Ausam Energy Corporation
1430, 1122 - 4th Street S.W.
Calgary, Alberta T2R 1M1
Tel: (403) 215-2380
Fax: (403) 206-1457
Web site: www.ausamenergy.com

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