



**For Immediate Release
Calgary, Alberta**

**May 2, 2006
Common Shares Outstanding: 50,322,764
TSX Venture Exchange - symbol "AUZ"**

AUSAM ANNOUNCES YEAR END RESULTS AND FILING OF STATEMENT OF RESERVES DATA

CALGARY, ALBERTA, Tuesday, May 2, 2006: Ausam Energy Corporation ("Ausam" or the "Company") is pleased to announce that it has filed its 2005 audited consolidated financial statements and related Management's Discussion and Analysis for the year ended December 31, 2005. Ausam has also filed its Statement of Reserves Data and Other Oil & Gas Information of the year ended December 31, 2005 pursuant to National Instrument 51-101 Standards of Disclosure for Oil & Gas Activities of the Canadian Securities Administrators. Ausam's detailed financial statements and the management, discussion and analysis for the year ended December 31, 2005 are available on Ausam's web site and also on SEDAR (www.sedar.com).

SELECTED SUMMARY FINANCIAL INFORMATION

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Revenue	\$ 337,854	\$ 49,128
General and administration	2,207,541	2,327,743
Due diligence and acquisition related expenses	1,654,125	-
Stock option expense	1,194,935	448,309
Interest	-	30,309
Asset write down	6,605,948	-
Depreciation and accretion	33,718	13,117
Net loss	\$11,358,413	\$ 2,770,711
Net loss per share (basic and fully diluted)	\$ 0.25	\$ 0.12
Total assets	\$14,029,169	\$14,671,534
Working capital	\$8,528,370	\$7,511,108
Shareholders' equity	\$13,296,822	\$14,114,466

Ausam incurred a loss for the year ended December 31, 2005 of \$11,358,413 compared to a loss of \$2,770,711 during 2004. The increased loss reflects a write down of assets during the fourth quarter of \$6,605,948 as a result of an impairment review. Other major costs and expenses during 2005 were due diligence and acquisition related expenses with respect to an unsuccessful corporate transaction, additional expenses associated with the operation of a corporate office in Calgary, Canada, the hiring in 2005 of additional staff, travel and other costs associated with financings, and \$1,194,934 of stock option expense.

During the fourth quarter of 2005 a rigorous impairment review was conducted on all of the Company's properties following the drilling results in ATP 682P and PL 71 as well as the results of the attempted farm-out of EP 23, EP 321, and EP 407 in Western Australia during 2005. The result of this review was an asset write down of \$6,733,403 to reflect revised carrying value of Company's oil and gas assets. Areas where the Company has relinquished or intends to relinquish permits have been fully written off. The asset write down principally applied to PL71 and ATP682P in the Surat/Bowen Basin in Queensland and the EP 23, EP 321, and EP 407 permits in the Perth Basin, Western Australia.

Due diligence and acquisition related expenses were \$1,654,125 and relate to the investigation and due diligence associated with a potential corporate acquisition in Australia, which was not consummated. These costs comprised independent reserve engineering fees, financing fees, legal and tax fees, fees for independent consultants and travel costs.

FOURTH QUARTER

The principal activities of Ausam during the fourth quarter of 2005 related to the completion of the Parknook-7 and Namarah-7 wells in PL71. During the quarter the principal cash outflows relate to the funding of ongoing operations and capital expenditures.

Revenue for the fourth quarter of 2005 was \$104,312 (2004 - \$31,524) and comprised interest earned on cash balances. The net loss for the fourth quarter of 2005 was \$7,432,356 (2004 - \$987,470), and included the previously discussed \$6,733,403 asset write down as a result of an impairment review following the drilling results during the year. Also included is \$263,636 of stock option expense as a result of the recognition of expense for options granted earlier in the year.

Working capital and cash flows

The working capital position at December 31, 2005 was \$8,528,370 compared to working capital of \$7,511,108 at December 31, 2004. The cash position at December 31, 2005 was \$8,634,332 compared to \$7,812,948 at December 31, 2004. The increases in both working capital and cash reflect proceeds from financings during June/July 2005, proceeds from the exercise of warrants during August 2005, offset by cash disbursed on drilling activities, operating expenses, and due diligence and acquisition related costs

Before changes in non-cash working capital, during the year ended December 31, 2005 there was a cash outflow from operations of \$3,523,812 compared to a cash outflow from operations of \$2,026,680 during the year ended December 31, 2004. This increase is due to increased operating expenses following the RTO in 2004, increased staff, the operation of two locations (Calgary and Brisbane), and funds used with respect to the investigation and due diligence associated with an unsuccessful corporate transaction. After changes in non-cash working capital, during the year ended December 31, 2005 there was a cash outflow from operations of \$3,371,967 compared to a cash outflow from operations of \$1,885,461 during the year ended December 31, 2004.

During the year ended December 31, 2005, cash inflows from financing activities consisted of \$10,554,113 net proceeds from the issue during June/July 2005 of Units at \$0.90 per Unit and the exercise of warrants. \$7,633,470 was received from the issue of Units. Each Unit comprised one common share and one half warrant to acquire one common share. \$2,920,643 was received from proceeds from the exercise of warrants in exchange for common shares at \$1.00 per share.

Investing activities during the year ended December 31, 2005 include capital expenditures of \$6,416,659, being the cost of drilling three wells: the Namarah-7 and Parknook-7 development wells in PL71 (Ausam funded 100% of the wells and has earned a 20% interest in the permit); the exploratory/development Ungabilla-1 well in ATP754P Ausam 50%); the initial costs associated with 240-km of new 2D seismic in ATP 754P (Ausam 50%); and costs for a regional geophysical and geological study of the Taroom Trough and the Company's Queensland permits in the Surat/Bowen Basin, Queensland, Australia. The regional study was performed to identify, evaluate and rank Ausam's 19 exploration targets in the Company's permits.

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.

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