



For Immediate Release
Calgary, Alberta

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Common Shares Outstanding: 50,322,764

TSX Venture Exchange - symbol "AUZ"

AUSAM ENERGY ANNOUNCES JUNE 30, 2006 RESULTS

CALGARY, ALBERTA, Monday, August 28, 2006: Ausam Energy Corporation ("Ausam" or "the Company") announces unaudited financial results for the three and six months ended June 30, 2006.

Operating results

	3 months ended <u>June 30, 2006</u>	3 months ended <u>June 30, 2005</u>	6 months ended <u>June 30, 2006</u>	6 months ended <u>June</u> <u>30, 2005</u>
Interest income	\$ 75,784	\$ 28,483	\$ 157,861	\$69,589
Expenses:				
General and administration	763,017	600,557	1,240,680	1,237,966
Stock option expense	139,172	125,649	278,344	346,193
Depreciation and accretion	9,141	5,209	18,322	12,908
Net loss	\$(835,546)	\$ (702,932)	\$ (1,379,485)	\$(1,527,478)
Loss per share	\$ (0.02)	\$ (0.02)	\$ (0.03)	\$ (0.04)

Ausam incurred a loss for the six months ended June 30, 2006 of \$1,379,485 compared to a loss of \$1,527,478 for the six months ended June 30, 2005. The loss for the three months ended June 30, 2006 was \$835,546 compared to a loss of \$702,932 for the three months ended June 30, 2005.

Interest and other income

Interest and other income was \$157,861 for the six months ended June 30, 2006, compared to \$69,589 for the six months ended June 30, 2005. Interest and other income was \$75,784 for the three months ended June 30, 2006, compared to \$28,483 for the three months ended June 30, 2005. These increases relate to Ausam having larger cash balances in 2006, following its financings in 2004 and June 2005, together with increased interest rates.

General and administrative

General and administrative expenses for the six months ended June 30, 2006 were \$1,240,680 compared to \$1,237,966 for the six months ended June 30, 2005.

During the three months ended June 30, 2006 general and administrative expenses were \$763,017 compared to \$600,577 for the three months ended June 30, 2005. The increase during 2006 compared to 2005 comprised geological and geophysical costs relating to permits that were written down as of the end of 2005 and additional costs associated with pursuing potential new farmins.

Financial condition and liquidity

	<u>March 31, 2006</u>	<u>December 31, 2005</u>
Cash	\$5,362,046	\$8,634,332
Working capital	\$5,016,076	\$8,528,370
Property, plant and equipment, net	\$6,157,899	\$4,303,450
Shareholders' equity	\$12,122,257	\$13,296,822

The decrease in both working capital and cash at June 30, 2006 compared to December 31, 2005 is principally the result of cash disbursed on operating expenses and drilling activities in Australia. Included in cash at June 30, 2006 is \$1,122,318 to be used to drill the Bellbird West-1 well during the third quarter of 2006.

Before changes in non-cash working capital, during the six months ended June 30, 2006 there was a cash outflow from operations of \$1,082,819 compared to a cash outflow from operations of \$1,168,377 during the six months ended June 30, 2005. After changes in non-cash working capital, during the six months ended June 30, 2006 there was a cash outflow from operations of \$1,109,032 compared to a cash outflow from operations of \$1,978,438 during the six months ending June 30, 2005. The change in non-cash working capital for the six months ended June 30, 2006 was a decrease (outflow) of \$26,213, principally reflecting an increase in prepaid expenses and a reduction in accounts payable.

During the six months ended June 30, 2006 cash inflows from financing activities consisted of \$266,221 of repayments on the loan receivable.

Investing activities during the six months ended June 30, 2006 of \$2,429,475 comprised capital expenditures of \$1,951,531 (being drilling costs of the Kyeen Creek-1 well, completion costs of the Ungabilla -1 well, initial set up costs on the Bellbird West-1 well, and seismic costs with respect to ATP754P and ATP471P) and \$477,943 advanced to the Company's joint venture partners in Australia in preparation for future drilling.

Complete unaudited financial statements and the Management Discussion and Analysis ("MD&A") for the three and six month periods ended June 30, 2006 and 2005 are available on SEDAR (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.

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