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**For Immediate Release
Calgary, Alberta**

**September 22, 2006
Common Shares Outstanding: 50,322,764**

TSX Venture Exchange - symbol "AUZ"

**AUSAM ANNOUNCES PROPOSED EXPANSION INTO THE UNITED STATES AND
PROPOSED PRIVATE PLACEMENT**

CALGARY, ALBERTA. Ausam Energy Corporation ("Ausam" or the "Company") is pleased to announce that on September 22, 2006, Ausam and SKH Management L.P., SKH Management II L.P., SKH Management III LLC., SKH Energy Fund, L.P., and Antares Exploration Fund, L.P., (collectively, "SKH") entered into an arm's length agreement (the "Acquisition Agreement") whereby Ausam will, subject to certain conditions of closing, acquire SKH's leasehold rights to certain oil and gas properties in Texas, Louisiana, Mississippi, Alabama and Arkansas (the "Leases"), in exchange for up to US\$ 35 million, to consist of 63,417,143 common shares of Ausam and up to US \$15 million in cash (the "Transaction").

Transaction Summary

The Leases comprise 18 diverse, drill-ready oil and gas prospects (the "Prospects") located on approximately 60,000 gross acres (46,500 net acres) in the onshore Gulf Coast region of the United States. Ausam proposes to acquire the Leases on the following major terms and conditions:

1. Ausam will issue 63,417,143 common shares of Ausam at a deemed value of CDN \$0.35 per common share and pay SKH cash consideration of up to US \$15 million;
2. as a condition to closing of the Transaction, Ausam is required to raise a minimum of US \$45 million (and up to a maximum of US \$60 million) by way of private placements (the "Financing") on terms acceptable to the Company in order to finance the cash portion payable under the Acquisition Agreement and the drilling and development program associated with the Leases;
3. the closing of the Transaction is anticipated to take place in early December, 2006;
4. concurrently with closing of the Transaction, Ausam will enter into a Participation and Right of First Offer Agreement with SKH (the "Participation Agreement") providing SKH with a 25% back-in right, all as described below; and
5. closing of the Transaction is subject to applicable regulatory and shareholder approvals, including the approval of the TSX Venture Exchange (the "TSXV").

The Transaction and Financing will be submitted to Ausam's shareholders for approval at an Annual and Special Meeting of Shareholders expected to be held in November, 2006.

Mark G. Avery, President and CEO of Ausam, describes the Transaction as "...providing the Company with the opportunity to diversify its exploration initiatives by securing 18 prospects, contained in approximately 46,500 net lease acres located in the onshore Gulf Coast region of the United States. Ausam was provided this opportunity because of the strong relationships that the Company maintains with its founding shareholders in Texas. Although Ausam is pursuing these new U.S. opportunities, the Company remains committed to its operations in Australia, and existing funds in Ausam will continue to be dedicated to the current drilling program in progress in Queensland, Australia."

In its deliberations, the board of directors of Ausam considered the results of their internal due diligence, the opinion of independent geological consultants, the results of a consultant engineering report and that the majority of the Leases being acquired are near or adjacent to existing producing fields or areas. Based upon preliminary information, the Company believes that several of the prospects and leads may have the potential to be high impact wells which could provide significant value to the Company.

The Participation Agreement

The Participation Agreement provides Ausam 36 months to either: i) fund 100% of the cost of drilling one well in each of the 18 Prospects to the objective depth as specified in the Acquisition Agreement (the "Test Well") or; ii) sell each of the Prospects. After 36 months, any Prospect that Ausam has not sold and that does not have a Test Well must be assigned back to SKH. At the time of spud of the Test Well, 25% of Ausam's interest in that particular Prospect (outside of the area determined to be the Test Well unit) will be transferred back to SKH.

Within the Test Well unit, 100% of the cash flow from the Test Well will be retained by Ausam until it has recovered certain costs which include the portion of the cash purchase price that has been allocated to the Prospect, dry hole costs, completion costs and surface facilities ("First Payout"). After First Payout, 80% of the cash flow from the Test Well will be retained by Ausam until it has recovered the portion of the purchase price allocated to the Prospect that was paid in shares ("Second Payout"). After Second Payout, 75% of the cash flow from the Test Well will be retained by Ausam.

The Participation Agreement also provides Ausam with a right of first offer on any sale of the SKH back-in interests to outside parties and a right of first offer on any sale of new prospects that SKH generates in the 36 months following closing of the Transaction.

About SKH and the Leases

SKH Management L.P., SKH Management II L.P., SKH Energy Fund, L.P., and Antares Exploration Fund, L.P. are all Delaware limited partnerships and SKH Management III LLC. is a Delaware limited liability company. All of the limited partnerships share a common general partner the principals of which are Paul Joseph Sigmund, Keith Durwood Hatch, Michael Ray Lance and George William Hugo, Jr. All of the SKH entities are engaged in the business of identifying and acquiring interests in oil and natural gas properties and developing prospects on those properties in the United States.

The Leases being acquired are located in Texas, Louisiana, Mississippi, Alabama and Arkansas and represent an aggregate of approximately 60,000 gross acres (approximately 46,500 net acres). The Company has retained GLJ Petroleum Consultants ("GLJ") to, among other things, provide an opinion as to the potential value of the Leases. Their report, which is expected to be complete early next week, will comply with all securities law and TSXV requirements. Upon the completion of GLJ's report the Company will issue a further news release.

Projected Capitalization

Ausam anticipates that after giving effect to the share issuances contemplated by a successful completion of the Financing and the overall Transaction, SKH will own greater than 20% of the common shares of Ausam and new shareholders (including SKH) will own greater than 50% of the common shares of Ausam. However, the current directors and officers of Ausam will remain in office after closing of the Transaction.

Expenses Private Placement

In order the fund start up costs in the United States, Ausam intends to complete a private placement (the "Private Placement") of up to 4,375,000 units at a price of CDN \$0.40 per unit (the "Units") for total proceeds of CDN \$1,750,000. Each Unit will consist of one common share in the capital of Ausam and a warrant ("Warrant") exchangeable for one common share of Noram Resources, Inc. at no extra cost if the overall Transaction should fail to close prior to January 31, 2007.

Noram Resources, Inc. is a wholly owned subsidiary of Ausam that, as a condition to closing the Private Placement, will own 20% of one of the Leases. If all of the Warrants are exchanged according to their terms the holders of the Warrants will become the owners of all of the issued and outstanding shares of Noram.

The terms and conditions of the Private Placement are subject to the approval of the TSXV.

Sponsorship

The Company intends to apply for an exemption from the TSXV sponsorship requirements, which exemption may or may not be granted by the TSXV.

Cautions Regarding the Transaction

Completion of the Transaction is subject to a number of conditions, including, but not limited to, completion of the Financing, obtaining shareholder approval and obtaining TSXV approval. The transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the information circular to be prepared in connection with the Transaction any information released in connection with the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Ausam should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Cautions Regarding Forward-Looking Statements

Forward-looking statements (often, but not always, identified by the use of words such as "expect", "may", "could", "anticipate" or "will" and similar expressions) may describe expectations, opinions or guidance that are not statements of fact. Forward-looking statements are based upon the opinions,

expectations and estimates of management of Ausam as at the date the statements are made and are subject to a variety of known and unknown risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. Those factors include, but are not limited to risks, uncertainties and other factors that are beyond the control of Ausam, including completion of the proposed Transaction, risks associated with the oil and gas industry, commodity prices and exchange rate changes, operational risks associated with exploration, development and production operations, delays or changes in plans, risks associated with the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses. In light of the risks and uncertainties associated with forward-looking statements, readers are cautioned not to place undue reliance upon forward-looking information. Assumptions relating to certain forward-looking information contained in this press release are set out herein. Forward-looking information relating to the timing of certain critical events associated with the Transaction and Financing are based upon covenants, representations and warranties contained in the Acquisition Agreement. Although Ausam believes that the expectations reflected in the forward-looking statements set out in this press release or incorporated herein by reference are reasonable, it can give no assurance that such expectations will prove to have been correct. The forward-looking statements of Ausam contained in this press release, or incorporated herein by reference, are expressly qualified, in their entirety, by this cautionary statement.

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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