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**For Immediate Release
Calgary, Alberta**

**October 3, 2006
Common Shares: 54,697,764**

TSX Venture Exchange - symbol "AUZ"

AUSAM ANNOUNCES CLOSING OF CDN \$1.75 MILLION PRIVATE PLACEMENT

CALGARY, ALBERTA. Tuesday October 3, 2006. Ausam Energy Corporation ("Ausam" or the "Company") is pleased to announce the closing of the private placement (the "Private Placement") previously announced on September 22, 2006. Pursuant to the Private Placement, the Company issued 4,375,000 units (the "Units"), at a price of CDN \$0.40 per Unit, to arms' length purchasers for total gross proceeds of CDN \$1,750,000. Each Unit consists of one common share in the capital of the Company and one warrant ("Warrant") exchangeable for one common share of Noram Resources, Inc. ("Noram") at no extra cost should the acquisition announced on September 22, 2006, involving the Company, 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") (the "Transaction") fail to close on or prior to January 31, 2007. Proceeds of the Private Placement are to be used to fund the Transaction as well as to complete the final title work, permitting and drill site preparations necessary for the first six to eight wells in advance of the proposed drilling program.

The common shares and Warrants issued pursuant to the Private Placement are subject to a hold period that expires on February 3, 2007.

Noram Resources, Inc. ("Noram") is a wholly owned subsidiary of Ausam that, as a condition of closing of the Private Placement, was assigned a 20% interest in one of the leases to be acquired from SKH as part of the Transaction. If the transaction is successfully completed prior to January 31, 2007, Noram will remain a wholly owned subsidiary of Ausam and the Warrants will automatically expire. If the Transaction fails to close prior to January 31, 2007, all of the Warrants will automatically be exchanged according to their terms and the holders of the Warrants will become the owners of all of the issued and outstanding shares of Noram.

Sponsorship Exemption

The Company has been granted an exemption from the TSX Venture Exchange ("TSXV") sponsorship requirements in respect of the Transaction.

Cautions Regarding Forward Looking Statements

The information in this news release includes certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward looking statements. These statements are based upon assumptions that are subject to significant risks and uncertainties.

Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance may differ materially from those anticipated and indicated by these forward looking statements. Although the Company believes that the expectations reflected in forward looking statements are reasonable, it can give no assurances that the expectations of any forward looking statements will prove to be correct. The Company disclaims any intention and assumes no obligation to update or revise any forward looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward looking statements or otherwise.

About Ausam

Ausam is a public company trading on the TSXV 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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The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction. The securities to be issued pursuant to the Initial Private Placement by Ausam have not and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state of the United States, and may not be offered or sold in the United States absent registration or an applicable exemption therefrom under the 1933 Act and the securities laws of all applicable states.