

# AUSAM ENERGY CORPORATION

For Immediate Release

Calgary, Alberta

(TSX Venture Exchange - symbol "AUZ")

August 30, 2005

Common Shares Outstanding: 50,175,451

## AUSAM ENERGY ANNOUNCES JUNE 30, 2005 RESULTS

CALGARY, ALBERTA, Tuesday, August 30, 2005: Ausam Energy Corporation ("Ausam" or "the Company") announces unaudited financial results for the three and six months ended June 30, 2005.

On July 30, 2004, Ausam, through a reverse takeover, acquired all of the outstanding shares of Ausam Resources Pte Ltd ("ARL"), an Australian unlisted public oil and gas company. The acquisition of ARL has been accounted for as a reverse takeover of Ausam by ARL, and as a result financial statements of the Company treat ARL as the acquiring company. Unaudited results for Ausam for the period ended June 30, 2005 are summarized as follows:

### Operating results

	<b>3 months ended <u>June 30, 2005</u></b>	3 months ended <u>June 30, 2004</u>	<b>6 months ended <u>June 30, 2005</u></b>	6 months ended <u>June 30, 2004</u>
Interest income	<b>\$28,483</b>	\$1,169	<b>\$69,589</b>	\$6,502
Expenses:				
General and administration	<b>600,557</b>	351,491	<b>1,237,966</b>	982,290
Stock option expense	<b>125,649</b>	-	<b>346,193</b>	-
Interest	-	-	-	31,448
Depreciation and accretion	<b>5,209</b>	4,237	<b>12,908</b>	4,237
Net loss	<b>\$(702,932)</b>	\$(354,559)	<b>\$(1,527,478)</b>	\$(1,011,474)
Loss per share	<b>\$ (0.02)</b>	\$(0.02)	<b>\$ (0.04)</b>	\$(0.06)

General and administrative costs include the costs of additional staff in both the Calgary and Brisbane offices. The non-cash stock option expense of \$346,193 for the six-month period ending June 30, 2005 was recorded as a result of granting stock options during the period and options granted in 2004.

### Financial condition and liquidity

	<b><u>June 30, 2005</u></b>	<u>December 31, 2004</u>
Cash	<b>\$7,430,803</b>	\$7,812,948
Working capital	<b>\$7,458,824</b>	\$7,511,108
Shareholders' equity	<b>\$19,295,842</b>	\$14,114,466
Capital expenditures during period	<b>\$4,228,194</b>	\$2,845,121
Property and equipment, net	<b>\$9,725,570</b>	\$5,652,395

The small decreases in both working capital and cash reflect proceeds from financings during May and June, offset by cash disbursed on operating expenses, drilling activities in April and May 2005, deferred costs and funds advanced to an Australian drilling contractor as a deposit against future drilling expenses.

During the six month period ending June 30, 2005 cash inflows from financing activities consisted of \$6,397,074 in net proceeds from issue of common shares and common share warrants at \$0.90 per Unit (each "Unit" comprised one common share and one half-share purchase warrant where each warrant entitles the holder to acquire one common share at a price of \$1.20 until December 1, 2006). In addition \$110,000 was received from the exercise of warrants in exchange for common shares at \$1.00 per share.

Since June 30, 2005, 1,383,889 common shares and 691,944 common share warrants at \$1.20 per common share have been issued in private placements, and in addition 2,662,443 common shares were issued through the exercise of warrants at \$1.00 per share..

Complete unaudited financial statements and the Management Discussion and Analysis ("MD&A") for the three and six month periods ended June 30, 2005 and 2004 are available on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Ausam web site at [www.ausamenergy.com](http://www.ausamenergy.com)

**About Ausam**

Ausam is a public company trading on the TSX Venture Exchange under the symbol AUZ. Ausam, through its Australian subsidiary Ausam Resources Pty Ltd (“ARL”), is engaged in the business of oil and natural gas development and exploration in Queensland, Victoria and Western Australia. Since 1999, ARL has identified, assessed and acquired acreage on prospects onshore Australia. Ausam's growth strategy includes the organic development of its current holdings and selective corporate transactions. Ausam presently has permit interests over approximately 3.4 million gross (2.1 million net) acres of exploration lands onshore Australia.

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