



## **AUSAM ENERGY CORPORATION**

**For Immediate Release**  
**Calgary, Alberta**  
**(TSX Venture Exchange - symbol "AUZ")**

**December 19, 2005**  
**Common Shares Outstanding: 50,322,764**

### **AUSAM ENERGY ANNOUNCES NAMARAH-7 STATUS**

CALGARY, ALBERTA, Monday, December 19, 2005: Ausam Energy Corporation ("Ausam" or the "Company") is pleased to provide an update on its activities in the Surat/Bowen Basin in Queensland, Australia.

#### **Namarah-7 Well (PL 71)**

Drilling operations on Namarah-7 have been suspended until directional equipment and personnel are available to complete the well, which is expected to occur during the first quarter of 2006.

President and CEO Mark Avery stated, "With the new knowledge that we have acquired from our experience at the Namarah-7 well, we have a much better understanding of what to expect from drilling these Triassic formations underbalanced and as a result the Company is better equipped to manage future drilling operations. We are encouraged by the fact that gas continued to come to surface during fishing and conditioning operations, and continue to firmly believe in the application of underbalanced drilling in these tight gas reservoirs.

Ausam remains optimistic that we will effectively prove up reserves and begin production from the target zones and have several opportunities to apply this proven technique at wells planned for the coming months. In addition to permits where Ausam already has an interest, the Company is also evaluating a number of farmin opportunities where Ausam would take over operatorship. Given the Company's strong current cash position, Ausam is looking forward to an active drilling program in 2006."

The Namarah-7 well had reached 2206-m and had flowed gas to surface at 0.60 MMcf/d on a ½ inch choke from the Triassic Showgrounds and Rewan sandstones. Prior to drilling the primary reservoir, the Triassic Basal Rewan, coil tubing unit (CTU) equipment failure and subsequent loss of the bottom hole assembly (BHA) led to the suspension of drilling pending equipment repairs and BHA retrieval. A workover rig recovered the BHA in mid-December 2005 and continued to condition and clean the well in preparation for drilling the primary objective underbalanced with a CTU.

Though gas continued to come to surface during BHA recovery and well bore conditioning, hole stability could not be maintained from 2187-m through 2197-m as debris caving from the Rewan continued to re-fill the well bore directly above the objective horizon. Upon arrival of directional drilling equipment and personnel during the first quarter of 2006, a sidetrack will be drilled in order to penetrate all three target zones vertically underbalanced.

Namarah-7 is located in PL 71, a production license that is 33,000 acres (52 sections) and is operated by Origin. Ausam has earned a 20% interest in PL 71 and can elect to earn an additional 10% interest in the permit by spending an additional A\$1.0 million through the drilling, completion, and connection of additional wells.

## **Drilling Plans**

Ausam currently has approximately \$10 million in cash and other working capital to apply to its drilling program and operations, and is evaluating other drilling opportunities in the Surat/Bowen Basin, its core area.

In January 2006, Ausam's joint venture partner, Origin Energy CSG Limited ("Origin"), will begin drilling the Kyeen Creek-1 commitment / exploration well in ATP 470P in the Surat/Bowen Basin (ATP 470P: Ausam 35.0%, Santos 6.5%, and Origin operator with 58.5%). After drilling the Kyeen Creek-1 well, Ausam will have earned 45% in permit ATP 470P. The Ungabilla-1 well (ATP 754P: Ausam 50%, Origin operator with 50%) is expected to be re-entered and tested underbalanced during the first quarter of 2006. Additional wells are planned at PL 71 and through farmin, and will be announced at the appropriate time.

Ausam has undertaken to secure operational independence and to coordinate and contract the equipment and personnel necessary to implement a more aggressive drilling program for 2006. Australia suffers from a severe shortage of equipment and trained personnel; only 132 wells were drilled onshore during 2004 and approximately 140 wells are forecasted to be drilled onshore during 2005. Additionally, there are only 18 land rigs available of which only a few are suitable to Ausam's requirements and, as the Company discovered during 2005, there is a very limited range of spare parts and components for underbalanced drilling equipment. Ausam has been proactive in addressing the challenges inherent to operations in Australia and is organizing a more coordinated drilling and service company effort in support of the Company's planned well program for 2006.

## **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, is engaged in the business of oil and natural gas development and exploration in Queensland, Victoria and Western Australia. Ausam is applying proven North American exploration technologies in Australia that have not traditionally been used to explore and/or produce hydrocarbons in the Australian energy industry. 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.

For further information, please contact:

Mark G. Avery  
Chairman, President and CEO  
[mavery@ausamenergy.com](mailto:mavery@ausamenergy.com)

Alastair J. Robertson,  
Chief Financial Officer  
[arobertson@ausamenergy.com](mailto:arobertson@ausamenergy.com)

Ausam Energy Corporation  
1430, 1122 - 4th Street S.W.  
Calgary, Alberta T2R 1M1  
Tel: (403) 215-2380  
Fax: (403) 206-1457  
Web site: [www.ausamenergy.com](http://www.ausamenergy.com)

*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. This news release may contain forward-looking information. Actual future results may differ materially from those contemplated.*