



**For Immediate Release**  
**Calgary, Alberta**

**March 14, 2006**  
**Common Shares Outstanding: 50,322,764**

**TSX Venture Exchange - symbol "AUZ"**

**AUSAM ENERGY ANNOUNCES UPDATE ON LOY YANG-2 WELL**

CALGARY, ALBERTA, Tuesday, March 14, 2006: Ausam Energy Corporation ("Ausam" or the "Company") is pleased to provide an update on its activities in Australia.

Drilling continues on the Loy Yang - 2 exploration/commitment well located at PEP 166 in the Onshore Gippsland Basin in Victoria. The well has been drilled to approximately 1,100 metres and cores have been taken throughout the drilling process. The operator of the well has reported in Australia some minor oil and gas shows at different depths of the well. Further testing will be required before any conclusions can be reached on the results to date. The well is expected to reach TD of 1,200 metres in the next few days.

The operator is Petro Tech, a subsidiary of Lakes Oil NL ("Lakes"). Ausam has a 50% interest in PEP 166, an 877,000 acre permit. Ausam has elected to reduce its percentage interest from 50% to 25% in an 8,650-acre envelope (the "Loy Yang Block") covering the Loy Yang Dome prospect in exchange for Lakes funding 100% of the costs to drill, fracc, test and complete the well. Ausam will retain its 50% interest in the remainder of PEP 166.

**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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