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**For Immediate Release
Calgary, Alberta**

**December 21, 2006
Common Shares Outstanding: 54,697,769**

TSX Venture Exchange - symbol "AUZ"

AUSAM ANNOUNCES AMENDMENT TO ASSET PURCHASE AGREEMENT

Ausam Energy Corporation ("**Ausam**" or the "**Company**") is pleased to announce that it has entered into an Amendment to Asset Purchase Agreement (the "**Amending Agreement**") in connection with the previously announced proposed acquisition of certain oil and gas leases in Texas, Louisiana, Mississippi, Alabama and Arkansas (the "**Leases**") from 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**") for an aggregate purchase price of approximately US\$35 million (the "**Purchase Price**") with the Purchase Price being comprised of cash consideration of up to US\$15 million and 63,417,143 common shares of Ausam (collectively, the "**Transaction**"). The Company must raise a minimum of US\$45 million as one of the conditions of closing of the Transaction. The asset purchase agreement dated effective September 22, 2006 (the "**Asset Purchase Agreement**") provided that all transactions contemplated thereby must occur prior to December 31, 2006. Pursuant to the terms of the Amending Agreement the date by which the closing of the transactions contemplated in the Asset Purchase Agreement must occur has been extended to January 15, 2007.

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 approval and completion of the 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 are based upon covenants, representations and warranties contained in the acquisition agreement relating to the Transaction. 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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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 securities of Ausam in any jurisdiction. The securities to be issued pursuant to the 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.