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**For Immediate Release  
Calgary, Alberta**

**January 2, 2007  
Common Shares Outstanding: 54,697,769**

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

**AUSAM ENERGY CORPORATION SHAREHOLDERS APPROVE SKH ACQUISITION, RELATED FINANCING AND SHARE CONSOLIDATION.**

CALGARY, ALBERTA, Tuesday, January 2,, 2007; Ausam Energy Corporation ("Ausam" or the "Company") is pleased to announce that, on December 28, 2006 at the annual and special meeting of the shareholders of Ausam, the shareholders approved all matters brought to the shareholders for approval. In excess of 99.5 % of votes cast voted in favour of all resolutions brought to the shareholders.

At the meeting the following matters were approved:

**1. Acquisition of SKH Properties:**

The 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 valued at approximately US\$20 million (collectively, the "Transaction").

The Company must raise a minimum of US\$45 million (the "Financing") as one of the conditions of closing of the Transaction. The asset purchase agreement, as amended, provides that all transactions contemplated thereby must occur prior to January 15, 2007, unless as otherwise agreed.

**2. Financings:**

The issuance of up to 231,417,143 common shares of Ausam pursuant to the Transaction and related financing thereof.

**3. Share consolidation:**

The consolidation of the common shares of the Company on a four for one basis.

#### **4. Appointment of directors:**

The appointment of the following directors: Mark G. Avery, Chairman, President, Chief Executive Officer, Keith C. Hill, Richard G. Lummis, Executive Vice President, Graeme G. Phipps and Alastair J. Robertson, Chief Financial Officer and Corporate Secretary.

Mark G. Avery, Chairman, President, and Chief Executive Officer of Ausam, said, "We are gratified by the overwhelming support of our shareholders for the Gulf Coast initiative and look forward to a very active drilling program in 2007. The acquisition of 19 drill-ready prospects in different play types and ranging from an estimated 3 Bcf to 550 Bcf of prospective resources is a significant advance for Ausam and would be an impressive portfolio even for a much larger company. We will be issuing further updates on the results of the Financing and our drilling plans soon."

#### **Cautions Regarding Forward-Looking Statements and Resource Estimates**

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 is 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.

Prospective resource estimates contained herein are based on internal estimates by Ausam and are based on seismic data, analogy to nearby wells, and geological interpretation. No oil and gas production is currently obtained from any of the Leases.

In addition, readers are cautioned that all references to BOEs in all news releases of the Company may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on approximate energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

#### **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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*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.*