

AUSAM ENERGY CORPORATION

For Immediate Release
Calgary, Alberta

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Common Shares Outstanding: 38,506,835

(TSX Venture Exchange – symbol “AUZ”)

AUSAM ANNOUNCES TIMING OF DRILLING, INCREASED DRILLING PROGRAM AND RIG AGREEMENT

CALGARY, ALBERTA, Tuesday, April 5, 2005: Ausam Energy Corporation (“Ausam” or the “Company”) is pleased to announce the upcoming commencement of drilling in the Surat/Bowen Basin of eastern Australia, an increase in the number of wells planned for 2005 and an agreement for securing a dedicated drilling rig for initially approximately one year. In addition, the Company announces plans for additional financing related to its expanded 2005 spending plans.

Drilling ready to commence

Drilling is ready to commence on Ausam’s 2005 drilling program. The Namarah-7 development well in PL71, Queensland, Australia will be the first well in the program. The site is fully prepared, the rig is on location and drilling will commence following final inspections.

Origin Energy Limited (“Origin”), Ausam’s joint venture partner in and operator of PL 71, ATP754P and ATP 470P, all located in Queensland, Australia, has contracted Century Drilling Ltd’s rig 7 to drill the Namarah-7 and Parknook-7 gas development wells in PL 71, and the Ungabilla-1 exploratory/commitment well in ATP 754P during April and May 2005.

The Century-7 rig will conventionally drill the up hole section of the Namarah-7 and the Parknook-7 gas development wells. A coiled tubing unit will subsequently be used to drill underbalanced into the Triassic Showgrounds and Rewan reservoirs of both wells. Drilling to the proposed up hole depth of 2,200 metres is expected to take approximately 10 days for the Namarah-7 well. Results from the wells are expected by the end of May 2005, with results from the coiled tubing completion to follow in June 2005. Ausam will fund 100% of the Namarah-7 and Parknook-7 development wells and will own an initial 20% interest in the permit after the expenditure of AU\$3.0 million.

The PL 71 licence, which contains the producing Parknook and Namarah fields, is a 33,112 acre (52 section) permit located in the Surat Basin of Queensland, Australia. Ausam will earn up to a 30% interest in the permit through the expenditure of approximately \$5 million.

Following the completion of the Namarah-7 well, in April 2005 the Century-7 rig will drill the Parknook-7 gas development well in PL 71 and the Ungabilla -1 exploration/commitment well in ATP 754P. The Ungabilla well will be drilled conventionally to test the Tinowon sands. Ausam will fund 50% of the well and owns 50% interest in the permit.

Dedicated rig

In order to facilitate the Company’s proposed accelerated drilling program in the Surat Basin in Australia, Ausam has entered into an agreement with an Australian drilling contractor whereby the contractor will relocate a rig and commit the rig to drill additional PL 71 development wells planned for the remainder of 2005 and into 2006. This agreement ensures the continuous availability of a rig during a period of rig shortages in Australia. In addition, efficiencies from having a dedicated rig drilling in a defined area are expected to reduce average well costs.

Increased drilling program

As a result of securing a dedicated rig, the Company has increased its 2005 drilling program and now proposes to drill eight development wells in PL 71 during 2005 (compared to the original five proposed wells) plus a new exploration/commitment well in ATP754P. All of the proposed development wells are close (one to three kilometers) to gathering systems that will link production to processing facilities, pipelines, and markets. All PL 71 wells must be approved by the Joint Venture.

The revised proposed 2005 drilling plans for Ausam are now as follows:

Prospect	Ausam ownership	Ausam capital commitment (Can \$)	Drilling date	Rig status
Namarah-7 (PL 71)	30%	\$2,050,000	April	Contracted
Ungabilla-1 (ATP 754P)	50%	\$1,375,000	April/May	Contracted
Parknook-7 (PL 71)	30%	\$2,050,000	April/May	Contracted
Coiled tubing completion			April/May	
Parknook-8 (PL 71)	30%	\$1,430,000	June	Proposed
Namarah-8 (PL 71)	30%	\$450,000	July	Proposed
Parknook-9 (PL 71)	30%	\$450,000	July	Proposed
Namarah-9 (PL 71)	30%	\$450,000	August	Proposed
Coiled tubing completion			August/September	
Namarah-10 (PL 71)	30%	\$450,000	October	Proposed
Parknook-10 (PL 71)	30%	\$450,000	November	Proposed
Coiled tubing completion			November/December	
Kyeen Creek-1 (ATP 470P)	45%	\$2,250,000	December/Jan 2006	Contracted
Total		\$11,405,000		

Financing

In order to finance the accelerated 2005 drilling program, fund a deposit to secure the additional rig and fund approximately \$1.25 million of seismic in the Surat Basin, Ausam is currently exploring a private placement financing in Canada, the USA and Europe.

About Ausam

Ausam is a public company trading on the TSX Venture Exchange under the symbol AUZ. Ausam, through its Australian subsidiary Ausam Resources Limited (“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 presently owns interests on its approximately 3.6 million gross (2.3 million net) acres of exploration lands onshore Australia.

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Unless otherwise indicated, all financial information is provided in Canadian dollars.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release. This news release reflects management's plans and expectations regarding its operations, performance and prospects. This news release contains forward-looking information. Management's plans may change without notice. Actual future results may differ materially from those contemplated.