

AUSAM ENERGY CORPORATION

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

May 31, 2005
Common Shares Outstanding: 41,669,585

AUSAM ENERGY ANNOUNCES MARCH 31, 2005 RESULTS

CALGARY, ALBERTA, Tuesday, May 31, 2005: Ausam Energy Corporation ("Ausam" or the "Company") announces unaudited financial results for the three months ended March 31, 2005.

On July 30, 2004, Ausam, through a reverse takeover, acquired all of the outstanding shares of Ausam Resources Limited ("ARL"), an Australian unlisted public oil and gas company. The acquisition of ARL has been accounted for as a reverse takeover of Ausam by ARL, and as a result financial statements of the Company treat ARL as the acquiring company. Unaudited results for Ausam for the quarter ended March 31, 2005 are summarized as follows:

Operating results

	3 months ended March 31, 2005	3 months ended March 31, 2004
Revenue	\$41,106	\$3,245
Expenses:		
General and administration	637,409	626,966
Stock option expense	220,544	-
Interest	-	31,448
Depreciation and accretion	7,699	1,746
Net loss	\$(824,546)	\$(656,915)
Loss per share	\$ (0.02)	\$ (0.04)

General and administrative costs include the costs of additional staff in both the Calgary and Brisbane offices. The non-cash stock option expense of \$220,544 was recorded as a result of granting stock options during the period.

Financial condition and liquidity

	March 31, 2005	December 31, 2004
Property, plant and equipment, net	\$5,891,437	\$5,652,395
Cash	\$3,664,046	\$7,812,948
Working capital	\$4,190,732	\$7,511,108
Shareholders' equity	\$13,514,787	\$14,114,466

The decrease in both working capital and cash compared to December 31, 2004 is principally the result of funds advanced for drilling activities in April and May 2005, capital expenditures, funds advanced to an Australian drilling contractor as a deposit to secure a dedicated drilling rig, and cash disbursed on operating expenses. The Company elected to pre-emptively secure a dedicated rig for the balance of the proposed 2005 drilling program given the chronic rig shortages in Australia.

On May 20, 2005 the Company announced a private placement of up to \$8 million. The placement will consist of units at \$0.90 per unit to a maximum of \$8,000,000. Each unit comprises one common share and one half of one common share purchase warrant where each warrant entitles the holder to acquire one common share at a price of \$1.20 per share at any time until December 1, 2006. Final closing of the private placements is expected on or about June 10, 2005. The funds will be used to finance the Company's previously announced oil and gas development and exploration program in Queensland, Australia. The Company may increase the private placement offering to up to \$12 million.

Since March 31, 2005, 3,052,750 common shares, and 1,526,375 common share warrants at \$1.20 per common share have been issued.

Complete unaudited financial statements and the Management Discussion and Analysis ("MD&A") for the three month periods ended March 31, 2005 and 2004 are available on SEDAR (www.sedar.com) and on the Ausam web site at www.ausamenergy.com

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's growth strategy is through organic development and exploration as well as corporate transactions in Australia. Ausam presently owns interests on its approximately 3.6 million gross (2.3 million net) acres of exploration lands onshore Australia.

For further information, please contact:

Mark G. Avery,
Chairman, President and CEO
mavery@ausamenergy.com

Alastair Robertson,
Chief Financial Officer
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

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.