

AUSAM ENERGY CORPORATION

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Reporting Issuer:

Ausam Energy Corporation
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(hereinafter referred to as "Ausam")

2. Date of Material Change:

October 19, 2008

3. News Release:

On October 19, 2008, Ausam announced an early warrant exercise incentive program (the "**Program**") designed to encourage the exercise of up to 8,701,132 common share purchase warrants (the "**Warrants**") of Ausam.

4. Summary of Material Change:

The Program will be open for a 30-day period, which will commence on October 20, 2008, and end on November 18, 2008 (the "**Early Warrant Exercise Period**"). During the Early Warrant Exercise Period, existing holders of Warrants may exercise their Warrants at a discounted price of US\$1.50 per Warrant.

Each Warrant exercised in accordance with the terms of the Program will entitle the exercising holder to receive one common share in the capital of Ausam ("**Common Shares**") and one-half of one Common Share purchase warrant (the "**Incentive Warrants**"). Each whole Incentive Warrant will have a term of five years and will entitle the holder to purchase one Common Share (i) at a price of US\$1.50 for the first two years of its term; (ii) at a price of US\$1.65 in the third year of its term; (iii) at a price of US\$1.82 in the fourth year of its term; and (iv) at a price of US\$2.00 in the fifth year of its term.

The Incentive Warrants and any Common Shares issuable on the exercise thereof will be subject to a four month hold period commencing on the date of issuance of the Incentive Warrants pursuant to Canadian Securities laws. All Common Shares issuable pursuant to exercises of the Warrants, all Incentive Warrants and all Common Shares issuable on the exercise thereof will be subject to a hold period pursuant to United States securities laws, regardless of the jurisdiction of residence of the holder.

5. **Full Description of Material Change:**

See the press release attached hereto as Schedule "A" for a full description of the material change.

6. **Reliance on Section 7.1(2) or (3) of National Instrument 51-102:**

N/A

7. **Omitted Information:**

No material information has been omitted from this report.

8. **Executive Officer:**

For further information, please contact Mr. Mark Avery, President and Chief Executive Officer, at (832) 678-2200.

9. **Date of Report:**

Dated at Calgary, Alberta, this 19th day of October, 2008.

SCHEDULE "A"

AUSAM ENERGY CORPORATION

For Immediate Release

October 19, 2008

TSX Venture Exchange – Symbol "AZE"
OTC Bulletin Board – Symbol "ASMEF"

AUSAM ENERGY CORPORATION ANNOUNCES EARLY WARRANT EXERCISE INCENTIVE PROGRAM

Calgary, Alberta – Ausam Energy Corporation ("**Ausam**" or the "**Company**") is pleased to announce that the TSX Venture Exchange ("**TSXV**") has conditionally approved an early warrant exercise incentive program (the "**Program**") designed to encourage the exercise of up to 8,701,132 common share purchase warrants (the "**Warrants**") of Ausam. The Program will be open for a 30-day period, which will commence on October 20, 2008, and end on November 18, 2008 (the "**Early Warrant Exercise Period**"). During the Early Warrant Exercise Period, existing holders of Warrants may exercise their Warrants at a discounted price of US\$1.50 per Warrant.

Each Warrant exercised in accordance with the terms of the Program will entitle the exercising holder to receive one common share in the capital of Ausam ("**Common Shares**") and one-half of one Common Share purchase warrant (the "**Incentive Warrants**"). Each whole Incentive Warrant will have a term of five years and will entitle the holder to purchase one Common Share (i) at a price of US\$1.50 for the first two years of its term; (ii) at a price of US\$1.65 in the third year of its term; (iii) at a price of US\$1.82 in the fourth year if its term; and (iv) at a price of US\$2.00 in the fifth year of its term.

The Incentive Warrants and any Common Shares issuable on the exercise thereof will be subject to a four month hold period commencing on the date of issuance of the Incentive Warrants pursuant to Canadian Securities laws. All Common Shares issuable pursuant to exercises of the Warrants, all Incentive Warrants and all Common Shares issuable on the exercise thereof will be subject to a hold period pursuant to United States securities laws, regardless of the jurisdiction of residence of the holder. Holders of Warrants are encouraged to refer to the Exercise Form referred to below for the particulars of the applicable hold periods.

If all Warrants eligible to participate in the Program are exercised on or before the expiry of the Early Warrant Exercise Period, the Company expects it will:

- receive gross proceeds of up to approximately US\$13,051,698;
- issue up to approximately 8,701,132 Common Shares; and
- issue up to approximately 4,350,566 Incentive Warrants.

If a Warrantholder does not exercise his or her Warrants prior to the end of the Early Warrant Exercise Period, such unexercised Warrants will remain outstanding and will continue to be exercisable for Common Shares on the same terms applicable to such Warrants as they existed prior to the Program. Certain Warrants will not be eligible for the Program (the "**Ineligible Warrants**"), which include (i) Warrants previously issued to agents as compensation or held by employees of such agents; (ii) Warrants

held by insiders of the Company (in excess of an aggregate of 483,279 Warrants held by such insider which may participate on a pro rata basis); and (iii) Warrants issued by the Company after October 20, 2008.

The Warrants represent all of the outstanding warrants of the Company as at October 20, 2008, other than the Ineligible Warrants, and were originally issued pursuant to the following private placements:

- 3,092,682 Warrants dated February 8, 2007, having an exercise price of CDN\$3.25 and expiring February 8, 2012;
- 1,021,666 Warrants dated February 8, 2007, having an exercise price of CDN\$3.25 and expiring February 8, 2012;
- 4,461,099 Warrants dated July 3, 2007, having an exercise price of CDN\$3.00 and expiring July 3, 2012; and
- 125,685 Warrants dated September 8, 2007, having an exercise price of CDN\$3.25 and expiring September 8, 2012.

Warrantholders who elect to participate in the Program will be required to deliver to the following to the Company:

- (i) a duly executed letter of transmittal and exercise form ("**Exercise Form**"), including the original certificate representing the Warrants being exercised;
- (ii) a duly executed subscription form; and
- (iii) the applicable aggregate exercise price payable to the Company by way of certified cheque, bank draft or wire transfer.

The terms and conditions of the Program and the method of exercising Warrants pursuant to the Program will be set forth in the Exercise Form, which will be mailed to the registered address of each Warrantholder and posted on SEDAR. The summary of the Program herein is subject in its entirety to the terms and conditions of the Exercise Form. Only Warrantholders who are "accredited investors" under applicable securities laws or who provide satisfactory evidence that they meet the requirements of a similar exemption from the prospectus and registration requirements of applicable securities laws may participate in the Program.

About Ausam

Ausam is a public company engaged in the business of oil and gas exploration and development. Ausam, through its U.S. subsidiary Noram Resources, Inc, has acquired a diverse portfolio of oil and gas leases and prospects in Texas, Louisiana, Mississippi, Alabama and Arkansas. Ausam, through its Australian subsidiary Ausam Resources Pty Ltd., holds interests in permits in Queensland and Victoria. Ausam's growth strategy includes the organic development of its current holdings and selective corporate transactions. The Company trades under the symbol "AZE" on the TSX Venture Exchange and the symbol "ASMEF" on the OTC Bulletin Board.

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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 the amount of funds anticipated to be raised by the Program and other risks, uncertainties and other factors that are beyond the control of Ausam. In light of the risks and uncertainties associated with forward-looking statements, readers are cautioned not to place undue reliance upon forward-looking information. Although Ausam believes that the expectations reflected in the forward-looking statements set out in this press release 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.

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 of Ausam which have not been registered under the Securities Act of 1933, as amended (the "1933 Act") may not be offered or sold in the United States absent registration or an applicable exemption therefrom under the 1933 Act and applicable state securities laws.