



AUSAM ENERGY CORPORATION

For Immediate Release
Calgary, Alberta

February 17, 2006
Common Shares Outstanding: 50,322,764

TSX Venture Exchange - symbol "AUZ"

AUSAM ENERGY ANNOUNCES SPUDDING OF LOY YANG-2 WELL

CALGARY, ALBERTA, Friday, February 17, 2006: Ausam Energy Corporation ("Ausam" or the "Company") is pleased to provide an update on its activities in Australia.

Drilling has commenced on the Loy Yang – 2 exploration/commitment well located at PEP 166 in the Onshore Gippsland Basin in Victoria. The operator is Petro Tech, a subsidiary of Lakes Oil NL ("Lakes"). The drilling of the well is expected to take approximately 20 days.

Ausam has a 50% interest in PEP 166, an 877,000 acre permit. Ausam has elected to reduce its percentage interest from 50% to 25% in an 8,650-acre envelope (the "Loy Yang Block") covering the Loy Yang Dome prospect in exchange for Lakes funding 100% of the costs to drill, fracc, test and complete the well. Ausam will retain its 50% interest in the remainder of PEP 166.

About Ausam

Ausam is a public company trading on the TSX Venture Exchange under the symbol AUZ. Ausam, through its Australian subsidiary Ausam Resources Pty Ltd, is engaged in the business of oil and natural gas exploration in Queensland, Victoria and Western Australia. Ausam is applying proven North American drilling and completion techniques that have not traditionally been used in the Australian energy industry. Ausam's growth strategy includes the organic development of its current holdings and selective corporate transactions. Ausam presently has permit interests over approximately 3.4 million gross (2.1 million net) acres of exploration lands onshore Australia.

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