



For Immediate Release
Calgary, Alberta

Friday, September 15, 2006
Common Shares Outstanding: 50,322,764

TSX Venture Exchange - symbol "AUZ"

Downlands-4 Reaches TD; to be completed for production **Bellbird West-1 Underbalanced Drilling Update**

CALGARY, ALBERTA, Friday, September 15, 2006: Ausam Energy Corporation ("Ausam" or "the Company") announces an update on drilling activities at PL 119.

Downlands-4

Ausam is pleased to announce that the Downlands-4 well reached total depth of 1,873 metres to basement. Interpretation of wireline logs and associated hydrocarbon shows whilst drilling indicate approximately 4 metres of net gas pay within the interval from 1,836 to 1,841 metres in the primary target Permian Tinowon Sandstone.

The forward plan is to run 5 ½" production casing, suspend the well as a future gas producer, and release the ADS-6 rig to Sunshine Gas as part of the rig sharing agreement between Mosaic, Ausam and Sunshine Gas. Given the similarities with other producing wells in the area, it was agreed that the well would not be open hole flow tested.

It is expected that the Downlands-4 well will be completed for production using a workover rig in October 2006.

Downlands-4 is the first well of Ausam's PL 119 and ATP 471P Bainbilla Block Farmin Stage 1 program. Ausam will fund the first AUD 1.5 million of the Downlands-4 well costs and then contribute pro-rata for costs above AUD 1.5 million.

Bellbird West-1

Ausam has been informed by BJ Services that the Coiled Tubing Unit will be on location in October 2006 in order to drill the underbalanced section of the Bellbird West-1 well through the primary target reservoir, the Permian Bandanna. Depending upon hole integrity, it is proposed that the Permian Upper Tinowon and Lower Tinowon reservoirs will also be drilled underbalanced.

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.



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

Alastair J. Robertson,
Chief Financial Officer
www.ausamenergy.com 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:

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