



For Immediate Release
Calgary, Alberta

Friday, September 29, 2006
Common Shares Outstanding: 50,322,764

TSX Venture Exchange - symbol "AUZ"

Downlands-4 completed for production

CALGARY, ALBERTA, Friday, September 29, 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 flowed gas at a stabilized rate of approximately 1.8 MMscfd through a ½" choke with flowing pressure of 276 psi through cleanup flow. The well was completed and perforated over the Tinowon Sandstone reservoir interval between 1,836 meters and 1,841 meters. Mosiac Oil NL (operator) has undertaken to promptly connect the Downlands-4 well to nearby production infrastructure and place the well on extended production test.

Downlands-4 is the first well of three in Ausam's PL 119 and ATP 471P Bainbilla Block Farmin Stage 1 program. At completion of Stage 1 of the PL 119 and ATP 471P farmin, Ausam will hold 26.9% of the permits and PL 58 pipeline.

Ausam's analysis of the prospect indicates that there may be one additional location in the Downlands field, one in the adjacent Downlands East field, and one in the undrilled Downlands South prospect. With the success at Downlands-4 and the well and production data from the other Downlands wells, reservoir continuity is inferred to extend across the Downlands gas field which improves the probability of further commercial success in the proposed Downlands area drilling campaign.

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 risks, uncertainties and other factors that are beyond the control of Ausam, including risks associated with the oil and gas industry, commodity prices and exchange rate changes, operational risks associated with exploration, development and production operations, delays or changes in plans, risks associated with the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses.



In light of the risks and uncertainties associated with forward-looking statements, readers are cautioned not to place undue reliance upon forward-looking information. Assumptions relating to certain forward-looking information contained in this press release are set out herein. Although Ausam believes that the expectations reflected in the forward-looking statements set out in this press release or incorporated herein by reference 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.

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
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 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.