

AUSAM ENERGY CORPORATION

For Immediate Release
Calgary, Alberta

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Common Shares Outstanding: 38,506,835

(TSX Venture Exchange – symbol “AUZ”)

AUSAM ANNOUNCES COMMENCEMENT OF DRILLING

CALGARY, ALBERTA, Monday, February 28, 2005: Ausam Energy Corporation (“Ausam” or the “Company”) is pleased to announce its drilling plans for 2005 in the Surat Basin, Queensland, Australia, and the appointment of Mr Edward Surka as Manager, Exploration - Australia.

PL 71 development farmin signed

Ausam’s wholly-owned subsidiary, Ausam Resources Ltd (“ARL”) has signed the PL 71 farmin agreement with Origin Energy Limited (“Origin”) and Santos Exploration Pty Limited, where ARL has the opportunity to earn up to a 30% interest in production licence PL 71. This licence contains the producing Parknook and Namarah fields, which are located in the Surat Basin of Queensland, Australia. ARL will earn its full 30% interest through the expenditure of approximately \$5 million. PL71 is operated by Origin and is a 15,000 acre (23 sections) permit.

The Company plans to drill up to five development wells in PL 71 during 2005. These proposed wells are 1 to 3 kilometers to the nearest gathering system, linking production to processing facilities, pipeline, and market. The first two wells of the proposed 11 well PL 71 development program are Namarah-7 and Parknook-7.

Development wells to begin March 2005

Origin, Ausam’s joint venture partner in and operator of PL 71 and ATP 470P, both located in Queensland, Australia, has contracted Century Drilling Ltd’s rig 7 to commence drilling the Namarah-7 and Parknook-7 gas development wells in PL 71 during March 2005. The rig will be on location early-March and drilling will commence immediately following completion of on-site health and safety inspections. The Century-7 rig will conventionally drill the up hole sections of the Namarah-7 and then the Parknook-7 gas development wells. A coiled tubing unit will subsequently be used to drill underbalanced into the Triassic Showgrounds and Rewan reservoirs of the PL 71 development wells. Drilling to the proposed up hole depth of 2,200 meters is expected to take approximately 10 days. Results from the wells are expected by the end of May 2005. Ausam will fund 100% of the wells and will own an initial 20% interest in the permit.

Two to three additional PL 71 development wells are anticipated to be drilled prior to year end 2005.

Late in 2005, the Kyeen Creek-1 well in ATP 470P will be drilled conventionally to evaluate the potential for liquids rich gas in the upper Tinowon sandstones formations of the Permian. A coiled tubing unit may be used to drill underbalanced into the upper Tinowon reservoir of the well, with the Triassic Showgrounds and Rewan reservoirs being secondary objectives. Recent drilling of the upper and lower Tinowon formations in the area has revealed over-pressured gas bearing reservoirs. Ausam will fund 100% of the well and will own 45% interest in the permit.

ATP 470P is an 85,000 acre (133 sections) permit containing the Kyeen Creek prospect and Formosa Downs lead. Drilling locations in the Kyeen Creek prospect are within 6 kilometers of Origin’s PL 71 gathering systems, which link current production to processing facilities, pipelines, and market.

Due to the competition for equipment and new health, safety and environmental requirements instigated under the 1 January 2005 revised Queensland Petroleum Act, each completed PL 71 development well is estimated to cost \$2.1 million.

The proposed 2005 drilling plans for Ausam at this time are summarized as follows:

<u>Prospect</u>	<u>Ausam ownership</u>	<u>Ausam capital Commitment</u>	<u>Drilling date</u>	<u>Rig Status</u>
Parknook-7 (PL 71)	30%	\$2,100,000	March - April	Contracted
Namarah-7 (PL 71)	30%	\$2,100,000	March - April	Contracted
Parknook-8 (PL 71)	30%	\$700,000	June - July	Proposed
Namarah-8 (PL 71)	30%	\$700,000	July - August	Proposed
Namarah-9 (PL 71)	30%	\$700,000	August - September	Proposed
Kyeen Creek-1 (ATP 470P)	45%	\$2,250,000	November	Contracted
Ungabilla-1 (ATP 754P)	45%	\$800,000	December	Proposed

Ausam and Origin also propose to acquire approximately 230 kilometers of new seismic in order to high grade certain prospects and play types as well as contribute to the regional evaluation of the 1.5 million acre ATP 754P permit. As proposed, the seismic program will begin late 2005.

Other developments

The Company is pleased to announce the appointment of Mr. Edward Surka as Manager, Exploration-Australia. Mr. Surka is based in the Company's offices in Milton (Brisbane), Queensland and will be responsible for Ausam's exploration activities in Australia. Mr. Surka brings to Ausam over 25 years of management, exploration, and development experience in Australia and Southeast Asia. Mr. Surka is a geologist with valuable prior experience in senior management positions with Santos Asia Pacific Pty Ltd and MIM Petroleum Exploration Pty Ltd.

About Ausam

Ausam is a public company trading on the TSX Venture Exchange under the symbol AUZ. Ausam, through its Australian subsidiary 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 and prospects onshore Australia. Ausam presently owns interests in 15 prospects and 10 leads included in its approximately 3.6 million gross (2.3 million net) acres of exploration lands onshore Australia.

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All financial information is provided in Canadian dollars.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release. This news release reflects management's plans and expectations regarding its operations, performance and prospects. This news release contains forward-looking information. Management's plans may change without notice. Actual future results may differ materially from those contemplated.