

# AUSAM ENERGY CORPORATION

**For Immediate Release**  
**Calgary, Alberta**  
**(TSX Venture Exchange - symbol "AUZ")**

**August 29, 2005**  
**Common Shares Outstanding: 50,175,451**

## **AUSAM ENERGY ANNOUNCES UPDATE ON ACTIVITIES, WARRANT EXERCISE, AND ISSUANCE OF OPTIONS**

CALGARY, ALBERTA, Monday, August 29, 2005: Ausam Energy Corporation ("Ausam" or the "Company") is pleased to provide an update on its drilling activities in the Surat/Bowen Basin in Queensland, Australia.

### **Namarah-7 and Parknook-7 Wells (PL 71)**

Ausam and its joint venture partners, Origin Energy CSG Limited ("Origin") and Santos QNT Pty Ltd, re-entered the Namarah-7 development well on 19 August 2005 using a Coil Tubing Unit (CTU) in order to drill the objective sections underbalanced. Once penetrated underbalanced, an open hole flow test was conducted on the Showgrounds Sandstone, a secondary objective at 2,167 metres. The well flowed gas to surface at 0.25 MMscf/d at 24-26psi on a 1/2 inch choke.

Underbalanced drilling continued through the upper and lower Rewan sandstones as well as the uppermost section of the primary reservoir, the Basal Rewan, to a current depth of 2,206 metres, and gas flow increased to 0.60 MMscf/d on a 1/2 inch choke.

A wiper trip was commenced in advance of penetrating the full section of the Basal Rewan. During the wiper trip, the power pack failed causing a loss of hydraulics and resulting in the unspooling of the coil tubing at the surface. Braking prevented the coil tubing from damaging the well bore, which continued to flow gas at 0.60 MMcf/d.

Currently, the well is suspended with the wellhead attached in order to undertake repairs to the CTU. Repairs are expected to take approximately three weeks, after which the CTU will re-enter Namarah-7 and drill the remaining section of the primary objective, the Basal Rewan Sandstone.

Following the completion of drilling at Namarah-7, the CTU will move to the Parknook-7 well in order to drill the target sections of that well underbalanced.

Ausam and Origin conventionally drilled the up-hole section of the Namarah-7 gas development well with the Century 7 rig in April 2005. Intermediate casing (178-mm) was set at 2,111 metres and the well was suspended to await availability of a CTU and crew. PL71 is operated by Origin and is a 33,000 acre (52 sections) permit.

### **Warrants**

As part of financings in July and September 2004, Ausam had outstanding 2,981,076 warrants to purchase common stock, which were due to expire on August 2, 2005. Prior to expiry, a total of 2,662,443 warrants (89%) were exercised, resulting in the issuance of 2,662,443 shares of common stock and the receipt by the Company of \$2,662,443.

## **Options**

In July, a total of 1,575,000 stock options were granted at an exercise price of \$1.15 per common share to directors, officers and key employees of the Company.

## **About Ausam**

Ausam is a public company trading on the TSX Venture Exchange under the symbol AUZ. Ausam, through its Australian subsidiary Ausam Resources Limited (“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 on prospects onshore Australia. 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.

For further information, please contact:

Mark G. Avery  
Chairman, President and CEO  
[mavery@ausamenergy.com](mailto:mavery@ausamenergy.com)

Alastair J. Robertson,  
Chief Financial Officer  
site: [www.ausamenergy.com](http://www.ausamenergy.com)  
[arobertson@ausamenergy.com](mailto: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

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