



10 December 2009

Nicholas Ong
Principal Advisor, Issuers
Australian Securities Exchange
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

By Facsimile: 9221 2020

Dear Nicholas,

In response to the recently lodged Final Directors Interest Notice (Appendix 3Z) and to the queries ASX has raised in its letter of 7 December 2009 the Company responds as follows.

ASX

Q1. Please explain why the Appendix 3Z was lodged later than the timeframe set out in listing rule 3.19A?

The Company has been in a period of protracted negotiation with its former Managing Director regarding his cessation of employment and termination entitlements and has moved as quickly as was practical in the circumstances.

ASX

Q2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

The Company has informed all Directors of the disclosure requirements set out in Listing Rule 3.19A. In addition European Gas has previously adopted a governance policy on Directors Disclosure Obligations which has been circulated to all Directors. Although this matter did not involve a share trade, the need to advise the market of the change was known and is covered in the policy.

ASX

Q3. If the current arrangements are inadequate or are not being enforced, what additional steps does the Company intend to take to comply with listing rule 3.19B?

The Company believes the current arrangements are adequate and regards the matter in question as peculiar. The Company does not believe any additional steps are required.

Yours sincerely,

Mark Pitts
Company Secretary

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7 December 2009

Mark Pitts
Company Secretary
European Gas Limited
Suite 4, 4 Ventnor Ave
West Perth WA 6005

By Facsimile: 9315 5475

Dear Mark

European Energy Limited (the "Company")

We refer to the following:

1. Company's announcements lodged with ASX Ltd ("ASX") on 7 December 2009 regarding final director's interest for Mr Anthony McClure ("Appendix 3Z").
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
 - On the date that the entity is admitted to the official list.
 - On the date that a director is appointed.The entity must complete an Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
 - 3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete an Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
 - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete an Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.
3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Z indicates that the Director's notifiable interest occurred on 26 October 2009. It appears that the Director's Notice should have been lodged with ASX by 2 November 2009. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. Listing rule 18.6 states as follows.

"On admission to the official list, an entity must comply with the listing rules. This applies even if quotation of the entity's securities is deferred, suspended or subject to a trading halt."

In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

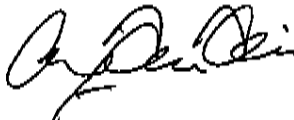
1. Please explain why the Appendix 3Z was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail at nicholas.ong@asx.com.au or by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than **5.00 pm W.S.T. on Thursday, 10 December 2009.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely



Nicholas Ong
Principal Adviser, Issuers (Perth)