

## NEWS RELEASE

17 December 2010

### AMENDMENT AGREEMENT REACHED WITH CONVERTIBLE NOTE HOLDER

European Gas Limited (“the Company”) is pleased to announce that on the 16<sup>th</sup> of December 2010 (in Europe) it executed an amendment agreement (“the Agreement”) with Transcor Astra Group (“Transcor”), the holder of the Convertible Notes (“the Notes”) issued in 2007.

Under the terms of the Agreement:

- i. Transcor and the Company have agreed to extend the maturity of the Notes to the 31<sup>st</sup> of January 2011;
- ii. Interest on Tranche A and Tranche B of the Notes is increased to 7% per annum for the period 1 January 2011 to 31 January 2011; and
- iii. The Company will issue 90,000 ordinary shares in favour of Transcor on the signing of a comprehensive Notes restructuring agreement by the 31<sup>st</sup> of January 2011.

“This Agreement is a positive sign and allows the Company to work together with Transcor to reach a favorable arrangement over the next 6 weeks that will allow the Company to continue to grow in the exciting European unconventional gas sector” said Managing Director, Peter Cockcroft.

The Company asked that ASX suspend trading in its shares on 24 November 2010. Although today’s announcement is a positive sign for the Company there remains a considerable amount of negotiation which will be ongoing with Transcor over the next 6 weeks, the Company believes it is in the best interests of shareholders to maintain the suspension of trading in its shares until an announcement in relation to these matters can be made. The Company advises that the timeframe for the suspension is dependent upon the outcome of negotiations.

The Company will continue to keep the market informed of material developments as they occur.

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#### ABOUT EUROPEAN GAS LIMITED

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European Gas Limited (EGL) is a hydrocarbon explorer/developer/producer with both production and exploration projects in western Europe. The strategy of the company is to explore and develop unconventional hydrocarbon resources with a focus on shale gas, Coal Bed Methane and Coal Mine Methane projects, particularly in France where the Company has major holdings under licence.

**For further information please contact:**

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