

NEWS RELEASE

13 April 2010

UNLISTED OPTION ISSUE

On 31 March 2010 the Directors of European Gas Ltd ('the Company') announced that they had entered into an agreement to borrow A\$2.5 million interest free from a High Net Worth Private investor (a client of a European private bank) ('Loan') in order to assist the Company with working capital requirements in the near term.

As consideration for making the Loan, the Company agreed to issue the lender 25,000,000 short-dated options to acquire ordinary shares in the Company ('Options').

The key features of the Options are:

- Expiry date: 31 March 2011
- Exercise price: 18 cents, or 12 cents if exercised on or before 30 September 2010

An Appendix 3b is attached for immediate release.

ABOUT EUROPEAN GAS LIMITED

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 Coal Bed Methane and Coal Mine Methane projects, particularly in France where the company has major holdings under licence and thus holds a significant competitive advantage.

EGL regards the western European natural gas market as substantial and well-priced, with an advanced infrastructure, large customer base and a free and open market.

The Company also holds hydrocarbon royalties in the Canning Basin of Western Australia.

For further information please contact:

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or refer to the European Gas Limited web-site: www.europeangas.fr

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

EUROPEAN GAS LIMITED

ABN

75 075 760 655

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued | Unlisted Options to acquire Ordinary Shares |
| 2 | Number of +securities lapsed or to be issued (if known) or maximum number which may be issued | 25,000,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Unlisted options to acquire ordinary shares exercisable by payment of 18 cents on or before 31 March 2011, or 12 cents if exercised before 30 September 2010. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>If exercised the Shares issued will rank equally in all respects with the Company's existing issued ordinary fully paid shares.</p>				
<p>5 Issue price or consideration</p>	<p>Nil</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>In consideration for an interest free unsecured loan facility to be drawn in to two tranches of up to \$2.5 million.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>13 April 2010</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="694 1534 997 1579">Number</th> <th data-bbox="997 1534 1291 1579">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="694 1579 997 1798">213,944,359</td> <td data-bbox="997 1579 1291 1798">Ordinary</td> </tr> </tbody> </table>	Number	+Class	213,944,359	Ordinary
Number	+Class				
213,944,359	Ordinary				

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<i>Options</i> 750,000	\$1.50 15/4/10 Employee Options 50% vesting after 12 months
	750,000	\$2.50 15/4/12 Employee Options 50% vesting after 12 months
	2,000,000	\$1.50 15/4/10 Options
	2,000,000	\$2.50 15/4/12 Options
	25,000,000	\$0.18 31/3/11 Options
	<i>Convertible Notes</i> 14,500 (Tranche A) 9,750 (Tranche B)	See note below See note below

Convertible Notes – The Convertible Notes have a face value of €1,500, carry a coupon rate of 5% and mature on 31 December 2010 (if not converted beforehand). Upon conversion, Tranche A and Tranche B would convert to 50.9M fully paid ordinary shares in the Company subject to adjustment provisions. For further information, including a summary of the terms of the notes please refer to Notice of General Meeting released to the ASX on 4 January 2008.

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	
12 Is the issue renounceable or non-renounceable?	
13 Ratio in which the +securities will be offered	
14 +Class of +securities to which the offer relates	
15 +Record date to determine entitlements	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

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|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if | |

+ See chapter 19 for defined terms.

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|----|--------------------------------------------------------------------------------------------------------------|--|
| 29 | applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)? | |
| 33 | +Despatch date | |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000

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Appendix 3B
New issue announcement

100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

Quotation agreement

+ See chapter 19 for defined terms.

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



13 April 2010

Sign here: Date:
(Director/Company secretary)

Print name: .Mark Pitts.....

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