

EUROPEAN GAS ANNOUNCES THE RESTART OF OPERATIONS IN LORRAINE

Freyming-Merlebach, France — October 10, 2011 — European Gas Ltd (ASX:EPG), an independent unconventional hydrocarbons exploration company, today announced the restart of its operations in the Lorraine region, France.

The Folschviller-2 well, drilled in the Bleue Lorraine Permit in the Lorraine Basin, located northeast of France, is now under production testing. This well is the first coal bed methane horizontal well drilled in France and has two horizontal drains located in two separate thick coal seams. This type of well has been shown to economically produce gas from coal beds in geological conditions similar to the ones existing in the Lorraine Permits of the Company.

European Gas Ltd (EGL) had previously informed the market of the testing operations carried out on this well to determine coal bed parameters as well as define the lateral extent of the coal beds where the well is completed. A recent intervention on the well with a workover rig consisted of isolating the bottom drain and changing the pumping system. The production test will be carried out over the next few weeks. A dewatering period, typical in coal bed methane wells, will be followed by a gas production period where flow rates and gas quality will be evaluated. EGL will provide an update on the testing of the Folschviller-2 well at a later date.

Frédéric Briens, CEO of European Gas, commented: “We are following the concept of horizontal wells with multi branches that has been proven successful in other coal bed methane production projects. The gas production test of the Folschviller-2 well will provide important technical information for us to progress in the confirmation of our coal bed methane Lorraine projects and guide us in the next appraisal activities to be conducted. It is also important to emphasize that our work programs are not impacted by the recent changes in the French legislation that prohibit hydraulic fracturing in hydrocarbon projects. We will be providing further details on our upcoming work programs in the near future.”

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ABOUT EUROPEAN GAS LIMITED

European Gas Limited is a Europe focused independent unconventional hydrocarbons exploration company. EGL currently owns several significant assets in France and is pursuing other potentially large projects in Western Europe.

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