

Resumption of CBM production testing activity in Lorraine

Freyming-Merlebach, France, 12th of August 2011 - European Gas Limited (EGL or the Company) is pleased to announce that a further stage of CBM production testing at the Folschviller 2 well in Lorraine, France, will commence on or about the 5th September 2011.

The Company has now assembled the equipment required for this test and a well-service rig has been ordered for the first week in September to re-configure the well.

Folschviller 2 is a multi-lateral well with development in 2 coal seams. The upper lateral will be isolated for the testing and the well will be pumped to de-pressure the coal and initiate a flow of gas. Down hole instrumentation will provide real-time pressure data during the test. Initially scheduled for a duration of three months, the test may be extended, to evaluate and demonstrate well and reservoir characteristics in the longer term.

The company has identified several blocks which may be suitable for pilot implementation of multi well recovery systems if the test results of the CBM production testing at the Folschviller 2 well are in line with company expectations. Detailed geological mapping of these targets is currently ongoing to confirm that each pilot will address an estimated 160 Bcf OGIP for subsequent development.

To evaluate potential pilot project locations, EGL's exploration program for Lorraine includes acquisition of new seismic data over the northern part of the Alsting anticline, followed by a multi well exploration drilling program which is expected to start in Q2 2012. The wells are considered exploration wells further addressing the 2.7 Tcf contingent resources.

It is also contemplated that some of the wells would be completed for a production test or may be integrated into the pilot project. A key objective of the drilling is confirmation of gas content, flow capacity and coal seam geometry from which a pilot project can be designed, ultimately leading to full commercial development. Maximum well depths containing the four major seams will vary from 1,000m to 1,400m. Program drilling of 4 wells is expected to minimize mobilization and other costs.

It is anticipated that the exploration program results, together with the well testing results obtained at Folschviller 2 will enable the design and implementation of a CBM pilot project in 2013 leading to early commercial scale development drilling. The pilot project is a critical step to the Company's overall development program for the large CBM resources which are known to be present in Lorraine.

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ABOUT EUROPEAN GAS LIMITED

European Gas Limited (EGL) is a Europe focused unconventional hydrocarbon Exploration Company. EGL currently owns several significant assets in Western Europe most notably in France.

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