

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**EUROPEAN GAS LIMITED**

ABN

**75 075 760 655**

Quarter ended ("current quarter")

**30 June 2011**

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter 3 months €'000	Year to date 12 months €'000
1.1	Receipts from product sales and related debtors	33	4,641
1.2	Payments for		
	(a) exploration and evaluation	-	-
	(b) development	-	-
	(c) production	(111)	(3,707)
	(d) administration	(1,344)	(3,801)
1.3	Dividends received	1	347
1.4	Interest and other items of a similar nature received	15	45
1.5	Interest and other costs of finance paid	-	(604)
1.6	Taxes paid	(4)	(44)
1.7	Other	-	-
	<b>Net Operating Cash Flows</b>	<b>(1,411)</b>	<b>(3,123)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	78
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Cash assets acquired	-	-
1.12	Other	-	-
	<b>Net investing cash flows</b>	<b>-</b>	<b>78</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,411)</b>	<b>(3,045)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,411)	(3,045)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	9,905	12,005
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Convertible notes ( refer Note 6)	-	-
1.20	Other – Share Issue Expenses	(630)	(630)
	<b>Net financing cash flows</b>	<b>9,275</b>	<b>11,375</b>
	<b>Net increase (decrease) in cash held</b>	<b>7,864</b>	<b>8,330</b>
1.21	Cash at beginning of quarter/year to date	2,015	1,549
1.22	Exchange rate adjustments to item 1.21	-	-
1.23	<b>Cash at end of quarter</b>	<b>9,879</b>	<b>9,879</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter €'000
1.24	Aggregate amount of payments to the parties included in item 1.2	44
1.25	Aggregate amount of loans to the parties included in item 1.10	

1.26	Explanation necessary for an understanding of the transactions
	Directors remuneration

**Non-cash financing and investing activities**

2.1	Restructuring of Convertible Notes through the issue of 22m ordinary shares and an option to acquire 20m ordinary shares together with the sale of Gazonor SAS (Option exercisable by payment of AUS \$ 0.50 each on or before 5 May 2012)
	Satisfaction of Unsecured Loan through the issue of 5m ordinary shares and 6m options to acquire ordinary shares. (Options exercisable by payment of AUS \$ 0.50 each on or before 30 April 2012)

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+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position. <sup>(1)</sup>

		Amount available €'000	Amount used €'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

		€'000
4.1	Exploration and evaluation	<b>1100</b>
4.2	Development	-
4.3	Production	-
4.4	Administration	<b>680</b>
	<b>Total</b>	<b>1,780</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter €'000	Previous quarter €'000
5.1	Cash on hand and at bank	9,879	2,015
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22) (see note 6)		<b>9,879</b>	<b>2,015</b>

### Changes in interests in mining tenements

		Tenement reference	Nature of interest (note 2)	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

		Total number on issue	Total Number quoted	Issue price per security (see note 3) (AU\$)	Amount paid up per security (see note 3) (AU\$)
7.1	<b>Preference *securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>*Ordinary securities</b>	296,161,505	296,161,505	-	-
7.4	Changes during quarter (a) Increases through issues Ordinary shares	57,217,146	57,217,146		
7.5	<b>*Convertible debt securities</b> Tranche A Tranche B <i>(refer to note 6)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	(14,500 notes) (9,750 notes)			
7.7	<b>Unquoted options</b> Contractor options Director Options	<u>Number</u> 2,000,000 1,500,000 3,000,000 10,000,000 6,000,000 22,000,000	<u>Quoted</u> Nil Nil Nil Nil Nil Nil	<u>Exercise price</u> \$2.50 \$0.35 \$0.50 \$0.70 \$0.50 \$0.50	<u>Expiry date</u> 15/04/2012 31/12/2011 31/12/2012 31/12/2012 30/04/2012 5/05/2012
7.8	Issued during quarter Director Options	<u>Number</u> 6,000,000 22,000,000	<u>Quoted</u> Nil Nil	<u>Exercise price</u> \$0.50 \$0.50	<u>Expiry date</u> 30/04/2012 5/05/2012
7.9	Exercised during quarter	<u>Number</u>	<u>Quoted</u>	<u>Exercise price</u>	<u>Expiry date</u>
7.10	Lapsed during quarter Employee / Contractor options	<u>Number</u>	<u>Quoted</u>	<u>Exercise price</u>	<u>Expiry date</u>
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Mark Pitts (Company Secretary)  
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Date 29 July 2011

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB6 Exploration for and Evaluation of Mineral Resources* and *AASB107: Cash Flow Statements* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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