

# **European Gas Limited**

**ACN 075 760 655**

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## **NOTICE OF ANNUAL GENERAL MEETING**

### **EXPLANATORY MEMORANDUM**

#### **PROXY FORM**

Date of Meeting: **28 November 2011**  
Time of Meeting: **3.30pm EST (Queensland)**  
Place of Meeting: **Stamford Plaza Hotel,  
Cnr Edward and Margaret Streets  
BRISBANE, QUEENSLAND**

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# European Gas Limited

ACN 075 760 655

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of European Gas Limited ACN 075 760 655 (**Company**) will be held in the Stamford Plaza Hotel, Cnr Edward & Margaret Streets, Brisbane, Queensland, on 28 November 2010 at 3.30pm EST.

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting (**Notice**):

- provides additional information concerning matters to be considered at the annual general meeting; and
- contains a glossary of defined terms used in this Notice and in the Explanatory Memorandum.

## AGENDA

### ANNUAL REPORT

To receive and consider the Financial Report together with the Directors' Report (including the Remuneration Report) and Auditor's Report for the financial year ended 30 June 2011.

### RESOLUTIONS

To consider, and if thought fit, to pass, the following resolutions:

**1. Adoption of Remuneration Report for the year ended 30 June 2011**

To consider, and if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2011 be adopted."*

**2. Re-election of Mr Rod Bresnehan as a director of the Company**

To consider, and if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That Mr Rod Bresnehan, retiring in accordance with Rule 7.3(a) of the Constitution, be re-elected as a director of the Company."*

**3. Approval of issue of options to a Director**

To consider and, if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 10.14 and for all other purposes, approval be given to the grant of 6 million options with an exercise price of 50 cents and expiring 31 December 2012 to Mr Julien Moulin on the terms outlined in the explanatory memorandum."*

### BY ORDER OF THE BOARD

Mark Pitts  
Company Secretary  
20 October 2011

# European Gas Limited

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## PROXY INSTRUCTIONS

### *General*

A proxy form is attached to this Notice. Shareholders are advised that:

- each shareholder has a right to appoint a proxy to attend and vote for them;
- the proxy need not be a shareholder of the Company; and
- a shareholder who is entitled to cast two or more votes may appoint either one or two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment is for two proxies and does not specify the proportion or number of votes each proxy may exercise, then, in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

The shareholder may specify the manner in which the proxy is to vote on each resolution or may allow the proxy to vote at his or her discretion.

In accordance with section 250BA of the Corporations Act, the Company specifies that the proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be:

- posted or delivered to the Company's Share Registry:  
**Computershare Investor Services Pty Limited**  
**GPO Box 242 Melbourne,**  
**Victoria 3001 Australia.**
- sent by facsimile to:  
**Computershare Investor Services Pty Limited**  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

Those documents must be received by the Company at least 48 hours before the time for holding the annual general meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a body corporate, in a manner permitted by the Corporations Act. In the case of Shares jointly held by two or more persons, at least one joint holder must sign the proxy form.

### ***Voting Prohibition Statement***

A vote on Resolutions 1 and 3 must not be cast (in any capacity) by or on behalf of any Key Management Personnel (KMP) which includes the Directors of the Company and members of Management as described in the Company's Annual Report, details of whose remuneration are included in the Remuneration Report, or any closely related party of that person (or those persons).

However, a person described above may vote on Resolutions 1 and 3 if the person does so as a proxy appointed by writing, that specifies how the proxy is to vote on the Resolution, or where no voting directions have been given and the proxy votes consistent with the stated intention to vote valid undirected proxies, and the vote is not cast on behalf of a member of the Key Management Personnel or any closely related party of that person (or persons).

**The Chairman of the meeting intends to vote undirected proxies, that are able to be voted, in favour of the adoption of the remuneration report.**

### ***Voting Exclusion Statement***

The Company will, in accordance with section 224 of the Corporations Act and Listing Rule 10.15, disregard any votes cast on Resolution 3 by or on behalf of Mr Moulin or his nominee and any of associate of Mr Moulin or his nominee.

However, the Company will not disregard a vote if:

- a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with directions on the proxy form to vote as the proxy decides.

### **VOTING ENTITLEMENT**

For the purposes of determining voting entitlements at the annual general meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 3.30pm (EST - Brisbane time) on **26 November 2011**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the annual general meeting.

### **GLOSSARY**

Words which are defined in the Explanatory Memorandum have the same meaning when used in this Notice unless the context requires otherwise. For assistance in considering the Notice, the following words are defined here:

**Board** means the board of directors of the Company.

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**KMP** means key management personnel and has the same meaning as defined in the Corporations Act and Australian accounting standards

**Listing Rules** means the listing rules of ASX.

**Notice** or **Notice of Meeting** means this notice of annual general meeting.

**Option** means an option to acquire a Share and includes the Incentive Options.

**Rule** means a rule of the Constitution.

## **European Gas Limited**

ACN 075 760 655

### **EXPLANATORY MEMORANDUM**

This explanatory memorandum is intended to provide shareholders with sufficient information to assess the merits of the resolutions contained in the accompanying Notice.

The directors recommend that shareholders read this explanatory memorandum in full before deciding how to vote on the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying notice of annual general meeting:

#### **Annual Report**

Section 317 of the Corporations Act requires the directors to lay before the annual general meeting the financial report, the directors' report (including the remuneration report) and the auditor's report for the last financial year that ended before the annual general meeting.

The Company's 2011 annual report is available at [www.europeangas.fr](http://www.europeangas.fr). Those holders that elected to receive a printed copy of the annual report will have received a copy with this Notice.

In accordance with sections 250S and 250SA of the Corporations Act, shareholders will be provided with a reasonable opportunity to ask questions or make statements in relation to the management of the Company and the remuneration report but no formal resolution to adopt the Annual Report will be put to shareholders at the annual general meeting.

In accordance with section 250T of the Corporations Act, the chairman of the annual general meeting will allow a reasonable opportunity for the shareholders as a whole to ask the auditor questions at the annual general meeting about:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

#### **Resolution 1 - Adoption of Remuneration Report for the year ended 30 June 2011**

*"That the Remuneration Report as set out in the Company's Annual Report for the year ended 30 June 2011, be adopted."*

Section 300A of the Corporations Act specifies certain information be included in the remuneration report of the Company's annual report. Section 250R(2) of the Corporations Act requires that a resolution that the remuneration report be adopted be put to a vote of shareholders at the Company's annual general meeting. The remuneration report is set out in the directors' report within the financial report of the Company for the year ended 30 June 2011.

Under section 250SA of the Corporations Act, shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the remuneration report. This is in addition to any questions or comments that shareholders may have in relation to the management of the Company.

Following recent changes to the Corporations Act 2001, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGM's, shareholders will be required to vote at the second of those AGM's on a resolution ('spill resolution') that another meeting be held within 90 days at which all of the Company's directors (excluding the Managing Director) must offer themselves for re-election.

The Remuneration Report is for consideration and adoption by way of non-binding resolution. The vote on this resolution is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Board considers that its current practices of setting executive and non executive remuneration are well within normal industry expectations, and provide an effective balance between the need to attract and retain the services of the highly skilled key management personnel that the Company requires. Practical evidence of the adequacy of the Company's remuneration practices can be found in the recent hiring of very qualified executives to lead its upcoming growth's phase. As such the directors recommend that shareholders vote in favour of the Company's remuneration report at Resolution 1.

If you choose to appoint a proxy **you are encouraged to direct your proxy how to vote on Resolution 1 by either marking either For, Against or Abstain on the voting form.**

If you wish to appoint the Chairman as your proxy, and you do not direct your proxy how to vote or do not mark the Chairman's voting box on the proxy form **your votes will not be counted in respect to Resolution 1.**

By marking the 'Chairman's voting box' on the proxy form you acknowledge that the Chairman will exercise your proxy, in line with his stated intention, even if he has an interest in the outcome of the resolution.

**The Chairman of the meeting intends to vote undirected proxies that are able to be voted in favour of the adoption of the remuneration report.**

The Remuneration Report is set out in the European Gas Limited Annual Report 2011 and is also available on the Company's web site ([www.europeangas.fr](http://www.europeangas.fr))

### **Resolution 2 - Re-election of Mr Rod Bresnehan as a director of the Company**

*"That Mr Rod Bresnehan, retiring in accordance with Rule 7.3(a) of the Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."*

Though each of Mr Sebastian Hempel and Mr Rod Bresnehan were appointed on the same day (the 2009 AGM) and were eligible to retire under the constitution, only one director was required to retire and Mr Bresnehan volunteered.

#### ***Details of director standing for election***

**Mr Rod Bresnehan** (independent non-executive director)

Mr Bresnehan is a Petroleum Reservoir Engineer with 35 years experience in the oil and gas industry in both upstream resources and reserves development; and in downstream commercial and marketing areas, with specific continued emphasis on new advances in the technical and commercial optimisation of coal bed methane projects. Mr Bresnehan provides critical guidance in the areas of conceptual field development plans and efficient well completion techniques for the geological conditions prevalent in the coal gas assets of the Company. Access to this expertise offers a significant competitive advantage the Company.

Mr Bresnehan has held various senior management positions in major Australian hydrocarbon exploration and production companies, including Santos Limited and Oil Company of Australia Limited (Origin Energy Limited), and is a principal consultant to many coal bed methane projects and groups in Australia and internationally.

Mr Bresnehan is active with the Society of Petroleum Engineers (SPE) and is a past Chairman of the Australian, NZ and PNG Council. He is Principal of Bresnehan and Associates. He is also a director of Clean Energy Australasia and Energy Resource Development; and previously a Non-Executive Director of Anzoil.

Mr Bresnehan holds a Bachelor of Applied Science (Chemistry and Geology).

***The Directors (with Mr Bresnehan abstaining) recommend that you vote in favour of this resolution.***

### Resolution 3 - Approval of the issue of options to a Director

#### ***Background***

On 1 August 2011, the Company advised ASX in its Quarterly Report that it had agreed terms for a remuneration package with its Chairman Mr Julien Moulin to act in executive capacity while the Company's Management team was being re-built. The remuneration package (negotiated in early June 2011) included an intention to grant Mr Moulin 6 million short-dated options expiring 31 December 2012 and having an exercise price of AUD0.50, subject to all necessary shareholder approvals.

Mr Moulin is an Executive Director for the purposes of the EGL constitution and is the Chairman. Over and above his Board and chairman related responsibilities, his role is as follows:

- Recommend strategic development to the Board and implement all strategic and operational policies agreed with the Board with a clear focus on the EGL strategy and building a more robust organisation to develop a large unconventional oil and gas business in Europe.
- Reviewing and redefining with the Board the EGL strategy.
- Building a team of competent and driven professionals (employees of the group or contractors/consultants) to complement and improve the existing team with a clear focus on building the Company's financial, operational and technical expertise to execute on the strategy agreed by the Board.
- Work with the Board to ensure that the Company has adequate cash resources to achieve, in full, all its objectives.
- Work to maximise shareholder returns.
- In conjunction with the Chief Executive Officer represent the Company and group in all business and official forums with the aim of developing the external profile with shareholders, potential investors and shareholders, JV partners, suppliers, government representatives, capital markets, analysts, regulators, bankers, providers of capital and the financial sector.
- Act as a resource person and advisor to the various Board committees.
- Ensure that the Board has efficient communication channels regarding all material issues concerning the business and see to it that directors are informed about these issues in a timely manner.
- Ensure that shareholders are adequately informed with respect to the Company's affairs and that there are efficient and adequate relations and communication channels between management, the Board and shareholders

The Board intends that Mr Moulin will remain in an executive role as described above for the medium term.

#### ***Listing Rules requirements***

Listing Rule 10.14 prohibits Directors and their associates from acquiring securities under an employee incentive scheme without Shareholder approval. Mr Moulin is a Director and therefore Shareholder approval under Listing Rule 10.14 is required.

Options issued may be exercised and the issue of ordinary shares would follow, these shares once issued would rank equally with all other Shares on issue. Shareholder approval is now sought in accordance with Listing Rule 10.14 for the grant of Options to Mr Moulin.

Listing Rule 10.15 requires the following information to be provided in relation to the Options which may be granted under Resolution 3 pursuant to the Company's Option Incentive Plan.

- \* The maximum number of options which may be issued to Mr Moulin if approval is obtained is 6,000,000.
- \* No consideration is payable by Mr Moulin at the time of grant of the options.
- \* There have been no issues of options under the Plan and which are still standing unexercised, all unlisted options currently on issue were not issued under the Plan.
- \* The Board may from time to time in its absolute discretion issue invitations to full-time or permanent part-time employees, contractors, or Directors, of the Company or its subsidiaries to participate in the Plan. In accordance with Listing Rule 10.14, the names of

all those related parties who are entitled to participate in the Plan are Executive; Julien Moulin and Non Executives; Rod Bresnehan and Sebastian Hempel.

- \* There is no loan in relation to the issue of the Options.
- \* The options will be granted to Mr Moulin no later than twelve months after the date of this meeting or further Shareholder approval (or such later date as permitted by any ASX waiver or modification of the Listing Rules).

### **Corporations Act requirements**

Under Chapter 2E of the Corporations Act, a public company cannot give a 'financial benefit' to a 'related party' unless an exception applies or shareholders approve the giving of that financial benefit to the related party in a general meeting.

As a director the Company, Mr Moulin is a related party of the Company. The grant of Options to Mr Moulin constitutes a 'financial benefit' as defined in the Corporations Act. Accordingly, the proposed grant of Options to Mr Moulin will constitute the provision of a financial benefit to a related party of the Company.

It is the view of the directors (with Mr Moulin excusing himself from the discussion) that the exception under section 211(1) of the Corporations Act (reasonable remuneration benefits) applies to the grant of the Options to Mr Moulin. Accordingly, the directors (with Mr Moulin not participating) have determined not to seek additional shareholder approval under section 208 of the Corporations Act. The Management of the Company has equally reviewed all circumstances pertinent to the award of the options considered under Resolution 3 to Mr Moulin and is satisfied that the exception under section 211(1) of the Corporations Act does apply to the situation under consideration.

The grant of Options is designed to encourage the recipient to continue to be incentivised to ensure the Company meets its milestones.

Under the Company's current circumstances each of the Directors consider (in respect of the Options to be granted) that the incentives to the party noted above, represented by the issue of these Options, are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The number of Options to be granted to the Director has been determined in light of the following considerations:

- The Directors wish to ensure that the remuneration offered is competitive with market standards and where appropriate, based upon share price performance hurdles.
- The Directors believe it is appropriate to provide equity incentives in order to attract and ensure continuity of service of Directors who have appropriate knowledge and expertise in the industry in which the Company operates.
- The Directors consider the proposed number and terms of Options to be issued will ensure that the Director's overall remuneration is in line with market standards.

In the 12 month period before the date of this Notice of Meeting, the highest price at which the Company's shares traded on the ASX was \$0.48 on 12 November 2010 and the lowest price was \$0.225 on 19 October 2011. The closing price on the trading day prior to the date of the Notice of Meeting was \$0.225.

In the event the Options are exercised, at a price of \$0.50 respectively, the following amount will need to be paid to the Company by the Director.

Options	To be paid
Exercisable at \$0.50 each	\$3,000,000



### *Current Holdings*

Set out below are details of the Director's relevant interest in the securities of the Company as at the date of this Notice of Meeting:

Director	Direct Holdings and those of Associates	
	Shares	Options
Mr Julien Moulin	Nil	Nil

### **IN SUMMARY THE FOLLOWING ADDITIONAL INFORMATION IS PROVIDED FOR SHAREHOLDERS**

The related party to whom the proposed resolution would permit the financial benefit to be given:

Subject to shareholder approval the following maximum number of Options will be granted to the following related parties or their respective nominees:

Name of Related Party	Number of Options
Mr Julien Moulin	6,000,000

Mr Julien Moulin as a Director is a related party of the Company.

### ***The nature of the financial benefit***

The proposed financial benefit to be given is the grant of Options for no consideration to the Director as noted above. The terms and conditions of the Options to be granted to the Director are set out in Annexure A to this Explanatory Memorandum.

### ***Directors' recommendation and interest in outcome of resolution 3***

Mr Rod Bresnehan and Mr Sebastian Hempel (who have no interest in the outcome of Resolution 3) recommend that shareholders vote in favour of Resolution 3. Mr Julien Moulin declines to make a recommendation about Resolution 3 as he has a material personal interest in the outcome of that particular resolution as it relates to the proposed issue of Options to him individually.

### ***Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors***

The proposed ordinary Resolution 3 would have the effect of giving power to the Directors to grant up to 6,000,000 Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. At the date of this Notice of Meeting the Company had 297,272,505 issued shares and 44,500,000 unlisted Options.

If all Options granted as proposed above are exercised, together with all the existing unlisted options on issue, the effect would be to dilute the shareholding of existing shareholders by 16.9%. The market price of the Company's shares during the period of the Options will normally determine whether or not Option holders exercise the Options. At the time any Options are exercised and shares are issued pursuant to the exercise of the Options, the Company's ordinary shares may be trading at a price which is higher than the exercise price of the Options.

The Director's base salary per annum and the total financial benefit to be received by him in this current period as a result of the grant of Options the subject of Resolution 3 is as follows:

Director	Base salary p.a. (Euro)	Superannuation p.a. (Euro)	Estimated Value of options to be issued (Euro)	Total Financial Benefit (Euro)
Mr Julien Moulin	150,000	-	86,478	236,478

### ***Valuation of Options***

The Company with the assistance of its advisors has estimated a value for the Options to be granted to the Directors using the Black Scholes Model (Model). The value of an option calculated by the Model is a function of a number of variables.

Their assessment of the estimated value of the Options has been prepared using the following assumptions:

<b>Variable</b>	<b>Inputs – Tranche 1</b>
Share price	\$0.225
Exercise price	\$0.50
Risk Free Interest Rate	6.25%
Volatility	70%
Time (years) to expiry	1 years
Valuation of option (each)	\$0.019

For the purposes of this valuation, the Company has assumed that the issue date of the Options will be on or around 30 November 2011. For the share price, the closing price for the Company's shares on ASX on the day of the valuation (being 20 October 2011) was \$0.225. An exercise price of \$0.50 per Option, was used together with an assumed volatility level of 70% given the industry in which the Company operates, the Company's financial position and the volatility of listed shares of other companies comparable to European Gas. Based on these assumptions the Company has estimated the value of each option to be issued to the Director to be \$0.019 as a rounded number.

Under AASB 2 Share Based Payments, pursuant to the adoption of the Australian International Financial Reporting Standards, the Company is required to recognise the fair value of Options granted to Directors, employees, consultants and other advisors as an expense on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity.

This will result in an amount of Euro 86,478 being booked to the Company's income statements based on the Black Scholes Model calculated at the date of this notice.

It should be noted that these figures will change based on the parameters applying at the date of grant of these Options.

### ***Timing of Issue***

The Company will issue the Options as soon as practicable after the date of the meeting, but in any event no later than 1 month after the date of the meeting.

### ***Listing Rule 7.1***

Shareholder approval is sought under Listing Rule 10.14 in connection with Resolution 3. If such approval is given, separate approval is not required under Listing Rule 7.1. This means that the issue of the Options, if approved, and the issue of ordinary shares on exercise of the Options, will not erode the Company's capacity to issue additional equity securities under Listing Rule 7.1.

**The Directors (with Mr Julien Moulin abstaining) recommend that you vote in favour of this resolution.**

### ***Share Option Incentive Plan***

The Options proposed to be issued to Mr Moulin are to be issued under the terms of the European Gas Share Option Incentive Plan. These options will form part of a modest but broader option issue to senior staff. It is intended that the Company make use of equity as part of an incentive scheme which seeks to reward and retain staff in a way that aligns their goals with those of shareholders and at the same time preserves the Company's working capital. At the present time, the Company employs a relatively low number of technical and administrative staff. The Incentive Plan could be extended also to key outside consultants that the Company relies upon on a regular basis, again as a strategy to preserve cash.

## **ANNEXURE A - OPTION TERMS**

- Each Option entitles the holder to acquire one fully paid ordinary share ("Share") in the capital of the Company on the following terms and conditions:
- The Options vest on grant.
- The exercise price for each Option is AUD\$ 0.50.
- Options may be exercised into such number of Shares in the Company as determined in accordance with these Terms and Conditions by giving Notice of the Exercise to the Company (in a form reasonably acceptable to the Company) which must be received by the Expiry Date or other deadline, accompanied by payment of the relevant amount due on exercise, and the Option Certificate issued with the Option.
- The Company will allot and issue the Shares promptly upon the exercise of the Options.
- Upon allotment of the Shares, the Company shall cancel the Option Certificate if all outstanding Options have been exercised. Where an Option has been exercised as to part only of the Options the subject of an Option Certificate, a new Option Certificate for the unexercised part of the Options shall be issued.
- There is no inherent right arising from the Options to participate in any new issue of securities which may be offered to shareholders of the Company from time to time prior to the exercise of Options, without exercising the Options. The rights of the Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital of the Company (eg consolidation or subdivision) at the time of the reorganisation.
- Options will not entitle an Option holder to receive payment of dividends other than with respect to dividends that may be declared or determined on Shares issued after an Option is exercised. Any Shares allotted on exercise of an Option will rank pari passu in all respects with other Shares.
- Subject always to the prior exercise of an Option, the Option holder may participate in issues of ordinary Shares or other securities of the Company, or any other Company in which shares or other securities are offered to shareholders of the Company. The Company will use reasonable endeavours to give the holder at least 5 business days notice before the relevant record date to determine entitlements to the issue so as to give the holder an opportunity to exercise the Option.
- Options shall not participate in any bonus issue of Shares unless and until the Options are exercised, in which case the number of Shares issued will be increased by the number of Shares the Option holder would have received if the Option had been exercised before the applicable record date. The Option holder has no other rights to a change in the exercise price, or the number of underlying Shares over which the Option can be exercised.
- An Option holder may not sell or transfer any Option without the prior written consent of the board of the Company which may be given or refused in its absolute discretion.
- An Option shall lapse if it is not been exercised on or before the Expiry Date.
- It is not intended for the Options to be listed or quoted for trading on the Australian Stock Exchange Limited (ASX), however the Company will apply to the ASX for Official Quotation of Shares to be allotted and issued upon the exercise of Options in accordance with the Listing Rules, and the holder will provide reasonable assistance to the Company in that regard.
- If the Option holder leaves the Company's employ, either as a result of termination or resignation, or ceases to be a director of the Company, prior to exercising the Options, they will immediately lapse.

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# European Gas Limited

ABN 75 075 760 655

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

000001 000 EPG  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

For your vote to be effective it must be received by 3:30 pm (EST) Saturday 26 November 2011

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View the Annual Report:

[www.europeangas.com.au](http://www.europeangas.com.au)

Update your securityholding, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

Your secure access information is:

SRN/HIN: I9999999999



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of European Gas Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of European Gas Limited to be held in the Stamford Plaza Hotel, Cnr Edward & Margaret Streets, Brisbane, Queensland on Monday, 28 November 2011 at 3:30 pm EST and at any adjournment of that meeting.

### Important for Items 1 and 3 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 1 and 3, as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Items 1 and 3, the Chairman of the Meeting will not cast your votes on Items 1 and 3 and your votes will not be counted in computing the required majority if a poll is called on these items. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Items 1 and 3).

The Chairman of the Meeting intends to vote all available proxies in favour of Items 1 and 3 of business.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 1 and 3 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Items 1 and 3 are connected directly or indirectly with the remuneration of a member of key management personnel and/or even if the Chairman of the Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

## STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
Item 1 Adoption of Remuneration Report for the year ended 30 June 2011	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Re-election of Mr Rod Bresnehan as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Approval of issue of options to a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

<b>Individual or Securityholder 1</b>	<b>Securityholder 2</b>	<b>Securityholder 3</b>
<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name \_\_\_\_\_ Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_