



NEWS RELEASE

31 January 2011

FURTHER EXTENSION AGREEMENT REACHED WITH CONVERTIBLE NOTE HOLDER

European Gas Limited ("the Company") is pleased to announce that it has executed a letter agreement with Transcor Astra Group ("Transcor"), the holder of the Convertible Notes ("the Notes") issued in 2007.

Under the terms of the letter agreement the maturity date for the Notes is extended for a further week to 7 February 2011 to allow the Company time to consider a proposal put forward by Transcor and to also allow time to conclude the negotiations already undertaken.

The Company asked that ASX suspend trading in its shares on 24 November 2010. The Company believes it is in the best interests of shareholders to maintain the suspension of trading in its shares until an announcement in relation to the Notes can be made. The Company advises that the timeframe for the suspension is dependent upon the outcome of negotiations, which remain confidential and incomplete at this time.

The Company will continue to keep the market informed of material developments as they occur.

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 unconventional hydrocarbon resources with a focus on shale gas, Coal Bed Methane and Coal Mine Methane projects, particularly in France where the Company has major holdings under licence.

For further information please contact:

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