

NEWS RELEASE

16 August 2012

Class Ruling obtained for recent Buy-back of Shares

European Gas Ltd (the 'Company') announces that the Australian Taxation Office has issued Class Ruling CR 2012/57 dated 15 August 2012 ('Ruling') regarding the Company's recently completed Buy-back Offer.

The key points of the Ruling are as follows:

The distribution is not a dividend

- As the entire purchase price in respect of the shares acquired through the Buy-back is debited against the Company's share capital account, participating shareholders will not be taken to have been paid a dividend under section 159GZZZP.

Consideration in respect of the sale of each share bought back

- Participating shareholders are taken to have received A\$0.192 per share as consideration (Sale Consideration) in respect of the sale of each of their shares bought back under the Buy-back pursuant to section 159GZZZQ.
- The treatment of the Sale Consideration amount for tax purposes will depend on whether the sale is on capital account (where the shares are held for investment) or on revenue account.

There was a risk identified in the recent prospectus that Australian resident Shareholders who accepted the Buy-back Offer may have an unfunded Australian tax liability if part of the consideration paid to those Shareholders in connection with the Buy-back is taken to be a dividend for income tax purposes. It was stated that the Company did not expect that such a liability would arise and this position has been confirmed by the Ruling.

For further details please refer to section 8 of the prospectus dated 4 June 2012 and specifically section 8.2 thereof.



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