

13 August 2012

Management Changes and Company Update

European Gas Limited (ASX Code: EPG) (the 'Company') has reviewed its management requirements and Australian operating costs following the recently completed large buy-back of its shares and the financial and operational separation as between the Company's European operations and the Company's Australian operations as disclosed in the Company's prospectus dated 4 June 2012, the Explanatory Memorandum for the EGM held on 17 July 2012 and the Company's most recent quarterly report. The European operations now have the unlisted company European Gas Limited (a company incorporated in England and Wales) as their holding company ('EGL UK').

The Company now holds just over 25% of EGK UK.

Mr F Briens (CEO) and Mr J Niemetz (COO/CFO) have formally retired from their positions with the Company (as foreshadowed in the recent prospectus) and have been appointed respectively CEO and CFO of EGL UK in relation to the European operations.

Mr Julien Moulin, who has been a Director of the Company for nearly 3 years, has moved from an executive role with the Company and will now:

- Take the nomination as the Company's representative on the board of EGL UK in accordance with the 10% nomination right under the articles of association of EGL UK.
- Serve as the non-executive chairperson of directors of the Company.
- Take on a special role, as a director of the Company and reporting to the Company's Board, charged with:
 - Ensuring full co-operation between the Company and its significant investee EGL UK as regards financial and operational reporting from EGL UK to the Company.
 - Ensuring an orderly transitional period of services and operations after the financial and operational separation as between the Company's European operations (where he will be employed) and the Company's Australian operations.
 - Liaising with European and Asian investors in the Company (including but not limited to those he has previously introduced to the Company).
 - Assisting with general shareholder relations on an as required basis.

Mr Sebastian Hempel, who has been a Director of the Company since 1 September 2009 has assumed the role of managing director of the Company and will take the title of Executive Director in a salaried position. He will lead the development of the Company going forward.

The suite of contracts surrounding and including the 2 Royalty Agreements with Buru Energy Limited have been overseen by Mr Hempel since late 2009 and these are starting to become a significant asset of the Company requiring considerable management time and attention. Mr Hempel is well placed, and has kindly agreed, to step into an executive role given the Company's ongoing assets, investments, activities, history, and significant recent restructure.

Sebastian Hempel is a corporate lawyer with over 21 years of advisory experience in the listed company area with specialties in capital raisings, corporate transactions and Australian Securities Exchange ("ASX") listings and in the resources sector. He was with commercial law firm Minter Ellison from late 1996 to early 2008 (partner since July 2000) after a period in investment banking at Macquarie Bank and working at the ASX from early 1991 to mid 1995.

Mr Hempel is a non-executive director of ASX listed Prosperity Resources Ltd, the Chairman of the Board of The Armidale School, and a director of Conchita Nominees Pty Ltd. He also holds a Graduate Diploma in Applied Corporate Governance and is a chartered secretary. Mr Hempel has been appointed by the Company as joint company secretary with immediate effect.

Mr Rod Bresnehan will remain on the Board as a non-executive director.

The Board of the Company wishes to emphasise that its current aims are:

1. To keep the Company listed on the ASX and operating in Australia as a public company that still has well over 1,000 shareholders;
2. To keep operating costs as low as possible for the foreseeable future;
3. To maximise shareholder value and maintain or increase support from shareholders.

The Board also wishes to state that the 2 Royalty Agreements with Buru Energy are not for sale.

For any enquiries regarding this announcement, please call Sebastian Hempel on +61 411 141 965 or 0411 141 965.

Yours sincerely



Mark Pitts
Company Secretary