

NEWS RELEASE

3 February 2010

LAPSE OF HEADS OF AGREEMENT

European Gas Limited ("European Gas" or "Company") advised in its December Quarterly Activities Report that the Conditions Precedent to the Heads of Agreement with Future Corporation Australia Limited (ASX: FUT) were not met by December 31st 2009.

The Company had entered into a Heads of Agreement with a view to developing a Joint Venture with FUT to, among other things, evaluate the Company's 100% owned Gardanne Project in Southern France.

At the expiry of the Heads of Agreement, FUT offered to extend or renew the existing agreement with revised terms. European Gas has considered those indicative terms and has advised FUT that it will not pursue further discussions with FUT.

As previously advised, the standard permit renewal process for Gardanne is ongoing and still rests in the hands of the French Authorities. European Gas will advise the market of the outcome of this process and its discussions with a number of other potential joint venture parties in due course.

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 Coal Bed Methane and Coal Mine Methane projects, particularly in France where the company has major holdings under licence and thus holds a significant competitive advantage.

EGL regards the western European natural gas market as substantial and well-priced, with an advanced infrastructure, large customer base and a free and open market.

The Company also holds hydrocarbon royalties in the Canning Basin of Western Australia.

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