



16 December 2008

Greg Coulson
Advisor Issuers
Australian Securities Exchange
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Greg,

I refer to your letter dated 15 December 2008 in relation to the recently lodged Directors Interest Notices and to the queries ASX has raised.

ASX

Q1. Please explain why the Appendix 3Y's and 3Z were lodged later than the timeframe set out in listing rule 3.19A?

Late lodgment of the forms for each Director was an oversight. The Company has reviewed its internal policies.

ASX

Q2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

The Company has informed all Directors of the disclosure requirements set out in Listing Rule 3.19A. In addition European Gas has previously adopted a governance policy on share trading which has been circulated to all Directors. This policy stipulates the need to consult with both the Managing Director and Company Secretary prior to and immediately after a trade in the Company's securities is contemplated by a Board member or employee.

ASX

Q3. If the current arrangements are inadequate or are not being enforced, what additional steps does the Company intend to take to comply with listing rule 3.19B?

The Company believes the current arrangements are adequate and does not believe any additional steps are required.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mark Pitts', is written over a horizontal line.

Mark Pitts
Company Secretary

EUROPEAN GAS LIMITED
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West Perth WA 6005 Australia

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ASX

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www.asx.com.au

FAXED
16 December 2008

Mr Mark Pitts
Company Secretary
European Gas Limited
Suite 4, 4 Ventnor Ave
WEST PERTH WA 6005

By fax: 08 9315 5475

Dear Mark,

European Gas Limited (the "Company")
Appendix 3Y's – Change of Director's Interest Notices
Appendix 3Z – Final Director's Interest Notice.

We refer to the following;

The Appendix 3Y's lodged by the Company with ASX Limited ("ASX") on 12 December 2008 for Terrance Willstead, Anthony John McClure, Alan John Flavelle and the Appendix 3Z lodged by the Company with the ASX on 12 December 2008 for Nicholas Farr-Jones and

1. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.2 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) change the entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
 - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

2. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

3. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

As the Appendix 3Y's and Appendix 3Z indicate that a change in all the aforementioned director's notifiable interests occurred on 28 November 2008 and a further change to Terrence Willstead's notifiable interest occurred on 3 December 2008 it appears that the Appendix 3Y's and Appendix 3Z should have been lodged with ASX by 5 December 2008 for the changes that occurred on 28 November 2008 and 10 December 2008 for the change that took place on 3 December 2008. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

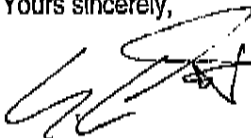
1. Please explain why the Appendix 3Y's and Appendix 3Z were lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than 5:00pm W.D.S.T on 16 December 2008.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately

Yours sincerely,



Greg Coulson
Adviser, Issuers (Perth)